storebrand

Sustainable Investment Review

Storebrand Asset Management

2022

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A message from our CEO


Jan Erik Saugestad

2022 was a year unmatched in recent times. A year dominated by war in Ukraine and the variety of consequences it brought, first and foremost a humanitarian catastrophe that continues to the present day.

Notably, we took extraordinary decision in 2022 to freeze all Russian investments and divest from Russia, as a result of the war in Ukraine. That ongoing conflict contributed to a macroeconomic inflection point, shifting us towards a regime of rising interest rates, along with greater uncertainly. Markets during the year were markedly more turbulent than we had experienced in a while, which challenged us to be resilient under pressure. We have been grateful for the faith that our clients have shown through these challenging times, as shown in healthy inflows, particularly for our sustainability-driven investment strategies.

Among the highlights of the year in active ownership, were some positive outcomes as we seek to place nature and biodiversity higher on the investment agenda. For our part, we have renewed our commitment to nature with a new policy, and are working on integrating assessments of nature impacts and dependencies into our investment strategies. As part our collaborative efforts to get governments and business aligned on nature policy, I was honoured to make a presentation during the ministerial segment of the of COP 15 negotiations in Montreal, on behalf of the Finance for Biodiversity foundation. The COP 15 summit resulted in agreement on a new Global Biodiversity Framework (GBF) - a significant step in the right direction, from the investment and stewardship perspectives.

Despite the challenges of 2022, we are invigorated by the possibilities ahead, as we continue to work on standing out as a long-term investor focused on sustainability

A message from our Head of Risk and Ownership


Kamil Zabielski

As we publish this overview of our sustainability efforts during 2022, what stands out is the variety of challenges we have faced, and the steady development of our approaches to addressing them.

We saw growing challenges posed to investors by conflict, which in our case resulted in divestments from Russia, as well as excluding companies from investment due to their involvement in Myanmar, as well as in Israeli occupied territories. Other notable challenges include trying to secure that companies we are invested in, meet their human and social rights obligations amidst growing global conflicts and a rush to secure supply of critical mineral and energy resources. With geopolitical tensions rising, we may continue to face similar issues in the years ahead.

The year saw a steady stream of reports, such as those from the UN climate science body IPCC, documenting a severe real-world gap in action necessary to meet the goals of the Paris agreement, we have continued to turn up the pressure on companies to deliver credible decarbonization transition plans. Results have been mixed, with notable progress in some of our climate-focused engagements offset by setbacks in others. With many of the easier "wins" behind us, some of the most pressing sustainability challenges are notably complex, involving some of the world's largest companies, spanning a wide range of stakeholders and touching upon priorities shared by many investors.

Perhaps not so surprising then, is growing interest across the asset management sector in collaboratively planned engagements with companies. In many cases, aiming to securing real world improvements , we have put our weight behind collaborative initiatives, as such as the Climate Action 100+, IPDD, and the newly launched UN PRI Advance initiative. We expect the trend towards collaborative engagement to carry on the future.

About

A driving force for sustainable investments

Storebrand Asset Management is a leader in the Nordic markets and a pioneer in sustainable investments.

We provide active and passively managed UCITS-compliant mutual funds, as well as alternative investment strategies such as Private Equity, Real Estate and Infrastructure. As of the end of 2022, the company manages NOK 1,020 billion of assets for Nordic and international clients, and has offices located in Norway, Sweden, Denmark and Finland.

Storebrand Asset Management (SAM) is a wholly owned subsidiary of Storebrand ASA, listed on the Oslo Stock Exchange (ticker STB). The Storebrand Group has roots dating back to 1767 and is a leading player in the Nordic market for long-term savings, pensions, banking and insurance.

Key figures 2022

Assets under management NOK billion:	**1,020**
Assets under management screened for sustainability criteria:	**100 %**
Investments in fossil free funds, NOK billion / share of assets under management:	**449**
Investments in solutions NOK billion / share of assets under management:	**126.8**[1)]

Asset management

SAM is a major player in the Nordic institutional market with an increasing footprint in selected European markets. The products we offer include securities funds, alternative investment funds and active management in most asset classes. This includes equity and interest rate products, as well as alternative asset classes, such as private equity, private debt, infrastructure and real estate.

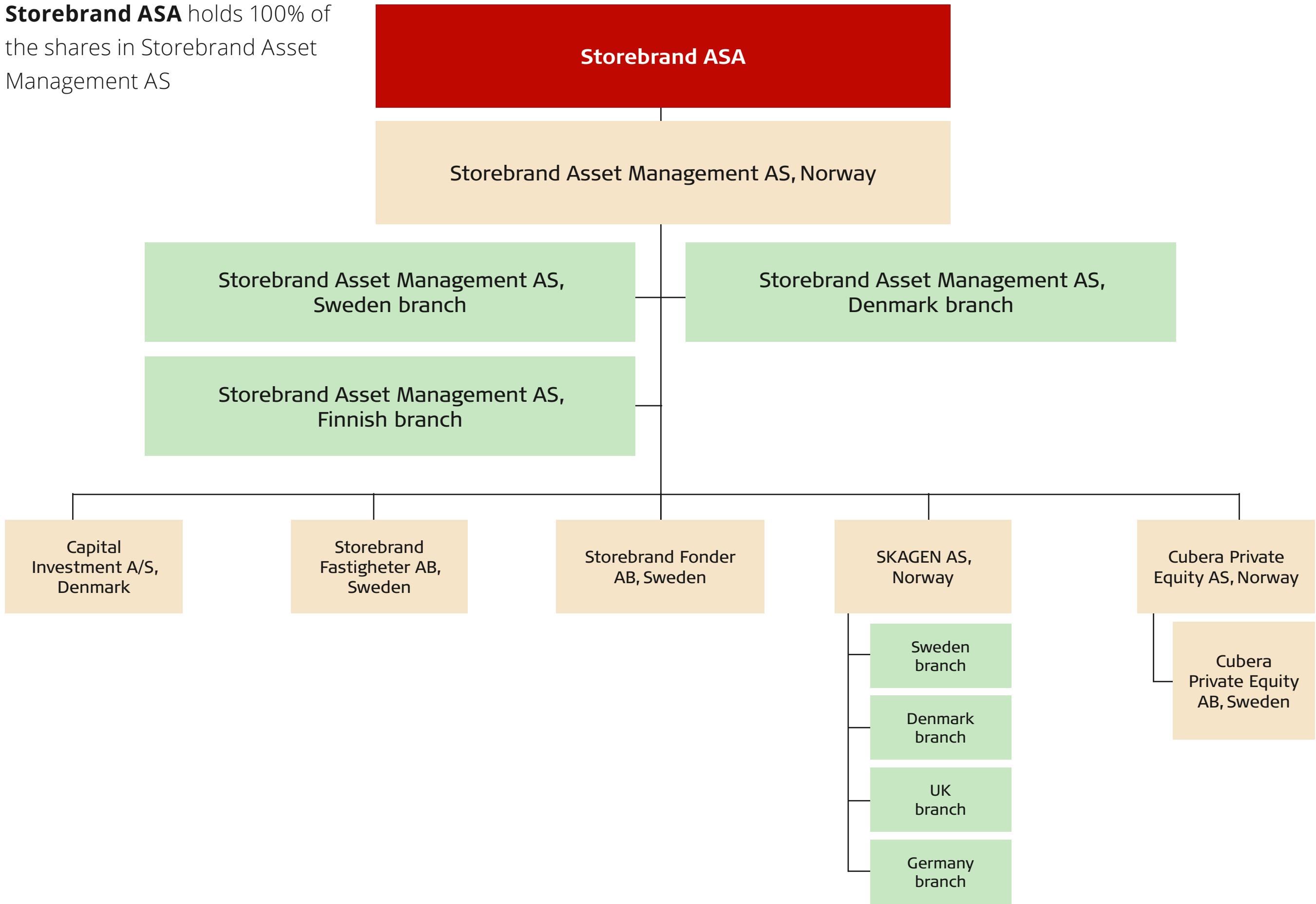
We use our experience and expertise in managing assets from the Storebrand's life insurance companies to create a complete asset management concept with a distinct sustainability profile, that is offered to a client based that includes institutions such as pension funds and insurance companies; distributors; municipalities; and private customers such as family offices, organizations and foundations. We also provide retail products within the securities fund space.

In terms of organization, SAM is itself a group that owns several asset managers, collectively forming an asset management group with total assets under management of GBP 91.9bn. The SAM Group manages its own securities funds and alternative investment funds under the brand names Storebrand, Delphi, SKAGEN, Storebrand Fonder, Capital Investment and Cubera.

1) Equity and bond investments in solution companies, investments in green bonds, green infrastructure, and investments in certified green real estate.

Storebrand Asset Management's legal entities

Storebrand ASA holds 100% of the shares in Storebrand Asset Management AS



The asset management company has a clear strategy in the delivery of products to external clients through a multibrand boutique setup that ensures solid client value and economies of scale through a joint operational platform.

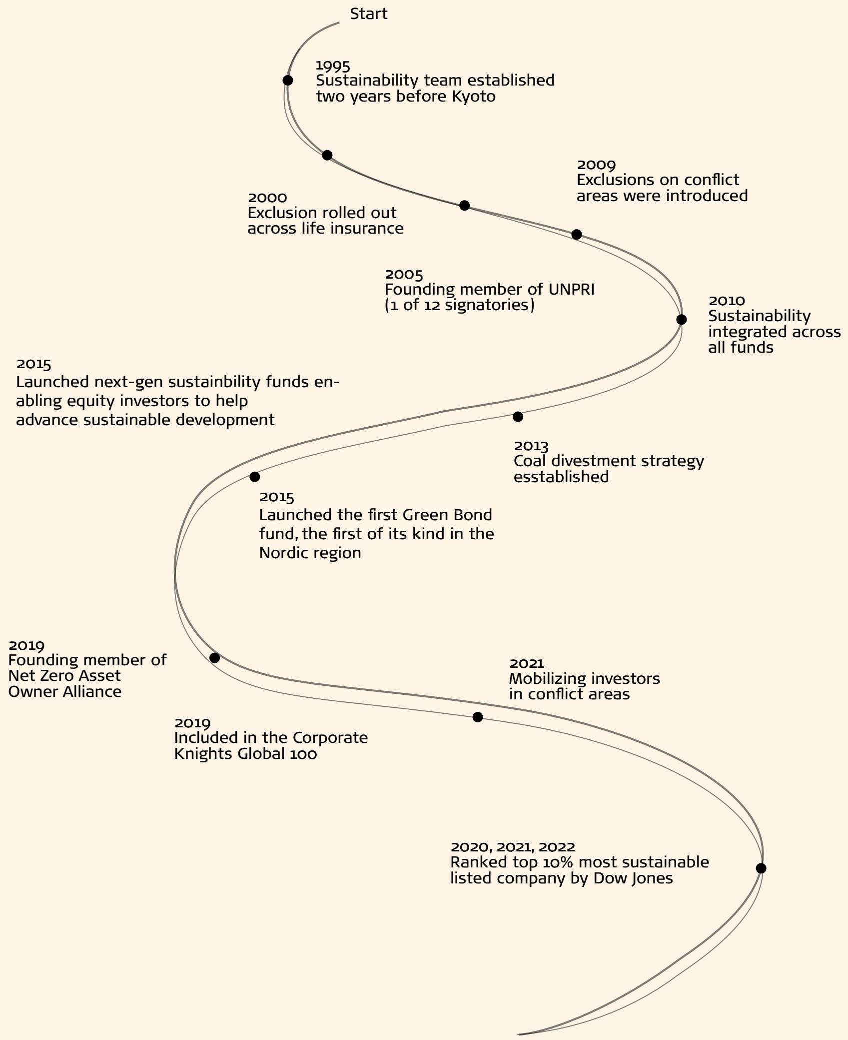
All SAM entities are bound by a framework, made up of a comprehensive set of exclusion criteria (norm-based and product-based) and principles that the respective entities must hold to within their investment processes.

Long-term, sustainable investment focus

Through our core investment business, we seek to generate the best possible risk-adjusted returns for our clients without compromising the ability of future generations to meet their own needs.

Storebrand has focused on sustainable investments since the mid-1990s when we became the first Norwegian asset manager to establish a dedicated ESG team. In 2005, we introduced minimum standards for all our investments through the Storebrand Standard, our group-wide exclusion policy, and in 2010 we integrated sustainability into all our funds through a proprietary ESG rating methodology. Furthermore, 10 percent of our assets are invested in solution companies that contribute to the UN's Sustainable Development Goals, green bonds and certified green property investments. In addition, almost 40 per cent of assets under management at the end of 2020 were invested in fossil-free funds.

Storebrand Asset Management's sustainability journey



Structured approach to sustainability

Our approach is grounded, and formally documented in, the sustainable investment policy of the Storebrand Group, which all the entities within Storebrand Asset Management must adhere to. This policy is grounded in the Storebrand Group's vision, values and commitments.

Storebrand has created a set of sustainability principles that sum up how sustainability is an integral part of our business. The principles were updated in 2018 and encompass all parts of Storebrand's activities, including investments, product development, procurement, employee follow-up and internal operations. The principles are:

- We base our business activities on the UN Sustainable Development Goals
- We help our customers to live more sustainably. We do this by managing our customers' money in a sustainable manner, in addition to providing sustainable financing and insurance.
- We are a responsible employer.
- Our processes and decisions are based on sustainability – from the Board and management, who have the ultimate responsibility, to each employee who promotes sustainability in their own area.
- We collaborate to achieve the UN Sustainable Development Goals with our customers, suppliers, the authorities and partners.
- We are transparent about our work and sustainability results.

We take a three-pronged approach towards sustainable investing:

1) Exclusion
2) Engagement, including voting
3) Solutions investment

More information on our processes is available in the section of this report dedicated to detailing our approach and in the Storebrand Group's sustainable investment policy.

Ethics

Storebrand relies on the trust of clients, partners, authorities, shareholders, and society at large. This trust is only gained by acting with high ethical standards and all employees shall act with due diligence and accountability. We use e-learning tools to train our employees in ethics, anti-corruption, anti-money laundering and anti-terror financing, as well as privacy and digital trust. These employee courses are mandatory each year, to ensure responsible business practices in line with our Code of Conduct. Our managers are responsible for setting clear objectives and for encouraging employees to collaborate with peers about how to achieve both collective and individual goals.

Commitments and memberships

In connection with our overarching principles and vision, the Storebrand Group has signed the Global Compact, follows the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises. We also support the UN Human Rights Conventions and ILO Core Conventions, the UN Environment Conventions, and the UN Convention Against Corruption. We have signed the UN Principles for Responsible Investment (PRI) and the Principles for Sustainable Insurance (PSI), which guide our activities.

In addition to these, Storebrand Asset Management has made a significant number of formal commitments and is a member of several collective sustainability initiatives within the asset management sector.

A comprehensive, constantly updated list of our international, regional and local commitments and memberships is maintained on our website: at https://www.storebrand.com/sam/no/asset-management/sustainability/memberships-and-awards

As part of our commitments, we have pledged to meet a significant set of goals in the composition of our investment portfolio, from the near term through to 2050.

Dimension	Commitment	2023	2025	2027	2030	2040	2050
1 Solutions	15% of AUM in solutions		●				
2 Emissions	Reduce portfolio emissions by 32%		●				
	Net Zero emissions						●
3 Scienced-based targets	42% of portfolio aligned with SBTi			●			
	100% of portfolio alinged with SBTi					●	
4 Biodiversity	Assess nature risk and set biodiversity targets	●					
5 Deforestation	Zero commodity deforestation		●				
6 Human rights	Substantial alignment with UN Guiding principles				●		
7 Living wages	Living wages acknowledged in target sectors				●		

Key Performance Indicators in 2022

Categories and indicators	Results 2019	Results 2020	Results 2021	Results 2022	Targets 2023	Targets 2025
Sustainability						
Share of total assets screened against sustainability criteria	100 %	100%	100%	**100%**	100 %	100 %
Fossil-free investments						
NOK billion invested in fossil-free products / Share of AUM[1]	277 / 33 %	379.2 / 39 %	483 / 44 %	**449 / 44 %**	N/A	N/A
Solutions investments						
Investments in solutions (solutions companies, green bonds, green infrastructure and property with environmental certification): NOK billion / share of total assets	53.7 / 6.5 %	92.6 / 9.6 %	123.1 / 11.2 %	**126.8 / 12.4 %**	13 %	15 %
Equity investments in solutions: NOK billion/ share of total equity investments	24.3 / 9.3 %	50.3 / 13 %	62.6 / 13 %	**39.3 / 9 %**	N/A	N/A
Bond investments in solutions: NOK billion/ share of total bond investments	Ny	ny	Ny	**35.0 / 9 %**	N/A	N/A
Investments in green bonds: NOK billion/ share of total bond investments	12.4 / 3.1 %	22.2 / 5 %	25.7 / 6 %	**32 / 8.3 %**	N/A	N/A
Investments in green infrastructure: NOK billion / share of total infrastructure investments	Ny	Ny	1.5 / 100%	**3.52 / 100 %**	75%	90%
Investments in certified green property: NOK billion/ share of total real estate investments	17 / 41 %	20.1 / 43 %	33.3 / 68 %	**49,0 / 64.6%**	70%	78%
Carbon emissions in equity and bond investments						
Carbon intensity from equities investments: tonnes of CO2e per NOK 1 million in sales income (against index)[2]	14 (24)	13 (18)	12 (18)	**14 (18)**	N/A	N/A
Carbon intensity from corporate bond investments: tonnes of CO2e per NOK 1 million in sales income (against index)[3]	10	12	9	**9 (5)**	N/A	N/A
Total carbon emissions from equity investments: tonnes of co2e Scope 1-2[4]	3,258,508	3,113,714	2, 504,453	**2,492,038**	N/A	N/A
Total carbon emissions from corporate bond investments: tonnes of co2e Scope 1-2	482,504	616,743	262,922	**391,993**	N/A	N/A
Carbon footprint in real estate investments						
Carbon footprint direct real estate investments: tonnes CO2e / kg CO2e per m2	10,228 / 9.12	8,456 / 7.9	6,803 / 6.0	**5,704 / 5.6**	8,6	6,5
Active ownership and exclusions						
Companies that have been contacted to discuss ESG through active ownership: number (share of invested capital)[5]	408	572	601	**645 (31.2 %)**	N/A	N/A
Votes at general meetings to promote Storebrand's ESG criteria: number (share of invested capital)[6]	151	503	947	**1,348 (68,6 %)**	N/A	N/A
Social impact						
Ratio of female board members in companies as a percentage for equity investments.[7]	New	New	New	**32.22%**	N/A	N/A

[1] Fossil-free products are one of several ways to reach our overall goal of net zero emissions, and we have therefore not set a specific goal for how much should be invested in fossil-free products.
[2] Data was obtained through Trucost (S&P Global) systems and weighted by market capitalization per position. For index figures, corresponding calculations are weighted per index and weighted together with the portfolios' indices based on portfolio values. This represents a 95 % coverage ratio in our carbon footprint from equity investments, and a 93 % coverage ratio for the index.
[3] Data were obtained through Trucost (S&P Global) systems and estimated management data, weighted by market value per position. For index figures, corresponding calculations are weighted per index and weighted together with the portfolios' indices based on portfolio values. This represents a 42% coverage ratio in our carbon footprint from corporate bond investments, and a 48% coverage ratio for the index. Coverage has decreased because we no longer use estimates, but only data from data providers. Previously, we have included government bonds (government, municipalities, etc.) together with corporate bonds, but now look exclusively at corporate bonds because it is best practice in both the industry and SFDR to look at the figures separately. We will consider having a separate CPI for government bonds next year.
[4] This year, we have chosen to change from financed emissions based on revenues at the companies we are invested in to reporting the figure based on enterprise value. We have done this both because it allows us to include corporate bonds in our emission figures, and because this is in line with the SFDR. Based on the old method, the number would have been reduced from 3,661,218 tco2e to 3,318,508 tco2e (2019-2021).
[5] We have moved from reporting active ownership as part of the total investment universe to looking at it relative to our total investments to provide a better insight into the proportion of our investments we are in dialogue with.
[6] We have moved from reporting voting as part of the total investment universe to looking at it relative to our total investments to give a better insight into the proportion of the companies we are invested in that we vote at general meetings of.
[7] Key figures are linked to PAI.1.13 in the SFDR regulations.

External recognition

During 2022 Storebrand and our parent company Storebrand ASA, have been honoured to receive some significant recognition of our work in sustainability, including asset management activities.

Global 100 Index: Storebrand was named in the Corporate Knights' Global 100 list as the world's most sustainable insurance company, and one of the world's 100 most sustainable companies across all sectors. The ranking, which assesses a pool of nearly 7000 public companies with revenues over US$1 billion, is based on performance across a set of 23 key sustainability indicators. This year's index was presented in connection with the World Economic Forum's annual summit in Davos in January 2022.

Dow Jones: Storebrand has surpassed last year's ratings on the renowned Dow Jones Sustainability™ World Index as one of the world's leading listed companies in terms of work on sustainability. The index, a comprehensive and recognized ranking of listed companies' work with sustainability, includes companies in the top ten percent in each industry. Storebrand is included, ranked 5th overall in the insurance category worldwide, climbing six points from last year's ranking.

CDP: In the fourth quarter of 2022 Storebrand was honoured to receive the highest possible ranking for climate change transparency in the latest global analysis conducted by the CDP. CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. It is recognised as a benchmark standard of environmental reporting.

CDP
DISCLOSURE INSIGHT ACTION

The CDP, which says it holds the largest environmental database in the world, this year reviewed and ranked nearly 15,000 companies on their environmental disclosures. As an "A" ranked company for climate change, Storebrand has been assessed by the CDP to be among the most transparent in the world with respect to disclosure and performance on climate change, deforestation and water security.

GRESB: Global Sector Leaders 2022
Our Swedish property entity Storebrand Fastigheter AB, and our Norwegian property entity Storebrand Eiendomsfond Norge KS, were both named Global Sector Leader 2022 in their categories (Diversified and Diversified Office/Industrial, respectively) by the Global Real Assets Sustainability Benchmark (GRESB). All four participating Storebrand entities earned a 5-star recognition, which is awarded to the 20 per cent best among (more than) 1800 reporting real estate funds and companies across 74 countries. GRESB's data is used by more than 170 institutional and financial investors.

Timeline 2022

JANUARY
- Storebrand named in Corporate Knights' Global 100 list as the world's most sustainable insurance company, and one of the world's 100 most sustainable companies across all sectors.
- Storebrand Asset Management invests in and signs partnership with Norwegian fintech firm Quantfolio, to boost client experience, as well as to improve reporting and sustainability transparency
- Storebrand Asset Management joins 65 institutional investors in broad call to pharma companies to improve global access to COVID vaccines and link remuneration policies to equitable distribution

FEBRUARY
- Storebrand Asset Management launches "equal opportunities" fund investing in companies well-positioned to solve pressing social needs identified in UN Sustainable Development Goals (SDGs).

MARCH
- Storebrand Asset Management opens first Finnish office, in Helsinki
- Storebrand Asset Management takes extraordinary decision to freeze all Russian investments and divest from Russia, following the invasion of Ukraine.

JULY
- In the annual Prospera survey, institutional clients rank Storebrand's asset management business at the top, for sustainable investments in Norway and Sweden, for the third year in a row.

SEPTEMBER
- Storebrand launches a new fund investing in solutions for the cities of the future. By 2050, 70 percent of the world's population will live in a city, which will require cities to be planned and developed in smarter ways. Companies that make cities better places to live in, therefore have great growth potential.

Q1 Q2 Q3 Q4

OCTOBER
- Storebrand Asset Management participates in launch of assessment report on living wages at annual meeting of PLWF initiative on living wates
- Storebrand Asset Management backs CDP campaign on science-based planning, asking big emitters to meet 1.5°C goal
- Storebrand Asset Management launches its first tax-efficient emerging markets climate fund for the UK market on the AMX platform

DECEMBER
- New nature policy launched by Storebrand Asset Management, marking strengthened commitment to nature
- Advance, a ground-breaking institutional investor initiative on human and social rights, launches at UN PRI conference with Storebrand Asset Management a founding member
- Nature Action 100 global investor engagement initiative launches, with Storebrand Asset Management one of founding partners
- Storebrand Asset Management represents the Finance for Biodiversity Foundation at the ministerial segment of the COP 15 Climate summit in Montreal, Canada
- Dow Jones Sustainability Index annual assessment ranks Storebrand as one world's leading listed companies in work on sustainability
- Storebrand receives highest possible ranking for climate change transparency in the latest global analysis conducted by the CDP, a recognised benchmark standard of environmental reporting
- Storebrand Asset Management recognised as "Equity Manager of the Year" at 2022 LAPF Investments Awards in London

Sustainability Strategy

Integrating ESG into our processes and practices

We manage our customers' savings over several decades and therefore take a long-term perspective. A key guiding principle in our work is to generate the best possible risk-adjusted returns for our clients, while not compromising the ability of future generations to meet their own needs.

Context

Guided by the SDGs

We believe that investments in companies that are well-positioned to deliver on the UN Sustainable Development Goals (SDGs), will deliver better risk-adjusted returns for our customers over time. One of our main goals is therefore to positively support the achievement of the SDGs without negatively impacting society or the environment.

Key issues in an evolving context

The sustainability concerns of many stakeholders, until recently, focused primarily on cutting greenhouse gas emissions to reduce global warming. However, the global sustainability agenda has now evolved, to include a wide range of environmental, social and governance issues. Biodiversity and ecosystems are emerging as crucial building blocks towards solving the global warming and climate challenge. Increasingly, issues such as adequate working conditions and social and economic justice are being understood as vital components of a sustainable society. Furthermore, corporate governance and transparency have become critical enablers for both companies and investors.

Reaching sustainability objectives often involve balancing acts and tackling dilemmas. Some examples of this include developing sources of renewable energy without jeopardizing the way of life for indigenous peoples; or ensuring living wages for workers within competitive supply chains consistently across involving a wide variety of locations, cost levels and regulatory domains.

Recently, the sustainability agenda has been impacted by the implementation of the EU Sustainable Finance Disclosure Regulation (SFDR). This new set of EU rules aims to provide investors with greater levels of comparability and ESG transparency among financial products, by increasing the information available for investors about both the potential positive and negative impact of their investments and the related ESG risks.

The new disclosure regulation is, along with the above-mentioned Sustainable Action Finance Plan, a crucial part of the EU's Sustainable Finance Framework and European Green Deal. The SFDR sets out strict criteria for the classification of funds that defines itself as sustainable. These criteria are described in the regulation's Articles 6, 8 and 9.

- Article 9 funds, also known as 'products targeting sustainable investments', covers products targeting bespoke sustainable investments and applies "... where a financial product has sustainable investment as its objective."
- Article 8 funds, also known as environmentally and socially promoting', applies "... where a financial product promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices."
- Article 6 covers funds that are not Article 8 or 9, however sustainability may still be part of the portfolio manager's process, e.g., by assessing the sustainability risk. Note that this category covers all other products, and therefore includes everything from funds that report sustainability as not relevant to funds that have good integrations of sustainability – only not as defined by the SFDR (for example, an index fund that excludes the worst companies from an ESG perspective)

The EU's Sustainable Finance Action Plan is relevant for asset managers, pension funds, banks and insurers, among others. There will also be sustainability indices developed for better benchmarking and comparability of investment strategies and funds.

Approach and guidelines

The foundation of our approach to investment is our fundamental belief that investing in companies well positioned to deliver on the UN's Sustainable Development Goals (SDGs), will deliver better risk-adjusted long-term returns for our clients.

In our approach, which is grounded in the Storebrand Group's sustainable investment policy, (as described further in the previous section about our company), we aim for our investments to contribute to the achievement of the SDGs, but without causing harm or having an adverse impact on society and the environment. This means that we focus on reducing the adverse sustainability impact that our investments may cause, while also contributing to positive sustainability impact by allocating more investments to sustainability opportunities.

Reducing adverse sustainability impact

Main adverse impact categories:

We identify, manage and reduce adverse sustainability impact in our portfolios by following, among others, the OECD Guidelines on Responsible Business Conduct for Institutional Investors. When assessing to what degree companies manage adverse impact, we are guided by the OECD Due Diligence Guidance for Responsible Business Conduct and the OECD Guidelines for Multinational Enterprises, in addition to the UN Guiding Principles for Business and Human Rights.

Storebrand has been working with reducing adverse impact in its portfolios since the turn of the century, and has identified the following main adverse sustainability impact categories that apply to all equity and debt portfolios:

- Adverse impacts affecting the environment and climate such as: severe environmental damage; Green House Gas emissions; biodiversity loss; deforestation
- Adverse impact affecting workers, communities and society such as: violations of basic workers' rights; forced labour; gender/diversity discrimination or indigenous rights violations
- Adverse impact in connection with gross corruption and financial crimes
- Adverse impact in connection with controversial weapons (landmines, cluster munitions and nuclear weapons)
- Adverse impact in connection with tobacco products
- We have also identified some products as adverse impacts that we aim to avoid in some or all of our funds. These specific adverse impacts are documented in the product-related descriptions.

Prioritizing and addressing adverse impact:

We address these adverse impacts by using several combined strategies that involve:

- Screening and excluding companies that do not live up to Storebrand's investments standards based on international norms and conventions and/or companies that are involved in the production of certain unsustainable products or in unsustainable activities, such as sea bed mining.
- Engaging with companies to discuss these adverse impacts, with the aim of improving corporate behaviour and thus reducing the adverse impact

Photo: Johner

- Integrating sustainability risk ratings in financial decisions, to avoid or invest less in companies with high sustainability risk, and to prioritize or invest more in companies with low sustainability risk

Contributing to positive sustainability impact

Storebrand's investments aim to contribute to the achievement of the SDGs, thus moving capital towards more sustainable companies while ensuring no harm to society and the environment.

We utilize several tools to assist us in integrating sustainability across portfolios:

- Sustainability Score
- Solution Companies
- Solutions Database
- Green Bonds
- Infrastructure

Sustainability in Financial Advisory

Sustainability is integrated in our investment advice, by taking into account client preferences for sustainability and informing them about the risks associated with ESG. In order to construct a portfolio in line with client preferences, we have applied a sustainability rating on all our mutual funds. The score is aggregated on the fund level and combines a vast amount of data on environmental, social and governance metrics. Principal adverse impacts on sustainability factors are included in our investment advice, by informing our clients about how we work towards reducing these impacts in all our portfolios through the Storebrand Standard.

Sustainability in Remuneration

Integration of ESG in management is given special weight within our overall assessment for remuneration, where compliance with Storebrand's ESG standards and policies is the minimum level within all management areas. Furthermore, we place emphasis on the individual team and the individual employee's contribution to further development, in the form of improvements to Storebrand's standards, and in existing and new products.

Method of implementation

To implement this approach, we operate using a three-fold method for sustainable investment:

1. **Investing in solutions:** Contributing to positive influence by allocating more capital to equity investments in solution companies (see below for definition), green bonds, bond investments in solutions, and investments in certified green real estate and green infrastructure.

2. **Active ownership, including voting:** Engaging in various ways; to influence companies that we invest in to reduce negative impacts; and to influence various stakeholders on systemic issues that materially impact the value of our investments

3. **Exclusion:** Screening out and/or exiting investments that are not likely to be aligned with our sustainability principles.

This enables us to be a driving force for sustainable investments, contributing to positive change and development, while reducing financial risk.

1 Investing in solutions

An important part of our approach is to systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, into our investment decision-making processes.

We take an integrated approach to sustainable investments, combining our sustainability strategy with our investment strategy. We believe that companies with an advanced level of skill in managing sustainability risks and opportunities have a competitive advantage that may enable them to deliver better returns, while contributing positively to sustainable development.

All entities within Storebrand Asset Management operate in a framework that consists of a comprehensive set of exclusion criteria (norm-based and product-based), as well as principles that the entities must adhere to throughout their investment processes.

Storebrand also integrates sustainability risk ratings into investment decisions to avoid or invest less in companies with high-risk sustainability rates and prioritize investment in companies with low sustainability risk.

Storebrand measures material ESG risk, or the risk of causing adverse sustainability impact, through an ESG Risk Rating. We measure a company's ESG risk by:

- Corporate governance: Applies to all companies irrespective of the sub-industry they represent. Reflects the conviction that poor corporate governance poses material risks for companies.
- Material ESG issues: Assessment of material ESG issues occurs at the sub-industry level. Issues are examined based on the typical business model and business environment a company is operating in.
- Idiosyncratic ESG issues: Unexpected and unrelated to the specific sub-industry and the business models that can be found in that sub-industry.

Based on identified risks, Storebrand's Risk and Ownership team considers how to reduce our vulnerability to these risks, through engagement with companies, and where appropriate, a structured escalation of the engagement process. More information on this is available in this section, within our description of active ownership and exclusion.

Risk is inherent in many industries. Therefore, in addition to assessing risks, we also further assess each company's ability to manage them. We assign an ESG risk score to all companies we invest in. That ESG risk score is available for our portfolio managers to integrate in investment decisions. Our Risk and Ownership team also uses the ESG risk score when identifying and prioritizing thematic adverse impacts for specific industries, and when engaging with individual companies to identify needs for sustainability improvements.

Integration into processes

All our portfolio managers are assigned a responsibility of taking ESG into account in their investment decisions – in fact, all employees in the Asset Management-arm of Storebrand have sustainability in their action plans, to varying degrees. In practice, this means that employees are continuously followed up on the following:

1) To further develop sustainability for commercialization and customer value creation
2) To concretize the use of ESG in the investment process
3) Integrate by documenting processes and updating materials used for e.g., reporting and customer meetings
4) Some managers also have explicit direction in their mandate to make active decisions for more sustainable investments, e.g., sustainability optimization, such as the managers of the PLUS funds, Global Solutions, etc.

More information on our approach to investment is available in the separate section of this report on solutions.

Photo: Johner

2 Active Ownership

Storebrand believes in exercising our rights as shareholders. We employ three main ways of doing this:

- voting and filing resolutions at shareholder meetings
- engagement directly with a company, individually or collaboratively, by expressing our views, in writing or through dialogue with the company's management, advisers or Board of directors
- engagement with other stakeholders, including policy makers, regarding issues of systemic and material importance to our investments

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

Roles and resources

Our Risk and Ownership team is responsible for setting the framework and principles for active ownership and commitment. The team prioritizes the themes that are particularly relevant for engagement each year (as described below), and with special focus on where proactive involvement is needed. The team also decides on the day-to-day priorities, based on available resources, relevant themes and the corporate governance policy. The team receives information about potential cases of interest, primarily from data suppliers, but may also take up cases for analysis based on issues that are noticed in the media, by customers or by other areas and teams within the company, such as managers, communications staff, client relationship managers and so on.

Further to the Risk and Ownership team stewardship may also be exercised by fund managers and the Investment Committee:

- Fund managers: managers may choose to open a dialogue with companies based on the decided corporate governance principles.
- Sustaianable Investment Committee: meets once a quarter to decide about norm-based exclusions and whether companies should be included on Storebrand's observation list, excluded or reintroduced to the investment universe are made here (further information in the description below of our exclusion process). While the focus of such meetings is exclusion decisions, companies that are placed on the observation list require engagement and the committee may sometimes assess whether active ownership has not yielded the desired result.

More details on our on our risk and ownership team are included in the section at the end of this report dedicated to describing the team.

Engagement themes

To maximize our impact, and based on a structured assessment, we periodically develop engagement themes that guide and focus our action. In the period 2021-2023, the following themes are being prioritized by Storebrand Asset Management:

- The race to net zero – decarbonization
- Biodiversity and ecosystems
- Resilient supply chains
- Corporate sustainability disclosure

More detail on the activities within our 2021-2023 engagement themes, is available in the separate section of this report on active ownership.

Engagement process

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.

With respect to direct engagement with companies, our policy is that we consider engagement with companies in the following cases:

- Serious or systematic breaches of human rights
- Corruption and bribery
- Severe environmental and climate damage, biodiversity loss and deforestation
- 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

Documenting engagement objectives and outcomes

Before we start an engagement, we establish specific goals for the engagement process, to ensure clear communication with the investment objects and to facilitate the measurement of the engagement's success. Engagement can be reactive (based on controversies or potential breaches of our standards) or proactive in nature in which we engage with companies or a sector to address more systemic issues.

ESG analysts in our Risk and Ownership team record the success factor for the commitment in each engagement process. We rank engagement success on a scale of four possible levels, with fourth and highest level in line with the UN Principles for Responsible Investment, PRI: Improved Business Practices (in line with the PRI definition of success: "The actions taken were fully or mostly completed after Storebrand contacted the company"). We therefore assume that our efforts have contributed to the improvement when this level is reached, although it is seldom possible to determine exactly to what extent.

Our internal scale to measure engagement success can be summarized briefly in the following manner:

- Level 1 = company contacted (explanation of concerns + request for company practice improvement; no response
- Level 2 = company contacted; unsatisfactory response
- Level 3 = company contacted; satisfactory response
- Level 4 = company contacted; improved business practice

The progress of engagement is discussed regularly by the Risk and Ownership Team, including minimum requirements, alternative methods of achieving or improving dialogue, and whether an engagement should be escalated or not. If the company does not meet our minimum requirements (or communicates a plan and ambition to start measures) after repeated dialogue attempts, we escalate our actions.

Escalation can mean the following actions:

- raising issues at board level if management is not responsive
- expressing our views publicly by issuing a public statement
- cooperating with other investors if not already done so
- proposing, submitting or co-filing resolutions at the AGM
- voting against re-election of board members concerned
- setting a company on our observation list

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 opportunity to come into constructive dialogue with the company or to collaborate with other investors.

Escalation across funds, assets and geographies

We are a Nordic actor, which means that we have more leverage in Nordic countries where we are more known and where our exposure can be higher (size of holdings). We will prioritize our proactive engagement with Nordic companies, where our position and knowledge of these companies enables constructive and meaningful dialogue that creates value both to these companies, to Storebrand, and our clients. This however does not limit us to engaging only with Nordic companies, as aspects such as the materiality of ESG risks, exposure, and the ability to have greater impact on ESG issues remain important factors for considered in the prioritization of our engagement work with companies globally.

Engagement with other stakeholders

Across all our assets and all geographies, we understand that many sustainability issues cannot be solved by companies or investors alone — they require the involvement of other stakeholders. As a result, we engage with other stakeholders, such as policy makers, governments, industry organizations, environmental and human rights organizations or labour unions. In particular, we consider policy level engagement an important factor in stimulating change since we believe regulation sometimes is required to advance many sustainability issues. In addition, and in our experience, the best results are achieved through co-operation with other investors, and when engaging individually through targeted engagement with companies where our ownership level is highest.

Voting

We use proxy voting as a complement to our engagement activities to induce companies to improve on ESG performance, with the aim of creating long term value for shareholders and meeting the United Nations Sustainable Development Goals (SDGs). Storebrand's Proxy Voting Guidelines are publicly available on our website and regularly updated to be aligned with our Sustainable Investment Policy and ESG developments.

We prioritize voting at AGMs where we believe we can make a difference with regards to ESG. We vote on all meetings with resolutions related to ESG, shareholder resolutions or companies where we have a significant shareholding, and companies where we have on-going engagements. We prioritize in this manner, in order to ensure that our voting decisions are well-grounded and based on qualitative review.

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. Our Risk and Ownership team, with input from portfolio managers, decide how the voting rights are to be used. In all cases where we vote, the respective portfolio managers and the Risk and Ownership team study the matters to be discussed at the general meeting and decide how to vote. Voting rights are exercised directly by the fund management company, or by using a proxy voting platform.

Storebrand may consider casting votes against management in the following situations:

- Insufficient information provided before a general meeting.
- There is an absence of a majority of independent board members or independent management committees (such as remuneration, nomination, and audit committees).
- If the company considers that the board of directors and/or board members do not meet the requirements for sufficient competence and knowledge
- Mechanisms for preventing takeovers (such as poison pills) are in existence that counteract shareholders' final decision-making power
- Unnecessary or indefensible changes in capital structure, given that that we support the principle of one share of ownership equating to one vote in shareholder matters.
- Remuneration structures for senior executives exist that lead to conflicts of interest between management and shareholders.
- The company's stewardship of climate, environment, fair labour practices, non-discrimination, and the protection of human rights, is not satisfactory

Specific situations may call for unique responses and we will always take market and company conditions into consideration, in taking voting decisions.

In cases where we have exercised voting rights in controversial cases, or where we have voted against the board's or management's recommended course of action: we disclose the voting rationale, by sending a vote disclosure to the [company's] Board and informing our unit holders via our website.

Engagement with service providers

Storebrand conducts all active ownership dialogues with investee companies in-house directly through its Risk and Ownership team, either individually or as part of coalitions, and does not currently outsource company engagement to external service providers.

Our stewardship is supported by several service providers, including several ESG data vendors and proxy voting service providers. We regularly engage with ESG data providers to stay abreast of new data offerings, assess data quality, communicate Storebrand's data needs and encourage improvements. With respect to data utilized for exclusion recommendations, we have regular contact with data providers, if our own assessment does not match their evalua¬tion and risk categorization to understand the discrepancies and to eventually provide additional information for them to consider.

Photo: Shutterstock

3 Exclusions

Based on our long-term focus in investment, and our commitments to sustainable investment, avoiding certain investment incompatible with this perspective, is an intrinsic part of our processes.

How we screen and exclude assets

We screen assets, including equities, fixed income, real estate, and alternatives such as infrastructure, to ensure that they meet the Storebrand Standard.

The Storebrand Standard, our standard filter to ensure sustainable investments, excludes companies that are in breach of international norms and conventions or involved in unacceptable operations. This standard, based on product and norms of behaviour, addresses the following themes: human rights and international law, corruption, corporate criminality, severe climate and environmental damage, controversial weapons (landmines, cluster munitions and nuclear weapons),tobacco and cannabis.

In addition to the Storebrand Standard, we apply extended screening criteria to selected funds and saving profiles. The extended criteria apply to screen for involvement in fossil fuel production and distribution; alcohol, adult entertainment, arms and gambling; and green bond standards.

If, through our third-party monitoring services, or other sources, we identify a company in our portfolio as potentially being in violation of our stated norms, we begin a process of qualitative assessment and dialogue. This process may end up with a decision to divest from the company and exclude it from our portfolio.

Potential product-based exclusions are assessed and decided by our Risk and Ownership Team. For norms-based exclusion cases, our Risk and Ownership Team assesses them, then refers them to our Sustainable Investment Committee for a final decision on exclusion.

Escalation of engagement directly to exclusion

Storebrand Asset Management is committed to using our position to engage with, and influence companies towards operating with high standards of sustainability. However, in some cases engagement may not be successful or not possible.

We may choose to escalate engagement based on the following criteria:

- Norm-based controversial issues: includes companies that violate international humanitarian law, human rights, workers' rights and international law and/or are involved in serious climate and environmental damage. We may also escalate cases linked to serious financial crime and corruption.
- Lobbying: companies that consciously and systematically work against the Paris Agreement and Global Biodiversity Framework
- Unsustainable product and business activities: Deforestation through unsustainable production of palm oil, soy, cattle, timber, cocoa, coffee, rubber and minerals. Activities such as deep-sea mining, marine or riverine tailings disposal, as well as operations in biodiversity sensitive areas.

If a company is unwilling or unable to cease the breach or activity in question, or if escalation is not leading to the desired results, the company will be excluded.

- Exclusion-based on breach of norms is recommended by the Risk and Ownership team and decided upon by the Sustainable Investment Committee. The portfolio is continuously screened using data from various sustainability data vendors, which send us monthly "company alerts", including background information on controversies. The controversies are then analyzed by our experts on the severity of the incident and whether it violates our standards by looking at:

  - seriousness of the violation
  - company link to the violation
  - extent of incident
  - if it is an isolated event or an event that can be considered a systemic behaviour of the company in question
  - management interference
  - the company's ability to correct the problem and reduce the effects of the damage
  - risk of reoccurrence

In cases where escalation of our engagement process does not lead to the necessary improvements, or the company is unwilling to come into dialogue, we may, as a last resort, present the case to the Group's Sustainable Investment Committee, to make a final decision on excluding the company from the investment universe. Each case presented to the Sustainable

Investment Committee is anonymised, so that the decision can be made on as objective a basis as possible.

Escalation of engagement to observation and potential exclusion

We sometimes put companies on an observation list as a form for escalating the dialogue. According to our procedures, we expect companies under observation to show improvement within a pre-determined time, in order to be removed from this status. If the improvements are not achieved, the company can be excluded from our investable universe.

Such cases typically involve companies that we consider close to being excluded based on norm-violations but where we see a possibility that the company will change practice in line with set expectations as part of dialogue. Companies on the observation list are being continuously monitored for improvements and adherence to our standards.

Companies may only stay on the observation list for up to three years before being excluded from our investment universe or taken off the observation list. We set specific expectations to companies as to what actions are required to be taken to change their observation status. This specification for change is reviewed annually to ensure the company takes material action on issues. If the company does not take action to meet the specification, there may be cause for exclusion.

While a company is on the observation list, we may not increase our investment in the company.

If we choose to exclude a company, the company is informed of their exclusion and the reasons for our decision. Companies are also informed of the requirements for re-inclusion and are invited to contact us when they believe they have met our requirements. Companies are reconsidered for inclusion when there is an indication of improvement, as part of the regular ongoing screening.

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Solutions

Directing capital towards sustainable investments

We aim to be a driving force for lasting change in the way companies are managed, while ensuring the best possible return for customers and owners.

We fundamentally believe that investing in companies well-positioned to deliver on the United Nations Sustainable Development goals (SDGs), will deliver better risk-adjusted long-term returns for our clients.

An important part of our approach is to systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, into our investment decision-making processes.

Directing investments towards sustainable solutions Storebrand works to put capital into action to fund socially beneficial, sustainable solutions aligned with the achievement of the SDGs, while reducing exposure to activities that negatively impact society and the environment.

We work towards increasing our positive contribution to sustainability by directing more capital to investments that are well-positioned to deliver solutions to global sustainability challenges, as described through the SDGs. We do this by increasing investments in solution companies, green bonds, investments in real estate and infrastructure that support the SDGs.

One of our goals is to invest 15 per cent of assets under management in solution companies, bond investments in solutions, green bonds, green infrastructure, and certified real estate by 2025. At the end of 2022, 12.4 per cent of our equity investments was invested in solution companies.

As described in more detail in the section on our approach, the following principles guide our investment and stewardship approach:

- Make investment decisions in line with scientific consensus
- Reorient capital flows towards low-carbon, climate-resilient and transition companies
- Avoid investments that contribute significantly to climate change
- Use ownership positions to stimulate ambitious ESG practices at portfolio companies
- Make it simple for clients to understand how they may contribute to a low-carbon future

Enabling clients to understand and contribute to a low carbon future

An important element of a solutions orientation is enabling clients to make choices in line with a low carbon future. We aim to offer climate positive investment products across asset classes and investment styles in order to make these products accessible to all our clients. Examples of products we seek to offer are fossil free funds, Green Bond funds, Sustainable Property investments, and equity funds dedicated to investing in climate solutions. In addition, we aim to ensure that the impacts of these products are reported regularly and transparently.

Our clients tend to choose us because we are a long-term investor providing pension services with a strong sustainability profile. As such, the time horizons of our clients tend to match our long-term investment strategy. Information gathered through stewardship has informed our acquisition, monitoring and exit decisions.

Integrating sustainability in equities

Equity investments in solutions

Through proprietary analyses, we identify what we call “solution companies”. These are companies that help achieve the SDGs through products, services and operations, without causing significant harm to society or the environment. Solution companies have products, services or business models that significantly contribute to one or more of the UN's sustainability goals, without doing serious damage to anything else. Such companies may be involved in a wide range of sectors, including renewable energy, sustainable cities, circular economy, health and empowerment. The companies can be "pure-play" or conglomerate where part of the business solves sustainability challenges (and other business is neutral / does no harm from a sustainability perspective).

Companies that we define as solution companies are included in a database that is updated regularly. The database is a valuable tool for fund managers and serves as the basis for our thematic solution portfolios (for example, on renewable energy, smart cities, and equal opportunities), or as part of broader investment portfolios.

We have two dedicated in-house ESG teams working alongside our investment teams on incorporating ESG factors into investment activities: our Risk and Ownership team and our Solutions team. The Risk and Ownership team is dedicated to integrating environmental, social and governance (ESG) risks into our analysis of companies and management of investment portfolios.

Our method for the exclusion of companies is defined by the Storebrand Standard. The Storebrand Standard applies to all assets we manage. The exclusion process is extensive. It involves both internal and external data and evaluations conducted by in-house expertise. Another core element of integrating sustainability is to be good stewards and owners of those companies and assets in which we have invested through active monitoring, engagement and advocacy. More information on our stewardship activities in included in the section on Active Ownership.

Photo: Shutterstock

Companies that contribute solutions to the UN SDGs, such as sustainable cities, are central to our strategies.

Integrating sustainability in other asset classes

Debt

Within fixed income, we invest both in investment grade and high yield instruments, including investments in green and sustainability-linked bonds, which allow fixed-income funds to increase their exposure to projects that are focused on sustainability. Green bonds are for companies that both meet the Storebrand Standard and are in line with international standards such as the Green Bond Principles, the forthcoming EU Green Bond standard, as well as the International Capital Market Association (ICMA) framework. By the end of 2022, we had invested NOK 32 billion in green bonds. This accounts for 8.3 per cent of our total bond investments, up from 6 per cent in 2021.

Storebrand also seeks to make bond investments within our "Solutions" category of bonds, besides Green Bonds. We have an ambition to increase our holdings in this category, which we believe will benefit long term risk-adjusted returns.

Real Estate

We integrate sustainability throughout our real estate business and aim to be the Nordic region's leading player in real estate management that takes sustainability into account.

Our real estate investments are to contribute to the achievement of the SDGs but without causing harm or having an adverse impact on society and the environment. By combining different strategies, our investing approach focuses on both reducing the adverse sustainability impact our investments may cause and contributing to positive sustainability impact by allocating investments in sustainability opportunities.

Assessments of environmental, social and governance risks are conducted pre- and post- investment.

With respect to contributing to positive sustainability impacts, the UN Sustainable Development Goal (SDG) 11 on sustainable buildings, cities and societies is integrated in our core business, and is the overarching goal that frames the prioritized target areas. Four main target areas have been defined as the most relevant to our new investments, developments, and operational management of real assets:

- Climate and energy
- Circularity and material resources
- Biodiversity
- Health and well-being

With respect to reducing negative sustainability impacts, the main indicators are exposure to fossil fuels through real estate assets; exposure to energy-inefficient real estate assets; GHG emission generated by real estate assets; energy consumption intensity and waste production.

Potential negative impacts are assessed and addressed through several strategies:

- Screening and excluding investments or partnerships
- Integrating adverse impacts in investment selection decisions
- Integration in investment decisions on property management and development

Prioritizing and addressing potential negative impacts is conducted through the following strategies: screening and excluding investments or partnerships, integrating adverse impacts in investment selection decisions, and integration in investment decisions on property management and development.

Our Swedish property entity SPP Fastigheter AB, and our Norwegian property entity Storebrand Eiendomsfond Norge KS, were both named Global Sector Leader 2022 in their categories (Diversified and Diversified Office/Industrial, respectively) by the Global Real Assets Sustainability Benchmark (GRESB). All four participating Storebrand entities earned a 5-star recognition, which is awarded to the 20 per cent best among (more than) 1800 reporting real estate funds and companies across 74 countries. GRESB's data is used by more than 170 institutional and financial investors.

In 2022 the share of our buildings that hold an environmental certificate (BREEAM or equivalent) was 64.6 per cent, while emissions from our real estate investments were 5.6 kg CO_2 per square metre. In 2021 these figures were 68 per cent and 6.0 kg CO_2 per square metre respectively.*1) However, the figures are not directly comparable, as the composition of our portfolios have changed with the inclusion of our Danish real estate portfolio.

Infrastructure

Since the launch of the Storebrand Infrastructure Fund in 2021, Storebrand has invested directly and cooperatively in infrastructure projects that enhance the transition to a greener economy through increased renewable energy production and utilisation. The transition from fossil fuels to renewables requires significant investments in renewable energy infrastructure, from both the public and private sectors. The EU Commission's

Investment Plan for Europe aims to mobilise EUR 650 billion of public and private investments by 2027 to ensure the transition to a climate-friendly economy. The European energy crisis in 2022 highlighted the importance of the Fund's mandate.

The Fund has made multiple investments in infrastructure projects in Europe and North America, including direct investments in the City of Oslo's district heating network, an onshore wind farm in the United States, as well as an offshore windfarm and two separate electric train fleets in the United Kingdom.

The fund aims to contribute positively to SDGs 7, 9 and 11, and is committed to accelerating the transition to renewable energy and a greener economy.

Private equity & private credit

Storebrand's private equity investments are carried out through a wholly- owned subsidiary, Cubera Private Equity ("Cubera"), an investment adviser and fund-of-funds manager.

As a limited partner in a private equity fund, Cubera has limited formal influence on ESG issues during its ownership phase, and no direct influence on the underlying portfolio companies. However, Cubera generally invests with fund managers who share its view that ESG factors affect the long-term market value of assets. Cubera also actively encourages fund managers to undertake relevant ESG actions.

Cubera focuses its resources where they will in fact create value: in its relationships with the fund managers in its investment universe, and in the evaluation of investment opportunities. Cubera always strive to focus on the matters that are material to long-term value creation, and within its range of influence. The firm engages actively with fund managers through dialogue, coaching and best practice sharing, to ensure that existing and potential investees' values and processes are aligned with Cubera's requirements. Cubera's ESG process is integrated in all aspects of the organization in order for Cubera to make better decisions and act responsibly.

Cubera recognizes that ESG factors affect the long-term market value of an asset and therefore invests with fund managers who also share this view. By encouraging fund managers to undertake relevant ESG actions amongst their activities, Cubera believes it can drive sustainable value for its investors.

A dedicated ESG Policy has been developed by Cubera to cover private equity-related processes in detail.

Based on Cubera's ESG policy, Cubera will continue to develop activities across all funds. For products, this means that Cubera will continue to develop its integration-activity across all funds and have dedicated impact products (Cubera Impact). Cubera will publish its first ESG report in 2023, including ESG metrics on invested funds.

Lastly, Cubera is committed to driving the ESG agenda in the private equity community, actively involving investors in building ESG further into mandates, supporting industry initiatives, and collaborating with peers to standardise data.

Our infrastructure strategy includes investments such as rail fleets that contribute to decarbonization of transportation systems.
Photo: Govia Thameslink Railway

Solutions investment strategies

Investing in companies that contribute to achieving the UN SDGs

Some examples of the circular economy theme include companies that provide solutions to the challenges around recycling

One of our overall objectives is to increase our positive contribution to sustainability, by directing more capital to investments that are well-positioned to deliver solutions to global sustainability challenges. We use the definitions of the United Nations Sustainable Development Goals (SDGs) as a guide for defining these challenges and the direction of the solutions. By focusing on companies with sustainable business models that can help solve these challenges, and helping clients to more easily invest in them, Storebrand can contribute to the fulfilment of the UN SDGs as an integral part of the investment services that we provide to our clients.

Proprietary methodology

A central element in accomplishing this objective is through our product offerings, such as our solutions investment strategies, launched since 2012. These strategies focus on identifying and investing in what we define as "solutions companies": ones that provide socially beneficial, sustainable solutions aligned with achieving the SDGs, while reducing exposure to activities that negatively impact society and the environment. We use a proprietary methodology to define the solutions companies, which may be narrowly focused "pure play" entities directly relevant to achieving SDG goals, or broad companies – conglomerates – whose business include units relevant to specific aspects of achieving SDG goals. These companies are identified and tracked in our database as potential "solutions investment universe".

Making solutions investment accessible

In addition to being potentially included in our dedicated solutions strategies, the database of companies that we identify as solutions companies, is also available to all our fund managers for potential use in constructing portfolios.
Our solutions strategy is sub-divided into four distinct solutions themes: renewable energy, smart cities, circular economy and equal opportunities. We have chosen to make the solutions strategies more accessible, by offering clients the ability to utilize the global solutions strategy as a whole, or to utilize any of the four themes as separate investment strategy.
The renewable energy theme focuses on investments related to climate change and renewable energy; the smart cities on investment opportunities central to building and supporting sustainable cities; the circular economy theme on investment opportunities that facilitate responsible consumption and a circular economy; and the equal opportunities theme on investment opportunities to improve diversity, inclusion and equality, such as access to digital services, healthcare and financial services.

Progress

One of Storebrand's goals is to invest 15 per cent of assets under management in solution companies, bond investments in solutions, green bonds, green infrastructure, and certified real estate by 2025. As of the end of December 2022, 12.4 per cent of our equity investments was invested in solution companies.

Changing the face of sustainable real estate

Storebrand Real Estate Norway is making progress in its plans to become part of a circular economy

Photo: Einar Horsberg

Photo: So-la landskapsarkitekter

Photo: So-la landskapsarkitekter

In Oslo this year, we have enabled the reuse of an entire building façade, marking a step towards a plan to boost the development of circular economy in building materials.

This action is an example of how we systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil our responsibilities.

In a sector often called the "40 % business" because of its material usage and emissions intensity, reuse could soon be the new norm. We are aiming to reduce environmental impact by several methods, where one of these is to become a cornerstone in a new circular economy, within the reuse of buildings and building materials.

"Reuse" is a concept that has been around forever, and it is especially clear in the consumer space in part due to high visibility in the fashion sector. But reuse is not just a consumer trend, it is quite relevant to the business sector too – not least in the buildings that form the basis of real estate investments.

Huge potential in circular economy

The real estate sector accounts for 40 per cent of global greenhouse gas emissions, which makes the sector a priority within any plan to tackle climate change. In the EU's recent commitment to a European Green Deal, it adopted a new CEAP (Circular Economy Action Plan), to help achieve the EU 2050 targets for climate neutrality and halting biodiversity loss. The CEAP pinpoints the huge sustainability gap within construction and buildings. Among the most significant are that: construction accounts for 35% of the EU's waste and that improving the material efficiency of building construction and renovation could save 80 per cent of emissions. Given the scale of investment in buildings by the real estate sector, the potential to reduce negative impacts in terms of not only emissions, but also resource consumption, is clear.

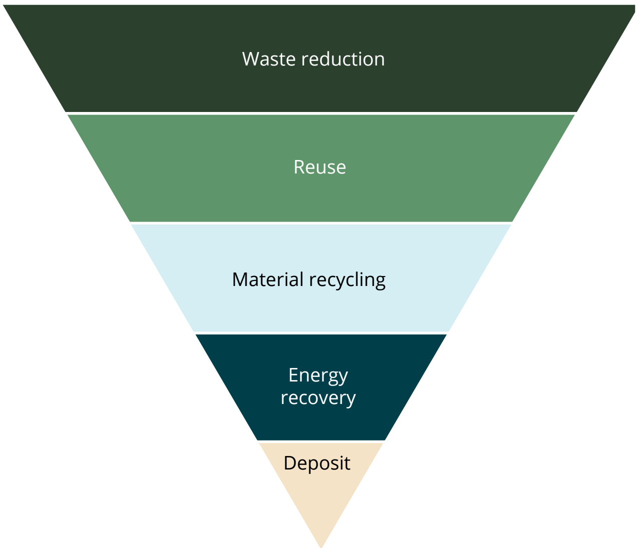
> "Improving the material efficiency of building construction and renovation could save 80% of emissions...."

Expanding re-use efforts

Storebrand has been a pioneer in sustainable investment, including real estate, since the mid-1990s. In 2016 Storebrand adopted a "Roadmap to 2020" for real estate that included re-use and circularity.

Initially, Storebrand began to realize the plan through efforts to re-use building interior furnishings. In 2022, Storebrand was able to land a lease of an eight hundred square meter office building in the Skøyen district of Oslo, to a new tenant, Kirkens SOS, with the interior furnished largely with materials reclaimed from other office buildings that had been refurbished. Tenant cooperation is vital on switching from the traditional refurbishing strategy of "ripping all out and replace with new products from glossy catalogues" to "what can be kept and what other used materials can boost the result".

However, re-using materials is not limited to building interiors. The systematic mapping of re-use possibilities will provide information on what elements of the properties can be reused.



Reuse is even more important than recycling in the heirachy of strategies to enable sustainable use of materials.

These materials should not be destroyed through demolition, but instead re-used when the function of the building changes. That is exactly what Storebrand has done at one of our real estate properties in Oslo, at Filipstad Brygge this year. We reclaimed 1700 square metres of used stonework from the renovation of various parts of the building exterior, to achieve 100 per cent reuse of all existing materials in the outdoor areas. Furthermore, gave the 30-metre-long glass façade of the building entrance a second life by finding a new owner for it: the façade is being used to build cabins for the benefit of the students at the University of Agder in southern Norway. Our goal is that this kind of reuse will be the rule, not the exception, in the future.

> "...buildings really should be thought of as a bank of material resources, a temporary composition of materials that can be used in different ways if the need arises..."

Challenges in implementing re-use

There are, however, some challenges on the way to expanding the circular economy in building and construction sector. To begin with, customer demand needs to be generated. For re-use to grow within the commercial real estate sector, it must be commercially viable. This means that potential tenants need to at least accept reuse of building materials on equal terms with their current expectations of that of brand-new materials. Or, ideally from a sustainability point of view, that tenants come to prefer that they lease a building that is partially or fully re-used, and that this new aesthetics which re-used materials create will increase in popularity.

Furthermore, there is also a large gap on the supply side: a relatively weak marketplace for reused materials. Currently there is a relatively small market for the reuse of building interior materials and an even smaller market for building exterior and construction materials. For reuse to be viable, every new lease process needs access to a ready supply of reused building materials both within each company, as well as a thriving market of re-used materials for sale across companies. We are also dependent on the manufacturers of building materials to take more responsibility, developing more circular business models and enabling their products to live longer and to be reused.

On the horizon

We are optimistic that reuse will gain currency. Ultimately, we believe, top-tier tenants will need to build this aspect of sustainability into their business models, in order to match expectations of customers and employees. In our experience, green energy is becoming a standard expectation in the market. Companies' younger generations of employees may next expect their workplaces to include tangible demonstrations of sustainable materials.

Moving forward, Storebrand aims to continue to set clear demands and targets for recycling and reuse, and push our suppliers to do the same, within every project and every situation where we use materials – and approach which is new in the real estate sector. We also aim to set clear goals for our emissions and reuse of materials, and further implement the use of project climate accounting. Currently this approach has been taken for some of our larger projects, but it is just as important in all smaller projects where interiors historically have simply been torn down and thrown away.

As we recognize that waste and emissions is a challenge for the sector as a whole, it is critical to get the real estate sector onboard to make a great of an impact as possible. As part of the Norwegian Green Building Council ("Grønn byggallianse") we have been collaborating with other players in the market to transform perceptions of the sector. Storebrand Real Estate plans to continue progressing in its approach to materials and emissions reduction in the quarters and years ahead.

Infrastructure investment

Storebrand invests in major U.S. solar and battery storage complex

The project takes advantage of California's significant solar energy potential

Storebrand, through its partnership with AIP partners, purchased a stake in a major renewable energy project in California during 2022. Known as "Project Lorax", the project consists of a complex containing 463MW of solar electricity generation capacity, along with 186MW of battery storage that provides for better alignment of optimal solar energy generation periods with the market's electricity consumption patterns.

This investment is an example of how we channel investment into companies that contribute solutions to the UN Sustainable Development Goals (SDGs). It also illustrates how we systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil our responsibilities.

Attractive investment

SIF has, in collaboration with AIP partners, acquired 60 per cent of the project. The remaining 40 per cent is owned by Clearway, a leading renewable energy developer and owner in the US. The transaction is structured as a forward sale, shielding SIF from construction risks. Due to this, capital from the investors in SIF will not be drawn until the project is finalized, which is projected to take place around the final quarter of 2023, or the first quarter of 2024.

Project Lorax offers a compelling combination of attractive financial characteristics and strong environmental impact. The project has a Purchase Power Agreement (PPA), a long-term agreement for the purchase of the power produced, with strong counterparties. The state of California, the largest single economic area within the US, has set an official ambition to achieve a 50 per cent share of renewables in its power generation sector by 2025. With this background, the outlook for the project is highly positive, and it is projected to provide predictable and stable cash flows.

Significant sustainability impact

The investment generates electricity equivalent to approximately the total annual consumption of 225,000 Californian households. The project's delivery of renewable energy to this market can create a significant reduction in carbon emissions, estimated to amount to about 600,000 tonnes of CO_2 emissions per year.

The characteristics of this project are highly consistent with Storebrand's infrastructure strategy, and it is a great example of our investment ambitions in this sector.

How Storebrand contributes to the UN SDGs through investments in solutions

We invest in companies that deliver climate solutions and contribute to achieving the Paris Agreement.

We invest in companies that deliver solutions in sustainable management and efficient use of natural resources. We promote circular economy and waste reduction in the product life cycle.

We ensure exposure to companies that contribute to sustainable urban development, transport systems, and reduce the impact of cities on the environment. More specifically, companies that improve air quality and waste management, promote inclusion, promote resource efficiency, mitigates and adapts to climate change and increases resilience to natural disasters.

We support companies' growth, generating new jobs, and promoting sustainable industrial development requires financial services, including affordable and accessible credit and women's integration in value chains and markets.

We invest in companies dedicated towards increasing access to equal opportunities, social services and economic empowerment.

We invest in companies that promote energy efficiency and enable increased production, distribution and use of renewable energy in the global energy mix. We increase investments in infrastructure, grid, storage and clean energy technology.

We promote safe drinking water solutions at an affordable price, improved sanitation, water quality, efficient water consumption, management of water resources and recovery of water-related ecosystems.

We promote companies that contribute to good health and quality of life. We are increasing exposure to companies that are helping more people access necessary health services, medicines and vaccines, health insurance, and companies that prevent deaths as a result of unsatisfactory water and sanitation conditions.

'1) The reduction in certified green property is due to the inclusion of Capital Investment in Denmark in the overall share. Split by country the share of certified green property is the following: Norway (89%), Sweden (93%), Denmark (9%).

Active Ownership

Exercising our influence through active ownership is a critical part of our approach to sustainability. We set expectations for the companies we invest in; we use our position as an owner to influence the companies for improvement through voting and engagement, and where necessary we engage with stakeholders in wider society on systemic issues that are of material importance to our investments.

To reduce negative impact, we have a clear and transparent process to ensure that companies meet our sustainability risk standards. This, combined with a structured corporate governance process, reduces our exposure to sustainability-related risks, such as climate risk, biodiversty loss, and human rights violations.

Engagement

Our Risk and Ownership team assesses which companies require active engagement through dialogue, or whether we should express our opinions through the exercise of voting rights.

Five principles of engagement guide Storebrand’s active ownership:

1. Creating shareholder value: Our engagement activities should contribute to long-term value creation in a responsible manner
2. Aiming for a positive impact: Our activities should aim to create actual difference, not symbolic value
3. Nordic approach: We prioritize opportunities where we are particularly well-positioned to impact positive change, but do not limit ourselves to the Nordic region
4. Multi-stakeholder engagement: We work with multiple stakeholders, including governments, organizations, business communities and investors, to solve complex challenges and influence large companies
5. Targeted engagement: We focus our resources on companies where we have a significant ownership stake

Overview of our engagement themes in 2022

The following themes are being prioritized by Storebrand Asset Management for the period 2021-2023:

1) **The race to net zero:** Storebrand is committed to achieving net zero greenhouse gas emissions in all our assets under management by no later than 2050, in line with the Paris Agreement. This entails a decarbonised portfolio across all asset classes. In line with this commitment, we have set an intermediate target of reducing the carbon footprint of Storebrand’s total equity, corporate bond and real estate investments by at least 32 per cent by 2025, with 2018 as a base year.

   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. A special focus will be given to 20 companies generating the most owned emissions in our portfolios. We will also continue to engage with several banks, in order to understand their exposure to the fossil fuel industry. Our participation in the Climate Action 100+, The Institutional Investors Group on Climate Change (IIGCC) as well as the Principles for Responsible Investment (PRI), connects us with like-minded investors and offers platforms for collaborative engagement. Storebrand was honoured, in the fourth quarter of 2022, to receive the highest possible ranking for climate change transparency in the latest global analysis conducted by the CDP. The CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. It is recognised as a benchmark standard of environmental reporting.

2) **Biodiversity and ecosystems:** The protection and sustainable management of oceans, forests, wetlands and other sensitive ecosystems are essential to ensure long-term social and economic stability. Nature underpins all economic activities. Businesses depend on nature for direct inputs such as water and materials, and indirectly for production processes such as through erosion control and flood protection.

   During the second and third quarters of 2022, we conducted analyses of our portfolios to identify nature-related impacts and dependencies. Storebrand Asset Management is part of the Finance Sector Deforestation Action initiative (FSDA) and a member of the FSDA's Investor Strategic Working Group, which has developed a strategy and tools for the FSDA signatories to jointly engage with companies at risk of contributing to deforestation through their operations, supply chains or financing. The group has identified

80 companies to engage; divided up responsibilities for leading these engagements; and created a set of expectations for how companies should eliminate commodity-driven deforestation from their activities by 2025. The FSDA launched the engagement program during the Climate Week in New York during September 2022.

In the fourth quarter of 2022, Storebrand introduced a new Group policy aimed at battling the systemic risks that a loss of nature and biodiversity could pose to long-term asset returns. Through Storebrand's own stewardship activities, we are calling upon companies to set biodiversity targets, assess and reduce their negative impact. Increased reporting and transparency will be key, and we now expect companies to disclose the co-ordinates and footprint of their main operations.

In our co-leading role in the Finance for Biodiversity Foundation's Public Advocacy working group, we published working papers to guide preparations for the CBD COP 15 conference. Following this, we were members of the Finance for Biodiversity delegation that participated at the conference in December 2022, which culminated in the signing of a new Global Biodiversity Framework (GBF).

In December 2022, we became a founding member of the Nature Action 100+ coalition of investors, which aim to assemble a unified front in order to engage and move global companies considered systemically critical to halting and reversing loss of nature and biodiversity

3) **Resilient supply chains:** Respect for labour rights in supply chains has been an important issue for Storebrand for many years and will dominate our social issue engagement work in the 2021 -2023 period. Our engagement aims to ensure healthy operations through robust supply chains, at the same time helping to reduce poverty, child labour, forced labour and low living standards.

   In 2022, we continued our partnership with the Platform for Living Wages Financials (PLWF), engaging in collaborative investor efforts to conduct assessments and influence portfolio companies to pay a living wage for workers within the food, textile, and food retail sectors. Storebrand co-led the PLWF agrifood and food retail workstreams in 2022, participating in the writing of the PLWF 2022 report and presenting results for both sectors at the PLWF annual conference in October 2022.

   Along with other investors through the Investor Alliance for Human Rights, we also were involved in efforts to reduce the amount of forced labour in the Xinjiang region in China. As a member of the Advisory Group, Storebrand last year contributed together with 220 other investors to launch Advance, a new PRI initiative on Human Rights stewardship. Storebrand is on the Advisory committee of Advance. Our contribution to the initiative has focused on war and conflicts zones and on the rights of indigenous peoples. From 2023 onward the group plans to jointly engage an initial set of 40 mining and renewable energy companies working towards progress on salient human rights issues related to the operations of the companies, including just transition.

4) **Corporate sustainability disclosure:** Storebrand advocates standardized and company-specific sustainability metrics to ensure transparency and benchmarking. The reporting of ESG-specific issues is a good indication of how a company measures and manages its exposure to sustainability risks.

   This year Storebrand was a part of a major coalition of investors which welcomed the European Commission's new proposal for a directing on Corporate Sustainability Due Diligence Directive (CSDD). Led by the Investor Alliance, PRI, and The European Sustainable Investment Forum (Eurosif), 142 investors representing approximately USD 1.5 trillion in AUM) made a Joint Investor Statement of Support for an ambitious & effective CSDD. The joint statement was shared in November 2022 with all key EU policymakers in the European Commission, Council and Parliament.

   Further details of our engagement on these themes are available in several cases later in this section on active ownership.

Voting

Reflections on our voting in 2022

During 2022 we continued to work to increasing our influence on the companies we have investments in, through our voting rights. This has involved combining a more targeted approach – prioritizing – with applying a wider range of tools and tactics.

Prioritizing efforts

Through the meetings in 2022, we have continued to prioritize AGMs that are characterized by:

- our largest large holdings
- the Norwegian and Swedish markets
- specific ESG-related resolutions at stake

We have chosen these priorities to maximize our impact, rather than just the symbolic value of the number of AGMs voted at, and to make sure that we vote in line with Storebrand's Sustainable Investment Policy.

A range of tools

Voting at the AGMs is one of several tools we use in our engagement process. We could also use the AGM to file a shareholder resolution, if there are specific issues we have discussed with a company that have stalled in progress, or that we find of high importance for other shareholders.

Collaborating with other shareholders, for increased leverage, is an important tool. For example, during the first quarter of 2022 we co-filed resolutions for the AGMs at Amazon and Meta, among others.

Tools we use to escalate dialogue

- Raising issues at board level if senior management is unresponsive
- Expressing our views publicly by issuing a public statement
- Collaborating with other investors, if not the case already
- Proposing, filing or co-filing resolutions at the annual general meeting
- Voting against the re-election of the relevant directors
- Suggesting an extraordinary general meeting
- Setting a company on our observation list

Shareholder resolutions

We have steadily seen greater interest by investors in using their influence as shareholders, by proposing, filing, or co-filing resolutions. Previously we had only done this to a limited extent. However, we see potential in increasing such activities, as demonstrated in the actions we took during the first quarter, in cases where the company has not been responsive or where engagement has stalled.

Storebrand has been vocal in raising concerns about the risks posed to user's rights and to Meta's reputation, by its handling of human rights issues and the potential for these to be magnified by its "metaverse" project. During the second quarter of 2022, a shareholder resolution on this topic, which Storebrand was involved in putting forward in collaboration with Arjuna Capital, succeeded in being presented for voting at Meta's annual general meeting, despite being contested by the company's management. The lack of progress with shareholder resolutions was significantly influenced by the dual-class share structure of Meta, which effectively allows the founding members of the company a disproportionate influence relative to other shareholders.

Storebrand has been engaging with Amazon on several issues, via collaborative investor alliances, and voted on several relevant issues at the company annual general meeting this year. Through a Nordic investor collaboration, we attempted, though unsuccessfully, to file a shareholder resolution on union rights for at the company's annual general meeting during the second quarter of the year. While unsuccessful this time, the proposal we backed regarding union rights was a first at Amazon, and highlighted the issue for other investors. We are continuing to engage Amazon on the issue, through a collaboration with the Investor Alliance for Human Rights.

Voting against board discharges and nominations

We also use our right to vote to express our view on critical issues such as: the direction of a company; its emissions targets; the diversity of its board; or how they have handled the key issues of the previous periods.

One such example from the first quarter of 2022, was our vote against the discharge of several board members and the CEO at Ericsson, based in Sweden. This step was based on indications that emerged about the company's deficiencies in disclosing relevant information sharing; as well as alleged violations of their agreement with United States authorities. These indications made it unclear as to whether the company had taken the correct measures and whether supervision had been sufficient. It was therefore difficult for us to understand what implications these issues might have for the company. As shareholders, we concluded that we did not have all the information we need to be able to vote for the discharge of these corporate officials from liability.

In another case in Sweden, at the Lundin Energy annual general meeting, Storebrand voted against the re-election of two board members. We took this action based on an impending trial involving the two board members being personally prosecuted for aiding and abetting violations of international law in Sudan. While the issue of liability is a matter for courts to decide, we also believed that, based on the company's and shareholders' interests, it was not appropriate for these individuals to be active board members during the period.

At a minimum, we vote against or withhold from the chair of the nominating committee, if the board lacks at least one director of an underrepresented gender identity. In some markets, we vote against the chair of the nominating committee if the diversity of the board is below best practice market standards.

In total, we voted against management recommendations for director elections in 578 out of 5800 cases, or 10%.

We supported a proposal made by a shareholder at AT&T's AGM that urged the company to oversee and report on: a third-party audit of the company's impacts on civil rights and non-discrimination; and the impacts of those issues on the company's business. We supported this proposal, despite an assessment by our proxy voting vendor (ISS) that the reporting was not necessary.

New voting guidelines in 2022

We have reviewed and revised our proxy voting guidelines during 2022. With this change, we aim to utilize the various tools available in our active ownership toolbox, more actively. If the management of a company we are in dialogue with, is not as responsive as we expect, then we may escalate the dialogue to the board, and even express our view in public to draw further attention to the issues.

Our new guidelines also include descriptions on how we will vote on issues related to nature and biodiversity, board members with poor track records on ESG issues, and details of areas where we aim to vote to maximize our impact.

Voting data summary

In 2022, we voted at the Annual General Meeting (AGM) of 1,348 companies, representing 68.8% of our AUM based in a total of 60 countries. Our most extensive presence was in the United States of America, where we voted at 690 meetings. The sector with the highest number of meetings held during the period was Industrials with 249 meetings, while Utilities was the lowest with 49 meetings.

Among 51,980 votable proposals in 2022, we voted in 17,600 cases, or 31.7 per cent. This is an increase from 2021, when we voted on 10,374 of 51,263 votable proposals, equivalent to 20.2 per cent. This change reflected our strategy to use our voting rights more actively.

In 89.45 per cent of our AGM votes in 2022, we supported proposals by the company management, while we voted against management proposals in 10.6 per cent of cases. Storebrand's opposition entailed, among other things, voting against election and re-election of board members at companies deemed to have poor corporate governance, or where the Board of Directors had not followed up on corporate commitments to ESG-related reporting and targets.

Voting key figures Q4 2022

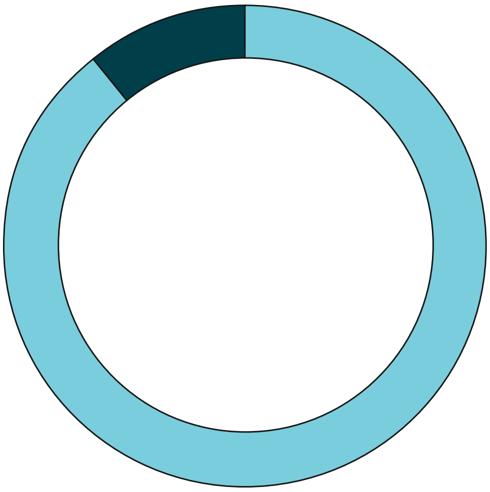
Metric	Total Number	Share of invested capital
Votes at general meetings to promote Storebrand's ESG criteria	1348	68.6%

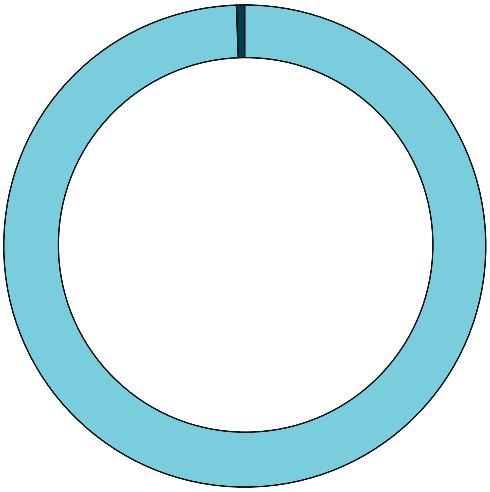
General voting data	Voted	Votable	Percentage voted
Number of general meetings voted	1,348	4,244	31.70 %
Number of items voted	17,600	51,980	33.90 %
Number of votes on shareholder proposals	792	1,188	66.70 %

Top 20 countries voted in:

Country	Votable meetings	Voted meetings	Turnout percentage
USA	690	267	38.7 %
Sweden	420	157	37.4 %
China	417	154	36.9 %
Norway	168	116	69.0 %
India	245	90	36.7 %
Japan	344	65	18.9 %
Australia	75	43	57.3 %
Cayman Islands	176	38	21.6 %
South Africa	56	36	64.3 %
United Kingdom	134	34	25.4 %
Canada	104	30	28.8 %
France	77	27	35.1 %
Germany	74	23	31.1 %
South Korea	148	22	14.9 %
Netherlands	57	20	35.1 %
Denmark	37	19	51.4 %
Bermuda	74	19	25.7 %
Switzerland	58	18	31.0 %
Hong Kong	68	18	26.5 %
Finland	23	14	60.9 %

How we voted





Voting topics and alignment

	Proposals	% with Management	% With ISS Sustainability policy
Audit Related	1,016	99 %	100 %
Capitalization	1,352	87 %	100 %
Company Articles	369	89 %	100 %
Compensation	2,448	81 %	99 %
Corporate Governance	46	11 %	98 %
Director Election	6,706	91 %	99 %
Director Related	2,440	92 %	100 %
E&S Blended	41	59 %	93 %
Environmental	111	31 %	96 %
Miscellaneous	238	89 %	98 %
Non-Routine Business	249	92 %	100 %
Routine Business	2,376	98 %	100 %
Social	236	28 %	95 %
Strategic Transactions	239	91 %	100 %
Takeover Related	75	96 %	100 %
Denmark	37	19	51.4 %
Bermuda	74	19	25.7 %
Switzerland	58	18	31.0 %
Hong Kong	68	18	26.5 %
Finland	23	14	60.9 %

* Institutional Shareholder Services (ISS) sustainability policy" is voting guidelines for ESG best practices.

Engagement data summary

At year-end 2022, we had 636 ongoing engagements in total, with 508 unique companies. In total, we registered 551 interactions with companies during the year, through meetings, e-mails and letters. 299 of these activities were linked to an ongoing engagement with a company. The contact includes enquiries to obtain information, as well as direct dialogue about portfolio companies' sustainability efforts.

In addition to dialogue with companies, we also had 79 dialogues with 33 external fund managers and 65 meetings with government representatives in 2022.

During the year, we concluded 9 engagements, with positive outcomes in four of those cases.

Collaboration continues to emerge as an important tool, as we continue to tackle not only individual issues with companies but also systemic issues such as climate, nature and living wages, which require global, multi-sector solutions. In addition, many issues such as in the tech sector involve global companies of significant scale and featuring complex governance structures, in which it is in the interest of investors to align in order to effectively engage company management.

This trend towards collaboration was reflected in the fact that 77 per cent of our engagements in 2022 were collaborative, compared with 73 per cent in 2021. This reflects our strategy to join forces with other investors and stakeholders to maximize impact, where appropriate.

Several of the most significant collaborative engagements were related to nature and biodiversity, a fast-evolving area that lacks commonly accepted standards for operation and financial management. Demonstrating practices, building knowledge, and gaining support for shared standards are key components of our efforts.

Social issues also continue to rise on the agenda, driven by heightened awareness of human rights issues, and regulations targeted at ensuring these within supply chains. Among our new engagements initiated in 2022, 51 per cent focus on social issues, including labour rights as well as human rights in conflict zones.

Dialogue with companies

One-on-one dialogues between Storebrand and companies accounted for 146 of our dialogues in 2022. In other cases, we took the initiative to engage together with other investors through a collaborative effort: 31 engagements were conducted with Storebrand in a leading role, and 459 with Storebrand in a supporting role.

A total of 93 per cent of the engagements took place proactively, up from 87 per cent in 2021, while 7 per cent took place on a reactive basis.

The dialogues took place mainly in the form of e-mail, letters and digital meetings. In most cases, the dialogue took place with investor contacts or sustainability teams. In 7 per cent of cases, we were in contact with the CEO of the companies in question.

What types of companies we engaged with (sectors)

Most of the engagements targeted companies in the materials, consumer staples and industrials sectors, which together accounted for approximately 44 per cent of our dialogues in 2022.

Geography

The majority of the companies we had dialogue with in 2022 were based in United States of America, Japan and Sweden.

What aspects of ESG we engaged on (ESG categories)

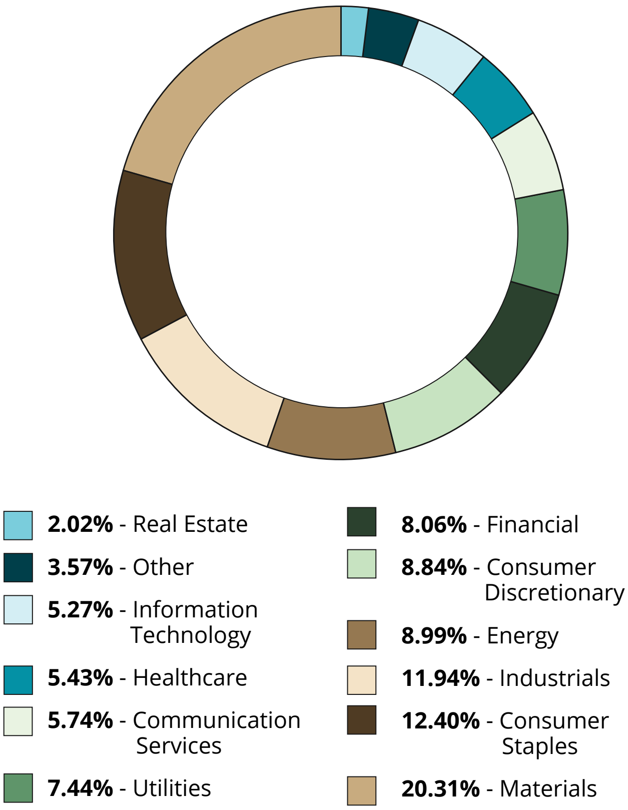
In 2022, our engagements with companies dealt with several topics within ESG and we addressed 16 of the 17 UN Sustainable Development Goals. 51 per cent of the dialogues dealt with environmental issues, including climate change, emissions, deforestation and the use of chemicals, while 31 per cent focused on social issues such as human rights, working conditions and wage conditions. 18 per cent of the dialogues were about corporate governance.

Outcomes of engagements concluded

During 2022, we concluded nine dialogues, four of which had a positive outcome. Four did not give the desired results, while one had a neutral outcome. In cases where the engagements concluded successfully, the results were primarily increased disclosure, awareness and understanding. In some cases, the companies changed their practices or committed to implementing specific changes.

Metric	Total Number	Share of invested capital
Companies that have been contacted to discuss ESG through active ownership	645	31.2%

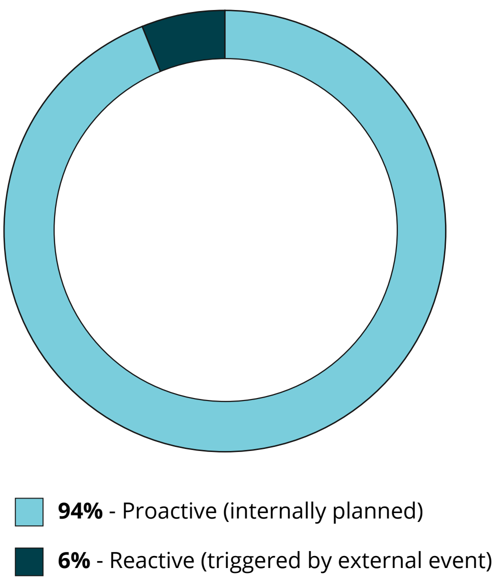
Engagement by sector



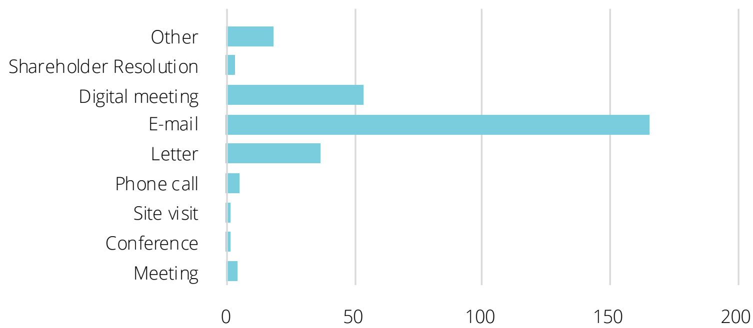
Top 10 countries engaged in

Country	Number of companies
United States	159
Japan	58
Sweden	54
Norway	44
France	31
Germany	29
United Kingdom	28
Switzerland	21
China	18
Indonesia	15
South Korea	15

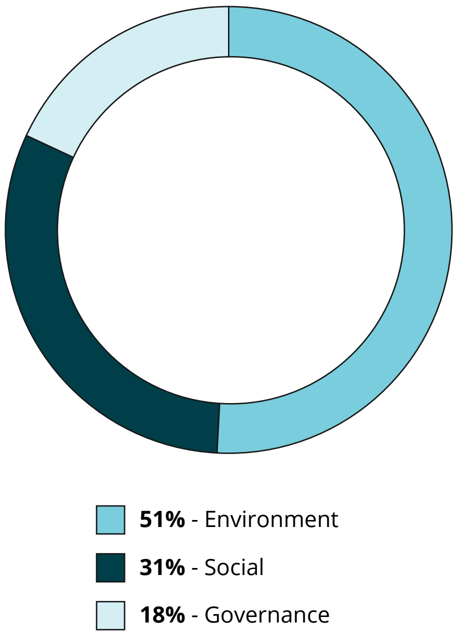
Reason for Engagements in 2022



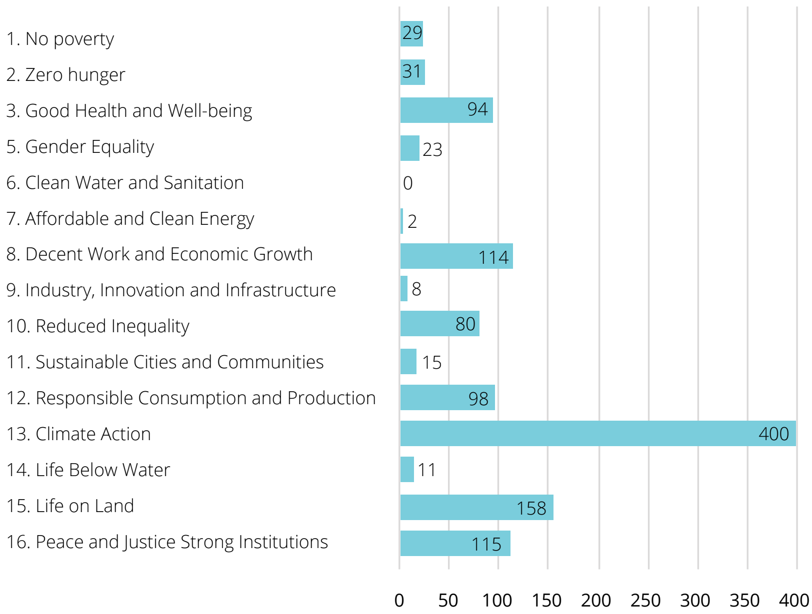
Engagement communication methods used



ESG categories of engagements



SDGs impacted by engagements



Working in coalitions

Storebrand's sustainable investments department is in dialogue with a large number of companies each year, and in this way, we help to influence them to move in a more sustainable direction. By questioning companies about practices and achievements with regards to sustainability, we challenge them to adopt a more proactive approach in addressing these issues.

Through our efforts in platforms, including the Climate Action 100+, FAIRR, IIGCC, FSDA, IPDD, PLWF, PRI Advance and the Investor Alliance for Human Rights, among others, we have collaborated with other investors on several issues to exert a positive influence on companies, and we have seen some very good results from this work.

A few examples of our collaborative engagement efforts during 2022 include:

- The Climate Action 100+, an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. 171 focus companies have been selected for engagement, including the Norwegian company Equinor for which Storebrand has the CA100+ lead investor. Together, we have communicated expectations together that Equinor should implement climate change risk oversight and accountability into their governance framework; reduce GHG emissions across their value chain in line with the 1.5C target of the Paris Agreement on climate change; as well as to transparently disclose and implement transition plans that involve robust targets. More detail on this engagement is available in our separate case on Equinor further on in this section.

- The Investor Initiative on Hazardous Chemicals (IIHC), started by Storebrand together with Aviva Investors, to tackle the chemical sector's approach to the risks of hazardous chemicals. By the end of 2022, IIHC included than 50 asset managers with US$ 11 trillion in assets under management. IIHC engages chemical companies, specifically asking that they: increase transparency by disclosing the identity and production volumes of all hazardous chemicals produced globally; publish time-bound phase-out plans of persistent chemicals; and work to improve their rankings on the ChemScore chemical sustainability metric and share information with Chemsec, the organization that assesses it. More detail on this engagement is available in the separate case on chemicals engagement further on in this section.

- Platform Living Wages Financials (PLWF), where Storebrand has been a member of since 2021. This alliance of 19 financial institutions with over €6.5 trillion of AUM collectively engages investee companies on living wages. During 2022 Storebrand worked closely with companies in our portfolios within the garment & footwear, food & agriculture, and retail sectors, to assess their current state of development in living wages, and participated in the PLWF annual conference to share learnings and get further input directly from worker organizations and other organizations involved in the field. More detail on this engagement is available in our separate case on living wages further on in this section.

- Institutional Investor Group on Climate Change (IGCC) is collaborative initiative aimed at ensuring that banks carry out their critical role in driving capital flows towards supporting the global transition to a 1.5°C decarbonisation pathway, Storebrand participates in the working group on banks which engages collaboratively with 27 global banks to accelerate progress towards a net zero economy. The investor group has set four high-level expectations for banks:
  - A clear commitment to support the goal of net-zero GHG emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C;
  - Science-based short- and medium-term targets supported by credible transition plans detailing how these targets will be met, including critical dependencies; Strong climate governance that ensures board responsibility for delivery of the net zero transition plan, effective internal controls and Paris-aligned lobbying of governments and other key stakeholders, and;
  - Regular reporting on delivery of climate commitments, following guidance by the Task Force for Climate Related Disclosures, and climate-related financial reporting.

- Sustainable seafood engagements. Storebrand is a signatory of the Sustainable Blue Economy Finance Principles (SBE) and participates in UNEP FI's finance sector working group on seafood. The group has created guidance for how financial institutions can contribute to a sustainability in the seafood sector, including activities to support, promote and avoid. In 2022, Storebrand participated in a pilot project to use the guidance from UNEP FI to create a framework for how aquaculture companies can report on impacts and dependencies on nature. Storebrand also participated in collaborative engagement with aquaculture companies, coordinated by FAIRR.

- Investor Alliance for Human Rights. Storebrand is a member of the Investor Alliance for Human Rights. The alliance focuses on the investor responsibility to respect human rights and thus facilitates investor corporate engagement that drive responsible business conduct and standard-setting activities that push for robust business and human rights standards. The Alliance is comprised of over 200 institutional investors, including asset management firms, trade union funds, public pension funds and foundations representing a total of over US$12 trillion in assets under management and 19 countries. Over the years, Storebrand has been involved in different working groups and initiatives within the alliance. In 2022, we were mainly involved in three initiatives: one on working conditions in supply chains with a strong focus on forced labour within the textile, ICT and energy sectors; an initiative on digital rights engaging with the Information and Communication Technologies sectors as well as one on conflict-affected and high-risk areas (CAHRAs) with a cross sectorial approach. The main general asks from the alliance to companies are to conduct human rights due diligence in their own operations and their supply chains, thereby encouraging companies to identify, assess, avoid and mitigate risks of human rights violations by implementing policies and practices in areas such as traceability, risk assessment and procurement.

Toyota climate lobbying dialogue stalls

Engagement failed to yield progress during 2022

Photo: Colourbox.com

Storebrand has been engaging with Toyota Motor Company over several years regarding its climate lobbying policies. However, in 2022 this dialogue came to a halt, with no progress towards the expectations we had set out for the engagement.

We expect our investees to engage with policy makers in a responsible manner and establish a transparent process for monitoring and reviewing climate policy engagement and make this information public and available to investors.

On a list dominated by the world's largest oil and gas companies, Toyota ranked tenth on the "most negative and influential companies on climate policy" of 2022. According to independent research InfluenceMap, Toyota has both the most negative climate policy engagement out of all 12 global automakers analyzed, and is forecast to have the lowest percentage of zero-emission fleet-wide vehicle production in 2029 (17%). Once the pioneer of green technology with the Prius hybrid launch in 1997, the Japanese car giant has become one of the most vocal critics of a rapid transition to battery-powered vehicles and the fiercest guardian of the petrol-electric hybrid technology.

The Ten Most Negative and Influential Companies on Climate Policy

Rank	+/- from 2021	Name	Sector(s)	Headquarters	Climate Policy Footprint
1	(+) 1	Chevron	Energy		-84
2	(-) 1	ExxonMobil	Energy		-76
3	(+) 3	BASF	Chemicals		-69
4	(+) 3	ConocoPhillips	Energy		-64
5	0	Sempra Energy	Utilities		-57
6	(+) 5	American Electric Power	Utilities		-57
7	(-) 3	Southern Company	Utilities		-53
8	New Entry	Nippon Steel Corporation	Metals & Mining		-52
9	(+) 8	Gazprom	Energy		-42
10	(-) 7	Toyota Motor	Automobiles		-42

Source: InfluenceMap 2022 list of the world's most obstructive companies on climate policy

Despite over two years of intense investor engagement with Toyota, it has not been possible to reach common ground with the company on its lobbying activities. Toyota published for the second time a report on some of its lobbying activities. However, the report falls short of investor expectations expressed by, for example, the Climate Action 100+, and more importantly, the company has continued to lobby against climate-related regulation and policies in countries such as the US, UK, Japan etc.

When assessing the Toyota report against what is considered as best practice, there are three main areas where it does not meet investor expectations which we have also expressed to the company.

Scope: For its 2022 review, Toyota selected only six industry associations for its assessment, ignoring negative climate policy engagement by industry associations in several regions. Toyota has been actively engaging with policy makers on climate regulations globally. We believe that the assessment should be applied to all relevant climate engagements across all geographies and that companies should be consistent in their policy engagement in all regions.

Assessment methodology: The company has not provided a clear explanation of its alignment assessment methodology. Toyota states that it assesses each industry association's position on six high-level positions on climate change including the Paris Agreement, carbon pricing, and GHG regulations.

However, Toyota has not disclosed a clear explanation of their evaluation or what constitutes a finding of alignment or misalignment in relation to any of these criteria.

Toyota did not identify any cases of misalignment in its review, although, InfluenceMap analysis finds that these associations have advocated against ambitious climate policy, with the exception of WBCSD which is not currently covered by InfluenceMap's database.

Finally, the report needs to also **outline a strategy for misalignment**, including escalation steps with clear deadlines: We need companies to act when policy engagement is not aligned with company policy, or with the goals of the Paris Agreement. There are several steps companies can take to address misalignment, such as working with the industry association and make the case for constructive engagement, or terminating the relationship if this is not possible. Toyota has not outlined any strategy in its report or shown evidence of action to address specific misalignments.

We have expressed investor expectations and these shortcomings in our dialogue with Toyota and their next report needs to address these concerns to mitigate the reputational risk that the company is currently facing.

Case: Methodology

Seafood pilot project

Multi-stakeholder cooperation to develop methodology for nature risk reporting

While there is growing awareness of the need to integrate nature related risks into investment management, the industry has not yet aligned on methodologies for measurement and reporting. As a result, Storebrand has been involved in several efforts to develop these methodologies.

The Task Force on nature-related Financial Disclosures (TNFD) is developing a framework for assessing and disclosing on nature-related risks. In 2022, Storebrand Asset Management participated in a pilot project to demonstrate how a seafood company can start reporting in a more structured way on nature-related risks and identify areas for improvement. Grieg Seafood, World Wildlife Fund (WWF), the Norwegian Institute for Nature Research (NINA) and Storebrand Asset Management adapted the seafood chapter of the UNEP FI Turning the Tide guidance to use as a basis for a reporting framework, which Grieg Seafood then used for reporting.

At the end of the pilot exercise, a report was produced in which all the project participants provided their assessment of the experience and results, as seen from their perspective. The project demonstrated that it is already possible for a company to report on a variety of factors that might constitute nature-related risks for the company itself and its financiers.

This exercise aimed to contribute to the ongoing development of international standards, such as the TNFD, and constitute a concrete example of how a reporting framework could be designed.

Case: Equinor

Climate Action 100+

Storebrand serving as engagement lead for Equinor

Convincing sizable companies to change their policies isn't easy for Storebrand or any other investor. It becomes easier, though, when investors stand together. The Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

Our efforts in this matter demonstrate our approach to: implementing our net zero engagement theme; engaging with issuers to maintain or enhance the value of assets; and collaborative engagement to influence issuers.

The Climate Action 100+ initiative has selected 171 focus companies to engage with, and within this framework Storebrand has served as lead investor for Equinor. In addition, we have also engaged with companies such as Lukoil and Gazprom in 2021 until the invasion of Ukraine, which lead to Storebrand taking decision to disinvest from Russia. The engagement with Equinor however has continued during 2022.

In the dialogue, we have communicated a set of expectations to Equinor:

1) Implement a strong governance framework which clearly articulates the board's accountability and oversight of climate change risk;

2) Take action to reduce greenhouse gas emissions across the value chain, including engagement with stakeholders such as policymakers and other actors to address the sectoral barriers to transition. This should be consistent with the Paris Agreement's goal of limiting global average temperature increase to well below 20 degrees centigrade above pre-industrial levels, aiming for 1.5 degrees. Notably, this implies the need to move towards net-zero emissions by 2050 or sooner; and

3) Provide enhanced corporate disclosure and implement transition plans to deliver on robust targets. This should be in line with the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and other relevant sector and regional guidance, to enable investors to assess the robustness of companies' business plans and improve investment decision-making.

Over the years, we have seen from our leadership in engaging with Equinor stronger climate ambitions and improved transparency and disclosure in line with the outlined expectations above. However, the company falls short on the 1.5 degree pathway, according to the CC100+. As the research from CC100+ has illuminated, the lack of credible short- and medium-term decarbonization strategies across the majority of focus companies needs to be tackled. So, too, does the clear lack of capital allocation commitments towards climate-change mitigation.

AGM 2022

In March 2022, the company launched its first Energy Transition Plan, demonstrating how they will achieve ambitious climate targets where the company commits to by 2030:

1) Halve emissions from our operated fields
2) Invest more than 50% in renewables and low-carbon markets
3) Reduce net carbon intensity by 20%, including emissions from the use of the products we sell

The central problem with Equinor's proposed plan is that it envisages investment in new oil and gas reserves. This contravenes the International Energy Agency's (IEA's) guidance that no new reserves can be developed if we are to deliver a 1.5C outcome. Moreover, the company intends to maintain production at close to current levels until at least 2030. Hence, Storebrand Asset Management voted against the company's transition plan and voted instead for the rival shareholder proposal by "Follow This", which called on Equinor to set emissions-reduction goals in line with the Paris Agreement on climate change.

Engaging Norwegian government as majority owner

While every fossil fuel company needs to accelerate their transition to net zero, Equinor has a unique opportunity and responsibility to lead. The Norwegian government, a signatory to the Paris Climate Agreement, owns two-thirds of the company. Therefore Storebrand, alongside other CA100+ signatories, wrote to Norway's Prime Minister in January 2023 to highlight our shared interest in pressing Equinor to deliver a more urgent transition plan.

At Storebrand, we clearly understand that recent events in Ukraine have resulted in short-term grounds to increase Equinor's fossil fuel production. Nevertheless, the climate crisis requires an ever more urgent response on the part of governments, companies and investors. We believe there is a need and opportunity for Equinor to move further and faster, reinforcing Norway's climate change leadership and the ambition to reduce emissions by at least 55% by 2030 and offering the world a model for how an oil and gas company can successfully navigate the clean energy transition.

Our engagement with Equinor remains ongoing as of the end of 2022 and expected to continue into the future.

Photo: Colourbox.com

Forging a new path on emissions

JFE dialogues yield progress


Photo: Johner

Converting from blast furnaces to electric arc furnaces is expected to help reduce JFE's emissions-intensity

Goal

Reducing CO2 emissions from steelmaking, to meet the climate challenge and fulfil our net zero portfolio emissions commitments.

A structured dialogue between JFE Holdings ("JFE"), one of Japan's leading steelmakers, and a group of shareholders including Storebrand and Man Group, resulted in a May 2022 announcement by JFE regarding enhanced climate commitments and significant investments aligned with those commitments.

Our efforts in this matter demonstrate our approach to: implementing our net zero engagement theme; engaging with issuers to maintain or enhance the value of assets; and collaborative engagement to influence issuers.

Exemplifies focus on high emitters in portfolio

One of Storebrand's four prioritized engagement themes for the period 2021-23 is the race to net-zero. Storebrand is committed to achieving net zero greenhouse gas emissions across all its assets under management by 2050, and has a medium-term objective of reducing emissions in specific asset classes by 32 percent before the end of 2030.

The steelmaker JFE was identified as one of the top 20 largest emitters in our portfolio, in terms of owned emissions. Global demand for steel is projected to rise by more than 30 per cent by 2050. Steel manufacturing is energy intensive, representing 7 per cent of global (energy sector) CO2 emissions and 15 per cent of Japan's CO2 emissions annually, according to the International Energy Agency's Iron and Steel Technology Roadmap 2020 and the Nippon Steel's Carbon Neutral Vison 2050, respectively. Without measures to manage steel demand and overhaul production systems, the IEA projects that steel sector CO2 emissions would rise 7 per cent by 2050.

Storebrand has initiated a dialogue with JFE, and other top 20 emitters in our portfolios, regarding their climate ambitions and the governance of relevant processes. These dialogues are based on our commitment to reduce emissions and reach net zero across our portfolios.

Critical investment choices

JFE was facing a potential turning point: the investment decision on the multibillion-yen replacement of its ageing blast furnaces. The scale and complexity of this aspect of the steel production process, require a long lead time between the investment decision point and the actual refurbishment of the furnace.

The default option, relining the existing blast furnace, would have risked creating a lock-in effect on a relatively high-emissions production process, locking in continued carbon dioxide emissions for decades to come. Other options however included replacing the blast furnace with a different technology, which could also offer the opportunity to lower the emissions-intensity of JFE's steel production.

Storebrand Asset Management, in alliance with a core shareholder group, including the investor MAN Group, engaged in a structured dialogue with JFE, in which we highlighted the need to align the company's planned investments with its emission reduction targets. The engagement began during the fourth quarter of 2021, with a letter to the CEO of the company, and was followed by a detailed and steady dialogue held through virtual meetings with the company's sustainability and investor relations team during 2022. Following the meetings in 2022, the dialogue eventually progressed to direct virtual meetings with company senior management.

Why it matters

The steel sector accounts for approximately 7 per cent of global CO2 emissions (IEA). By 2050, global steel demand is projected to rise by over a third.

Decision made

In August 2022, the media outlets and the company announced that it would invest in replacing its existing Kurashiki No.2 blast furnace with equipment that utilizes the less emissions-intensive EAF (electric arc furnace) technology.* 1) This action would significantly reduce the CO2 emissions generated from JFE's steelmaking process. As the first step from any of Japan's top three steel companies to use electric blast furnaces, it also marked a significant shift towards the decarbonization of the steel industry.

According to some research estimates, electric arc furnace steelmaking can result in significantly lower emissions per ton of steel produced, compared to conventional methods: blast furnaces and basic oxygen furnaces.* 2) In terms of implied CO2 emissions reduction, a preliminary estimate is that this implementation of an EAF will result in a reduction of several million tonnes of CO2 emissions per annum.*3)

"The key to reducing a company's emissions lies in making the right techno-economical choices regarding the production processes, at the right point in time. The end of life of these blast furnaces represents a unique opportunity to instead reinvest in low-carbon technologies. We believe that the timing and collaborative nature of this engagement were important factors towards achieving this step forward. We now need to see more steel companies aligning their capital expenditure with their broader net zero strategy." noted Victoria Liden, Senior Sustainability Analyst, when the reports of JFE's investment decision were published.

Timing and relevance important factors

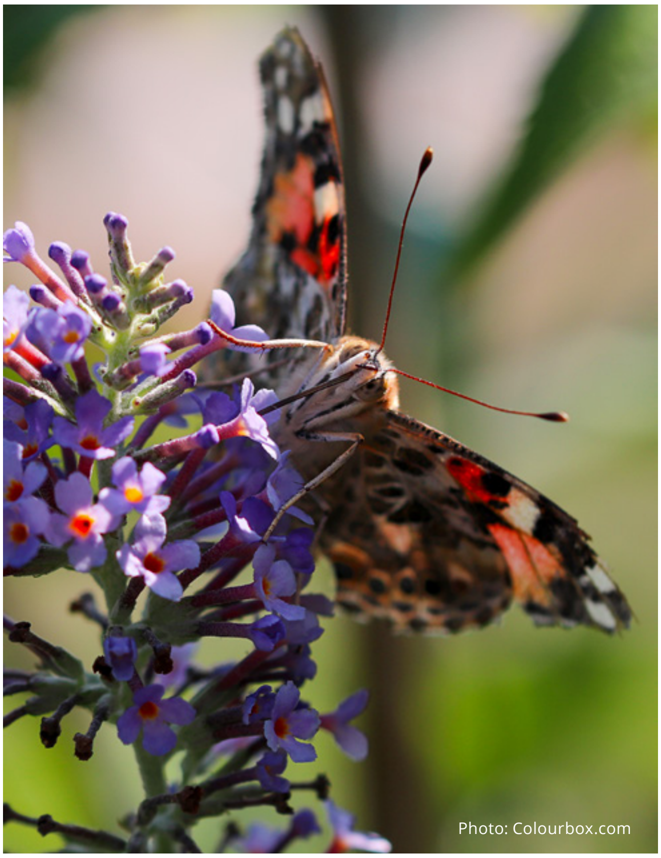
So far, we consider the engagement to be moving in a positive direction. We will continue our dialogue with the company, as it progresses towards following up on the commitments it has made.

Although this is an early step and there is still room for improvement, this dialogue and JFE's subsequent announcement, suggests how shareholder engagement can act as a catalyst and contribute to real economy impact. It also highlights the importance of timing when it comes to engagement. Emissions-related dialogues with hard-to-abate sectors, can be fruitful if taken when they are looking to make significant re-investment decisions.

1) Japan's JFE to switch one furnace to electric in green push: Steelmaker's planned furnace could have 25% lower CO2 emissions: https://asia.nikkei.com/Business/Materials/Japan-s-JFE-to-switch-one-furnace-to-electric-in-green-push
2) "Carbon capture and utilization in the steel industry: challenges and opportunities for chemical engineering". Current Opinion in Chemical Engineering. 26: 81–87, De Ras, Kevin; Van De Vijver, Ruben; Galvita, Vladimir V.; Marin, Guy B.; Van Geem, Kevin M. (1December 2019).
3) Nippon Steel Carbon Neutral Vision 2050: https://www.nipponsteel.com/en/ir/library/pdf/20210330_ZC.pdf & International Energy Agency's Iron and Steel Technology Roadmap 2020: https://www.iea.org/reports/iron-and-steel-technology-roadmap

Engagement on nature and biodiversity

Comprehensive approach towards securing impact



The initiative aims to tackle issues such as loss of biodiversity, including insect life, that threatens ecosystems.

During 2022 we undertook a broad and coordinated set of actions, at several levels, to address systemic risks to nature, as well as to integrate nature impacts and dependencies into our investment decision-making processes.

These actions illustrate our approach to: reviewing our policies; identifying and responding to market-wide and systemic risks to promote a well-functioning financial system; systematically integrating stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil our responsibilities; engaging with issuers to maintain or enhance the value of assets; and our collaborative engagement to influence issuers, our investor peers and governments.

Nature dependencies and impacts

Nature risks are a critical systemic issue. An increasing loss of biodiversity can affect companies' ability to create value for investors in the long term. Environmental change can trigger significant disruptions to economic production. Business risk may be related to the impacts of a company's operations on nature, or to the dependence of a business on ecosystem services as inputs to production.

The scale of potential implications is significant. According to data from the World Economic Forum, USD 44 trillion of economic value generation — more than half of global GDP — is moderately or highly dependent on nature and its services. The Dasgupta Review, an independent, global review on the Economics of Biodiversity commissioned by the UK Treasury in 2019, has established that such risks associated with biodiversity loss have significant macroeconomic and financial implications. Besides posing a systemic risk, the Review classified the financial risks associated with biodiversity loss into physical risks, such as changes in ecosystem services due to degradation of natural assets; litigation risks, such as legislation and fines from damage to natural assets; and transition risks, such as policy changes and shifts in social norms as the economy adjusts to more sustainable approaches.

An IPBES Global Assessment Report in 2019 estimated that one million animal and plant species are threatened with extinction. Five of the nine "planetary boundaries", that have ensured the stable conditions that have enabled all civilizations to form and prosper over the last 11,000 years, are already exceeded. This affects nature's capacity to continue providing the ecosystem services on which the society and economy depends. Factors such as climate change, habitat loss, pollution and the use of pesticides are all contributing to the loss of biodiversity, with major implications for businesses as well as the planet. According to the IPBES, nothing less than a systemic change will halt the biodiversity crisis.

Despite the established based of facts around these risks, the value of nature and "ecosystem services" has been largely unacknowledged by companies and their investors. This is despite the fact that failure to act could result in a collapse to food systems, a loss of livelihoods and a systemic risk to the global economy. Responsible investment requires that companies understand and disclose their dependency on and impact on nature.

Analysing portfolio impacts and dependencies

Between June and August 2022, we conducted an impact and dependency analysis.

As a first step, we conducted a high-level screening of direct

Erosion control systems such as coastal mangrove forests are among the more significant nature dependency-related risks identified in Storebrand's portfolios

nature-related impacts and dependencies for our portfolio of equity and bonds using the measurement tool ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure). This tool is typically used by global banks, investors and insurance firms to help assess the risks that environmental degradation, such as the pollution of oceans or destruction of forests, causes for financial institutions. The analysis showed that Storebrand 's highest exposure to impact-related risks stem from the solid waste impact driver, followed by water pollutants, soil pollutants, water use, non-GHG air pollutants and GHG emissions.

The industries in our portfolio with the most material nature-related impacts drivers are: utilities, consumer staples, materials and industrials. Furthermore, Storebrand's highest exposure to dependency-related risks stems from the mass stabilization and erosion control ecosystem service, followed by surface water, bioremediation, ground water and flood and storm protection. The sub-industries with the most material nature-related dependencies are consumer staples, materials and utilities.

Together, the results provided initial high-level picture of how Storebrand our aggregate investments are potentially directly dependent on key ecosystem services and how they potentially impact nature.

Further analysis in the future, will help us understand these impact and dependency related risks in greater detail. However, this initial analysis was sufficient to contribute to the foundation for immediate action.

Launch of new nature policy

For several years, Storebrand has been committed to halting and reversing the loss of biodiversity. Through investments and dialogue with our investees, in coalitions, and in support for research nature we have placed nature on the agenda.

To strengthen these efforts, in November 2022 we launched a new policy on nature, recognizing the financial risks and opportunities associated with the challenges around nature.

The new policy increases transparency and details how Storebrand can contribute to reversing nature loss.

Our investment decisions and strategies are guided by a multi-part strategy that covers:

- **Impact assessment and target setting**
  We already have existing targets, such as a net-zero target by 2050, financing target of 15% of our AUM by 2025 and a commitment to eliminate commodity driven deforestation by 2025. In addition to those actions, we have committed to assessing impact and setting targets on biodiversity by 2025.

- **Engaging with companies and other relevant stakeholders:** We prioritize the most material sub-industries in terms of nature-related impacts, to ensure that these companies are mitigating their potential negative impacts.

  Our expectations to companies are built on the mitigation hierarchy of the International Financial Corporation's (IFC) Performance Standard 6 and guided by Science-Based Targets Network (SBTN) and the Taskforce on Nature-related Financial Risks (TNFD). We expect companies to adopt and implement policies to address nature-related financial risks and opportunities in their investments and financial operations; incorporate the principle of "double materiality" to disclose nature dependencies and impacts; and respect the human rights of Indigenous Peoples.

- **Risk management - increasing our positive and reducing our negative impacts on nature**
  We seek to align our investments with the scientific consensus on nature, and have adopted the precautionary principle in this regard. In line with this approach, we have screened our equity and bond portfolios for direct nature-related impacts and dependencies.

- **Reporting/Transparency**
  We are committed to disclosing our biodiversity footprint and reporting annually against targets, including any positive or negative contribution to global biodiversity goals linked to our investment, once this information is available, by 2025 at the latest.

Excluded based on on new nature policy

In November 2022, we excluded four companies in the mining industry:

1. First Quantum Minerals
2. Harmony Gold Mining Co Ltd
3. Newcrest Mining
4. TMC – The metals company

Exclusions

Storebrand's policy on exclusions related to nature states that we will exclude companies that practice the following activities:

- **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 per cent 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 per cent 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.

- **Lobbying:** We will not invest in companies that lobby against international agreements which promote sustainable use of biodiversity, such as the Convention on Biological Diversity.

- **Deforestation or conversion of native ecosystems:** Through our Deforestation Policy from 2019, we have made the commitment to not invest in companies with unsustainable production of soft commodities like palm oil, soy, cattle products, and timber. This commitment will be expanded to include deforestation or conversion for production of cocoa, rubber, coffee, and mining.

Engagement with companies
Through Storebrand's own stewardship activities, we now call upon companies to set biodiversity targets, assess and reduce their negative impact. Increased reporting and transparency will be key, and we now expect companies to disclose the co-ordinates and footprint of their main operations.

Compared to climate change where carbon dioxide emissions are measured, biodiversity loss is more challenging to measure and compare, with impacts often localized and dispersed throughout supply chains, and where information and transparency from companies on the specific locations of their operations is still limited. In this context, partnerships and coalitions, such as the Nature Action 100 and the future TNFD, are now key levers for greater integration of biodiversity challenges.

Engagement in investor coalitions

In July 2020, Storebrand established, and continues to co-lead, the Investors Policy Dialogue on Deforestation (IPDD). The initiative is supported by 65 institutional investors from 19 different countries. Since its formation, the IPDD has engaged with public agencies, industry associations and other stakeholders in selected countries such as Brazil and Indonesia, on halting deforestation and reducing financial risks.

IPDD
Investor Policy Dialogue on Deforestation

At the COP26 global climate summit in November 2021 was one of the founding signatories of a new initiative called the Finance Sector Deforestation Action (FSDA), that are committed to working on eliminating agricultural commodity-driven deforestation risks in their investment and lending portfolios by 2025. The FSDA, assembling over 30 financial institutions with more than (US)$8.9 trillion in assets under management, collaborates actively on implementation of the joint commitment, including on screening portfolios for deforestation risk, recruiting more signatories to the commitment and engaging with companies.

In the run-up to the COP 15 negotiations in Montreal in December 2022, the IPDD published its first progress report, to highlight the need for global agreement on policy improvements. The report showed that while the IPDD has made advances, the level of progress achieved up to 2022, did not match the urgency and scale of the challenge. However, the agreements made at COP 15 strengthen expectations for future progress on the issues.

Also during December 2022, Storebrand was a founding member of the Nature Action 100 (NA100), a new global investor engagement initiative that was soft-launched during the COP 15 in December 2022. The NA100 is a global investor engagement initiative conceived by a group of institutional investors including Storebrand Asset Management.

Nature Action 100

The NA100 initiative aims to drive greater corporate ambition and action on reducing nature and biodiversity loss. To do this, the initiative engages companies in key sectors that are deemed to be systemically important in reversing nature and biodiversity loss by 2030.

Ceres and the Institutional Investors Group on Climate Change (IIGCC) will co-lead the initiative's Secretariat and Corporate Engagement workstreams, the Finance for Biodiversity Foundation and Planet Tracker will co-lead the Technical Advisory Group. The Secretariat will be responsible for setting up the initiative's Steering Group and supporting administrative, communications and fundraising activities. The Corporate Engagement workstream will focus on developing a multi-year engagement plan to engage companies deemed most important to stemming nature and biodiversity loss, while the Technical Advisory Group will help to identify priority engagements and develop science-based investors guidance and tools.

The initiative will:

- Map sector pathways and identify a list of 100 focus companies for investor engagement.
- Support engagements between investor teams and focus company executives and board members around initiative priorities.
- Identify corporate actions that need to be undertaken to protect and restore nature.
- Track the progress of focus companies against key indicators and provide annual progress updates.
- Support investor and corporate advocacy efforts with relevant policymakers on nature-focused policies.

Engagement to secure global frameworks at COP 15

This engagement was rewarded in December 2022 at the 15th Conference of the Parties to the United Nations Convention on Biological Diversity (COP 15), national governments finally agreed on the Global Biodiversity Framework (GBF) in Montreal that will be implemented over the next decade. COP 15 was the global summit of nations to negotiate the Global Biodiversity Framework – in essence, the world's most important tool to protect nature. The Framework has 23 targets that are the roadmap for protecting Earth's life support systems.

We aimed for several critical targets at COP 15. First, going into the negotiations, we had emphasized that alignment of financial flows rests on two pillars: greening finance, and financing green or mobilizing capital. In other words, increasing positive financial flows and reducing financial flows that harm biodiversity. Second, we noted that this alignment relies on mandatory disclosure. Lack of mandatory reporting by companies limit financial institutions in aligning their financial flows and playing a more positive role for nature unless the voluntary disclosures are significant and material. Investors need to be able to compare companies; to see what actions they are taking to address risks as well as actions to progress on nature; to objectively identity the leaders and laggards.

Based on this position, Storebrand participated in the COP 15 process for the year and a half leading up to the COP 15 summit, as an observer on behalf of the Finance for Biodiversity foundation, and been honoured to co-chair the Public Policy Advocacy working group of the Finance for Biodiversity Foundation together with Federated Hermes Limited. Within this working group, we have advocated for an ambitious and effective outcome of the GBF and called for governments to address alignment of ALL financial flows, both private and public, with the GBF. The increase in public funding for nature cannot be effective if other financial flows remain on trajectories that destroy biodiversity. Big wins were achieved in the outcomes of COP 15. Goal D of the agreement was a win. We were pleased to see that the Parties recognized the important role that private finance can play to protect nature. However, we can only have that real impact, if the public and the private sectors come together to bridge the finance gap on nature and significantly increase the financial resources committed to tackling biodiversity loss. Goal D has no mention of "from all sources" or public and private", this is explicitly referred to in the targets, such as Target 14 and Target 19.

Target 15 of the agreement was another positive outcome. We are also encouraged to see that governments will ensure that large and transnational companies will have to regularly disclose their impacts and dependencies on nature in a transparent manner. As investors we need company data to guide our investment decisions. While "mandatory" is out, the current text implies that governments will need to ensure disclosure for large companies, along their operations, supply and value chains and portfolios.

Full details of the agreement adopted at COP 15 are available at the UNEP website:
https://www.unep.org/resources/kunming-montreal-global-biodiversity-framework

Continued engagement

As often, sentiments will vary in the aftermath of major negotiations, but a desperately needed leap forward on nature finally happened at the COP 15 summit. We at Storebrand believe that this agreement indeed marks an inflection point, setting up the opportunity for positive change in how we care for nature in our national and global economies.

The engagement on halting and reversing the loss of nature and biodiversity now continues in a new phase. We and our peers in the finance sector must swing into action to build on the steps taken at the summit. Storebrand's CEO was privileged to participate in the closing high-level session for COP 15 and shared his view on how the finance community can act decisively on nature. At Storebrand, our newly reaffirmed and enhanced commitments on nature, including our newly adopted Nature Policy, are guiding our investment decisions, as we continue to work to reduce our negative impact on nature and increase our positive contribution. Joining forces to influence investee companies and policy makers will continue to be critical as we go along.

Our experience working in sustainable investments over the past few decades tells us that the path to ahead won't necessary be smooth or straight, but the agreement established at COP 15 has certainly provided a boost to investors such as we are: committed to action on nature.

Case: Deforestation

IPDD and FDSA

Leading collective investor action to secure government action on

Burning of Brazilian Amazon forest to create space for animal pasture is among the issues contributing to the risk of a collapse in natural ecosystems that support human life and business value creation

During 2022, Storebrand has played a leading role in driving collective action by investors to generate policy action by governments, which have been identified as central enablers in halting and reversing commodity-driven deforestation.
Our actions in these cases illustrate Storebrand's approach to: identifying and responding to market-wide and systemic risks to promote a well-functioning financial system; systematically integrating stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil our responsibilities; engaging with issuers to maintain or enhance the value of assets; and our collaborative engagement to influence issuers, our investor peers and governments.

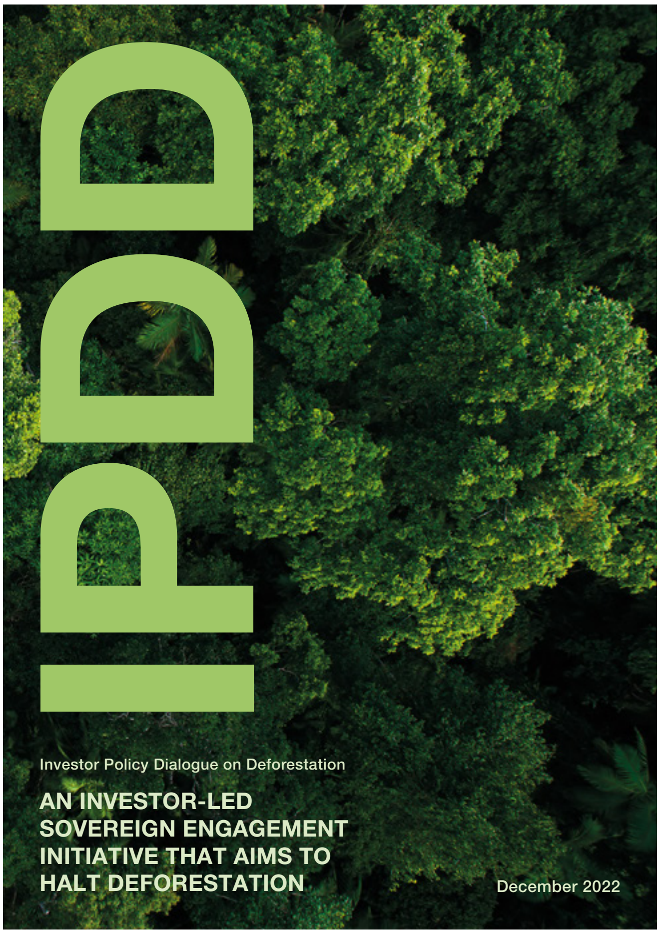
A multi-pronged approach

To date, investor engagements on deforestation have largely been limited to dialogue with companies, mainly focused on biodiversity hotspots, many of which are in developing countries, and are generally led by equity investors. Engaging with companies is important to halt deforestation, but there are limits to what individual firms can achieve. Given that the responsibility for oversight of forests and nature lies with governments, investors can help enable industry solutions by engaging directly with policy makers. By complementing company-level with sovereign engagement, investors can increase the likelihood of success in addressing deforestation, which is a systemic risk and requires a holistic, multi-pronged approach.

The model has already been cited by the London School of Economics and Politics, in its 2022 Just Nature report, as a key part of a just transition towards net-zero, and a model for others to replicate to engage with sovereigns on other issues

The Investors Policy Dialogue on Deforestation (IPDD) IPDD In 2020 Storebrand initiated (and co-chairs) along with BlueBay Asset Management the Investors Policy Dialogue on (IPDD). This investor alliance engages with public agencies and industry associations in selected countries on deforestation. The IPDD is now supported by 64 global institutional investors from 19 countries. The coalition now represents approximately USD 10 trillion of AUM. Storebrand is also co-chairing the Brazil working group.

The IPDD group engages with policymakers, regulators, politicians and relevant government authorities, industry associations and other relevant stakeholders (which may include companies, civil society, academia or the media), both domestic and foreign. Dialogue encourages adoption and implementation of regulatory frameworks that ensure sustainable use of forests, native vegetation and human rights. Producing countries workstreams (Brazil, Indonesia) focus on the supply side, while the Consumer Countries workstream addresses the demand side of the issue.



Since the initiative began, the IPDD has contributed to significant progress in terms of awareness-raising and identifying and meeting with key stakeholders that hold the key to halting and reversive deforestation.

A clear message has been conveyed to governments that financial market participants and investors consider deforestation to pose investment-relevant, material risks and may affect access to capital markets. Exchanging information has increased policy makers' understanding of how deforestation is incorporated into investors' analyses of sovereigns and companies operating in their countries, and that the management of critically important natural resources, such as forests, influences governments' ability to secure external funding.
IPDD has helped demonstrate government engagement adds value. The IPDD initiative contributes to the number of investor-related ESG/sustainability initiatives which focus on systematic stewardship to tackle issues like deforestation. The IPDD initiative has already been cited as a good model of public policy engagement which could be applied to other topics, demonstrating both IPDD's impact to date, and how increasingly important this sort of engagement is seen to be by external stakeholders.

The group has created a space for, and added weight to, the efforts of other stakeholders in these countries who share investor's concerns about deforestation risks. By all parties sharing insights and perspectives, it has been possible to identify shared objectives, barriers and potential solutions with relevant stakeholders both inside and outside the country.

The IPDD has raised general awareness, including broader investor awareness about the issue of deforestation risk.
The IPDD coalition has nearly doubled in size in two years. It provides a forum for more coordinated and direct engagement for investors. The initiative also provides a basis for additional country workstreams to develop. IPDD's public engagement, including media coverage and press releases alerting other investors about key engagements, has helped highlight unsustainable land use and encouraged other stakeholders to proactively engage and collaborate.

FSDA collaboration on commodity driven deforestation

At the climate summit COP26 in November 2021, over 30 financial institutions with more than US $8.9 trillion in assets under management committed to work on eliminating agricultural commodity-driven deforestation risks in their investment and lending portfolios by 2025. The signatories of the initiative, called Finance Sector Deforestation Action (FSDA), collaborates actively on implementation of the joint commitment, including on screening portfolios for deforestation risk, recruiting more signatories to the commitment and engaging with companies.

Storebrand Asset Management is part of the FSDA's Investor Strategic Working Group, which has together developed a strategy and tools for the FSDA signatories to jointly engage with companies at risk of contributing to deforestation through their operations, supply chains or financing. The group has identified some 80 companies to engage, divided up responsibilities for leading engagements, and created a set of expectations for how companies should eliminate commodity-driven deforestation from their activities by 2025. The FSDA launched the engagement program during Climate Week in New York during the third quarter of 2022.

Clearing of forests in order to grow globally traded commodities like soyabean, is harming biodiversity and driving climate risk.

To enable integration of deforestation risk into investment management, quality data is essential. As an early mover in this space, Storebrand has created our own screening methodology, but wider uptake in the financial sector would be helped by existence of commercial data products. To express demand for more granular data products on deforestation risk, the FSDA has engaged with commercial ESG data providers, providing guidance on what data points investors consider useful.

Engagement remains ongoing

Engagement with policy makers and companies on deforestation is helping to raise awareness and drive progress. However, needed changes are complex and ultimately beyond the control of any single stakeholder group. Further engagement and mobilization of a broad group of stakeholders will be necessary to achieve the goals of these collective initiatives.

Ending "forever chemicals"

Storebrand co-leads joint call for chemicals industry to halt production of PFAS, based on systemic and liability risks.

PFAS

Per- and polyfluorinated alkyl substances (PFAs), often called "Forever Chemicals, are a family of 5000 highly persistent chemicals that hardly degrade in the natural environment.

These synthetic industrial chemicals have been seeping into our environment for over 70 years. PFAS are now so pervasive that they are found in blood and breastmilk of people and wildlife all round the world. Studies have found links between PFAS exposure and various cancers, lowered birth weights and adverse effects on the human immune system.


Photo: Colourbox.com

PFAS, now being phased out, are extremely pervasive synthetic chemicals that can be detected in some drinking water.

During 2022 Storebrand Asset Management has, together with Aviva Investors, gathered asset managers around the world to put pressure on the chemicals industry to increase transparency on hazardous chemicals and phase out a category called PFAS, which are particularly pervasive and systemically harmful.

The joint investor demand was made in November 2022 alongside the launch of ChemScore, a new guidance tool for investors on chemicals, published annually by the NGO ChemSec.

Our efforts in this issue demonstrate our approach taking action on systemic risks that impact our investments, and collaborative engagement to influence issuers.

Systemic risks from PFAS

Over 70 per cent of all chemicals produced and used are considered hazardous to the environment and human health. *[1] Across the world, the combined level of chemical pollution is considered to have crossed what the Stockholm Resilience Centre describes as a planetary boundary – a limit that inherently threatens the continuation of biological and physical processes that underpin all life on Earth.

The crisis is so severe that, in a similar manner to the role of the Intergovernmental Panel on Climate Change (IPCC), global leaders are setting up a UN scientific body to advise governments on managing chemicals and waste and prevent pollution. *[2]

As the systemic risks they pose to life on the planet continue to rise, hazardous chemicals may increasingly pose financial risks. Public awareness on the issue is growing, with legislation being tightened.

Why hazardous chemicals matter

Rising awareness about hazardous chemicals is putting chemical companies in the spotlight. As legislation is tightened, the risk of costly fines, product recalls and clean-up costs increases. various cancers, lowered birth weights and adverse effects on the human immune system.

There is particular concern about hazardous "forever chemicals" — known as PFAS — often found everywhere, from the components of smartphones to cosmetics, furniture, carpeting, non-stick pans and waterproof jackets. PFAS accumulate in the environment, causing health impacts that last through generations. They are linked to cancer, lung disease, diabetes, reproductive abnormalities and learning difficulties. *[3] PFAS also have a negative impact on biodiversity. For example, insect populations have declined by 10 per cent per decade (1960-2005), which is partly linked to the spraying of various chemicals. *[4] Increased awareness of the risks associated with the use of PFAS has triggered several lawsuits against responsible companies, resulting in costs for them.

Storebrand rallies joint call by investors

The Swedish NGO ChemSec has reviewed the world's 54 largest chemical companies and created ChemScore, a sustainability ranking that rates companies on their strategies for managing these hazardous chemicals. The ChemScore ranking is primarily a guidance tool for investors, as a lack of transparency in production makes it more difficult to conduct an informed analysis of the risks to which these companies are exposed.

The asset managers warn that growing awareness of the dangers posed by so-called "forever chemicals" that stay in the environment for generations, has triggered an increasing number of lawsuits against companies and sparked action to tighten legislation around the world. Of the 54 chemical companies that received the letter this year, 36 companies have shown increased engagement with ChemScore.

Chemical company announces PFAS phase-out

Just days after the joint investor letter was published in November 2022, the global chemicals manufacturer 3M announced that by 2025 it would stop manufacturing PFAS and work to discontinue their use across its product portfolio.

In its statement, 3M stated that:
"Our decision is based on an evolving external landscape:

- Regulatory: The European Union has indicated plans to potentially restrict all PFAS by 2025. The U.S. Environmental Protection Agency has indicated plans to place limits on PFAS in drinking water at current detection limits. Regulatory agencies elsewhere, including in Canada, Australia, and Asia, are increasingly active on this topic.
- Marketplace: Customers and consumers are increasingly interested in alternatives to PFAS.
- Investors: The challenges of managing businesses and operations with products based on PFAS, have increasingly weighed on our business results in recent years."

It can be noted that 3M's time-bound phase-out plan to stop producing persistent chemicals, is specifically what was asked for in the investor dialogue that Storebrand has been leading with 3M throughout the year leading up to the company's announcement. Given 3M's scale and position as one of the world's largest producers of PFAs, the announcement may be viewed as representing a potential turning point in the transition towards a more sustainable chemical industry.

Our direct dialogue with the companies began in 2021, when we sent the first letters to the ranked companies. During 2022 we engaged with companies, for example with Storebrand leading the initiative's engagement with Yara, 3M and Umicore. Subsequently, in November 2022, letters were sent in connection to the updated ranking. A further step was taken in 2023, the Investor Initiative on Hazardous chemicals was formalized. The engagement remains open and under progress, with Storebrand leading the dialogue with Yara and Umicore, and is planned to continue during 2023.

About ChemSec

ChemSec is an independent non-profit organization that advocates for substitution of toxic chemicals to safer alternatives. It engages the work of chemists, political scientists, business experts and communicators, among others.

The organization is run with financial support from the Swedish Government, foundations, private individuals and other non-profit organizations. The World Wildlife Fund for Nature, the Swedish Society for Nature Conservation, Friends of the Earth Sweden and Nature & Youth Sweden are represented on the ChemSec board. ChemSec is on the executive committee of IPEN and is a member organization in the EEB.

[1] Guardian: Chemical pollution has passed safe limit for humanity, say scientists, 18-1-22
[2] UNEP: Governments, stakeholders kick-start process to establish panel on chemicals, waste and prevention of pollution
[3] United Nations Human Rights: About toxics and human rights
[4] Mercury Convention https://www.mercuryconvention.org/sites/default/files/documents/2021-07/Biodiversity_Interlinkages_Key_Insights.pdf

Living wages a long way off

Despite growing awareness, the portfolio companies assessed are lagging on action

The food & agricultural supply chain is among the sectors lagging on policies and supply-chain-wide plans to ensure living wages.

Companies and their investors could be missing out on business and social value by overlooking living wages. For this reason, Storebrand has been actively engaging with portfolio companies and supports the Corporate Human Rights Benchmark initiative, which can improve disclosure for investors.

During 2022, working with companies from three industries within our investment portfolios, we have found that we are close to an inflection point where we are beginning to see the positive effects of the living wage and living income policies of the companies we assess . However, progress is delicate, and this is a systemic issue that needs detailed, highly localized solutions.

Our work here is an example of our approach to our engagement theme of resilient supply chains, as well as our commitment to human rights. It also illustrates how we systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil our responsibilities; engaging with issuers to maintain or enhance the value of assets; and our collaborative engagement to influence issuers, our investor peers and governments.

An overlooked human right and supply chain risk

Millions of workers around the world live in poverty and don't earn a living wage, even though living wages are generally recognized as a human right.

Yet, addressing living wages and helping to create the structures supporting them, has a positive effect on workers' health and working conditions, while also helping to eradicate social issues such a poverty, child labour, forced labour and low-living standards. There is also a growing body of research indicating that implementing living wages can contribute to improvements in workers' productivity and companies' value added.

One reason why living wages problems are so common is that calculations are not embedded into the formal laws and regulations that govern companies' minimum wage obligations towards their workers. Furthermore, living wage levels are locally specific, as they are based on costs of life necessities within the community where the worker lives.

This creates a situation where the supply chains of many companies, could contain hidden risks in terms of resiliency, or serious human rights violations. The importance of living wages was emphasized during the COVID crisis when many companies experienced breakdowns in their supply chains, as a significant number of workers in both wealthy industrialized countries and

What are living wages?

Storebrand defines a living wage as an income from work that is at least enough to sustain the necessities of a decent life for the worker and their family, locally in their community. These necessities are: food, water, housing, education, health care, transportation, clothing, and other essential needs, including provision for unexpected events.

The concept of living wages is well embedded in the international human rights discussion. The United Nations' Universal Declaration of Human Rights (1948) (article 23) says: "Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection." The living wage as a fundamental human right is also recognised by the International Labour Organisation (ILO) and the Organisation of Economic Cooperation and Development (OECD).

Learn more about the process of defining living wage levels, from the Global Living Wage Coalition which applies the well-respected Anker Methodology for defining living wages.

developing ones, proved to lack the financial and social stability to withstand a sudden change in their living, working, transportation and healthcare conditions.

With the global economy slowing down, reductions in order volumes and working opportunities in the Asian supply chain, including for garment sector workers, could potentially increase the risk of sub-living wage conditions taking root in the sector.

Working closely with PLWF coalition

We made solid progress during 2022 on our commitment to engage where we can most make an impact towards achieving living wages.

Our work on this issue was carried out mainly within the structure provided by the Platform Living Wages Financials coalition (PLWF). In 2021, Storebrand joined the Platform for Living Wages Financials to have more leverage on this issue by joining 19 institutional investors and a more structured approach through research, methodology and dialogue with other stakeholders. In 2022, the PLWF engaged with 45 investee companies across the garment & footwear, food & agricultural, and food retail sectors, working towards enabling living wages and incomes for workers and farmers in their global supply chains.

The PLWF has two primary workstreams. First, a structured process of annual assessment of companies, using methodology based on the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for multinational enterprises. In addition, the PLWF carries out sector-wide company engagements through meetings, public statements and other communications, and shares insights with external asset managers, and ESG data providers. These activities are informed by experts in civil society and academia, which are designated "Friends of the Platform".

Productive engagement to assess companies

During 2022 we conducted a series of assessments, working closely with companies in our portfolio, within the garment & footwear, food & agriculture, and retail sectors. The framework we use classifies the stage of advancement that companies are in, ranking progressively in stages: embryonic, developing, maturing, advanced and leading.

The results of the work were presented in October 2022 at the annual conference where the PLWF members met to share learnings and gain insights. The conference also focused on getting further input directly from workers organizations and other organizations involved in the field. The key organization coordinating the input this year was the Garment Workers Diaries (GWD). The GWD is an independent and direct channel for garment workers to express their issues, concerns and experiences in the global garment supply chain; and discuss practical solutions companies can use, to effectively work towards a living wage or living income, for workers on the ground.

> "The assessments revealed that the retail sector had the most room to improve, with companies clustered mostly in the developing stage"

Assessment details

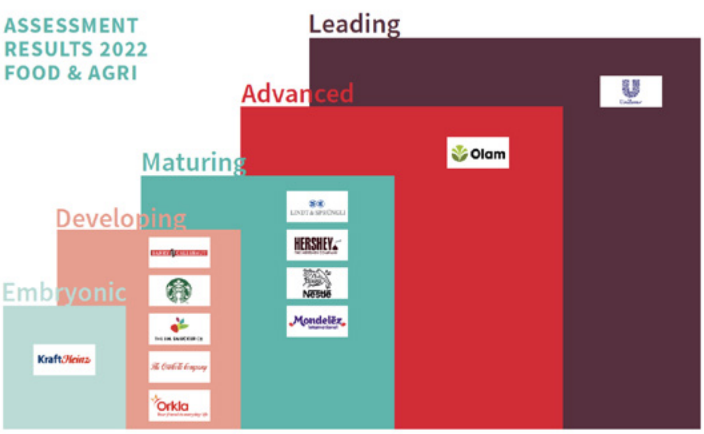
Within the garment & footwear sector, the PLWF assessments found most of the companies clustered in the middle, at the maturing stage, with policy commitments becoming more robust. However, a quarter of the companies failed to promote freedom of association— and some had even regressed from the previous year, in terms of effectiveness of measures. On the positive side, brands that performed the best aimed to embed living wage implementation throughout the organization and had management buy in at the most senior level. They also maintained closer, long-term relationships with suppliers and we found to take a worker-centric approach to dialogue. A total of six companies improved their category in 2022.

The situation in the food & agricultural sector was a bit further behind, with most companies clustered in the developing and maturing phases. Key issues in this sector included a lack of policies on living wages, and consequently a lack of supply-chain-wide targets. Stakeholder feedback was not integrated by companies, and mechanisms for workers to voice complaints and get them solved were missing. Most companies have shown less concrete action towards living income in 2022. We saw however, that the leading companies made progress to the next categories, while the rest remained stagnant. The improvements came as a result of how the companies pursue long-term relationships with the supplying farmers, associations and cooperatives as well as the setting of concrete targets to achieve farm-level living incomes. The specific ranking for the Food & Agri sector can be seen here in an illustration from 2022 PLWF annual report.

Overall, the PLWF members perceive that companies' actions on implementing living wage and income are improving slightly and taking on a more mature nature. However, long and complex supply chain structures make it difficult to truly understand what is happening on the ground. The full report and more details about the living wage challenge are available in the PLWF report: 2022 Annual Report – Platform Living Wage Financials

Engagement continues through 2023

Going forward, Storebrand will continue to engage in and lead as co-chair for the Food & Agri as well as the Food retail sectors working groups. Our work centres around to engaging significant investees, and moving them forward in their journey towards ensuring living wages and living incomes within their value chains.



KEY FINDINGS	WHAT IS NEEDED FOR 2023
Recognition of living income in formal policies must be better	Companies must take genuine responsibility on the topic of living income
Well-informed action towards supply chain wide targets is needed	Companies should take informed and targeted action focused on real world outcomes for farmers in their supply chains
Feedback from stakeholders is not integrated in processes	Companies need to move from just discussing the topic to actually acting on it by integrating in processes to achieve living incomes
Weak complaint and remediation mechanisms for human rights grievances	Companies need to open this mechanism to external stakeholders, such as farm level workers and track its use to ensure effectiveness

Resilient supply chains

Seeking alignment with human rights standards in solar industry

There has been rising concern regarding risks of forced labour in the solar sector.

As a member of the Investor Alliance for Human Rights, Storebrand has participated actively in a working group for labour rights and in particular forced labour in the textile, IT and energy industries. Following reports of forced labour in the Chinese solar industry, part of our focus in 2022 was directed to improving labour rights in the solar industry value chain, particularly in Xinjiang in the Uyghur region.

Our efforts in these matters demonstrate; our engagement on human rights issues; our approach to engaging with issuers to maintain the value of assets; and collaborative engagement to influence issuers.

Initial engagement

As part of the Investor Alliance for Human Rights, we have called on the companies to conduct human rights due diligence in their supply chains, thereby encouraging them to identify, assess, avoid and mitigate risks of human rights violations by implementing policies and practices in areas such as traceability and risk assessment as well as procurement practices.

In 2021, we carried out a risk-based sale of assets in two companies with operations in Xinjiang, Dago New Energy and GCL-Poly while flagging 10 companies to avoid investing in (pre-investment screening) as they were linked to forced labour abuses in Xinjiang.

Among the factors considered in these assessments are the following:

- Actual link of company operations to forced labour and the forced labour programs
- Role in the supply chain (proximity to the actual violations: raw materials/polysilicon manufacturer/ingots/module manufacturer or clear tainted Supply Chain)
- Geographic operations (proximity to the actual violations/ operations in Xinjiang)
- Company's links to Chinese authorities. (partnerships/ownership/projects/political ties)
- Company's size, percentage of the market (in Xinjiang/China/ World)
- Company's sourcing (Xinjiang, China or other countries)
- Company on US Government list (Withhold release orders or entity list)
- Likelihood to come into a dialogue, and have impact on company business practices

The same in-depth analysis of working conditions in the solar industry value chain, resulted in a subsequent dialogue with Canadian Solar regarding its operations in China among many other companies in the sector. The dialogue was led by SHARE, with Storebrand as a supporting investor, within the platform of the Investor Alliance for Human Rights. SHARE is a Canadian based shareholder association for research and education. The investor group has been calling on companies to conduct human rights due diligence in their supply chains, encouraging them to identify, assess, avoid and mitigate risks of human rights violations by implementing policies and practices in areas such as traceability, risk assessment and procurement.

Further development in 2022

As Canadian Solar failed to meet shareholders' requests to conduct a human rights assessment of its supply chain in general and its operations in Xinjiang, Storebrand decided in 2022 to co-file together with SHARE a shareholder resolution requesting that shareholders vote on the issue.

Canadian Solar blocked the proposal at its 2022 Annual General Meeting. Following continued dialogue with Storebrand, however, the company noted the following in its Sustainability Report published in August 2022:

"...In May 2022, our Board passed a resolution mandating a third-party assessment, at reasonable cost, on the extent to which Canadian Solar's policies and procedures effectively protect against forced labour in its operations, supply chains, and business relationships. The assessment will draw upon international standards such as the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, and ILO Forced Labour Convention, 1930 (No. 29). We have initiated our efforts to search for a reputable, international auditing firm to conduct this assessment at reasonable cost and expect to report back to the Board on the results of the audit in due course..."

Engagement ongoing

Storebrand continues engaging with Canadian Solar to follow up on their commitment to conduct a third-party assessment of its supply chain. However, we are aware, as we also engage with other companies involved in the solar energy supply chain in China, that this can be a difficult task. It can be difficult to determine whether third-party assessments or verifications of human rights violations are reliable, or whether such processes entail risks for third parties involved. As a result, it is also difficult to document violations, or links to companies in this region. Regardless, we will continue to look for ways to exercise influence, through continued dialogue through the Investor Alliance for Human Rights.

Ongoing engagement with Meta

Raising concern about social impact and governance issues

Throughout 2022 as part of the Investor Alliance for human rights' initiative on digital rights, Storebrand has been engaging with Meta, on several issues that we assessed to be of material importance to the company. These efforts demonstrate; our engagement on human rights and corporate governance; our approach to engaging with issuers to maintain the value of assets; and collaborative engagement to influence issuers.

One of our principles of engagement is to use a broad toolkit of strategies, including targeted escalation, utilising broader investor support, and use of shareholder resolutions, towards achieving our objectives. We also see that there is often a link between social and governance issues, as in the case of Meta Inc, formerly Facebook.

Earlier in 2022, Storebrand had raised its concerns with Meta, formerly Facebook, about the "metaverse" project and potential social and human rights risks that this may pose if these risks are not managed appropriately.

Subsequently, Storebrand, in collaboration with Arjuna Capital, filed a shareholder resolution on the matter, which succeeded in being presented for voting at Meta's annual general meeting, despite being contested by the company's management. However, the resolution did not pass.

Lack of progress with shareholder resolutions, such as this one, is essentially a governance issue; support for such resolutions is significantly influenced by the dual class share structure of the company, which effectively allows the founding members of the company a disproportionate influence relative to other shareholders.

In this context, Storebrand also earlier in 2022, raised concerns about governance issues at Meta, including the dual class share structure that restricts the effective influence of shareholders; the need for an independent board chair and truly independent board directors to provide robust checks and balance on the company's direction. Concerns were sent, in the form of a co-ordinated letter with other investors, outlining our key asks.

During the third quarter of 2022, the group of investors that sent the letter was invited to a meeting with one of the directors on the board of the company, in which the content of the letter was discussed, and requests and recommendations were raised by the investor group.

The issues remain unresolved and our engagement with the company is ongoing.

How Storebrand contributes to the UN SDGs through engagement

We take measures to avoid corruption and bribery enabled by inadequate corporate governance and systematic failure to uncover fraud and corruption. We also focus on company reporting. In our dialogue with portfolio companies in 2022, we highlighted the importance of consistent, reliable, and verifiable reporting on sustainability indicators.

We also engaged with companies operating in war and conflict areas, demanding that they respect human rights and avoid contributing to conflict via their operations. (Storebrand has had a strong focus on occupied territories since 2009.)

Biodiversity and ecosystems play a crucial role in supporting sustainable value creation and meeting climate commitments. Storebrand Nature Policy, launched late 2022, outlines clear expectations to companies. Our expectations are built on the mitigation hierarchy set out in the International Financial Corporation's (IFC) Performance Standard 6 and guided by Science-Based Targets Network (SBTN) and Taskforce on Nature-related Financial Disclosures (TNFD).

We expect companies to adopt and implement policies to address nature-related financial risks and opportunities in their investments and financial operations. The key elements vary by industry, but as a minimum we expect companies to report on a four-pillar approach: 1. Governance, 2. Strategy, 3. Risk Management, and 4. Metrics and Targets. In addition, we expect companies to incorporate the principle of "double materiality", disclosing not only how nature impacts the organization, but also how the organization impacts nature.

We also are committed to eliminating commodity-driven deforestation from our portfolios by 2025. Specific expectations of companies associated with deforestation risk are described in our deforestation policy.

We continue our engagement with companies in the aquaculture sector, with a focus on climate issues and impacts on biodiversity. In 2022, we collaborated and published the results of a pilot project to improve the aquaculture sector's reporting on influences and dependences on nature. The project was a cooperation with Grieg Seafood, WWF and the Norwegian Institute for Marine Research (NINA). In line with our nature policy enacted in 2022, we do not invest in companies that engage in deep-sea mining activities, or in marine or riverine tailings disposal.

The transition to a low-emission society and net zero emissions in 2050 is a top priority. We encourage companies to define and implement climate strategies aligned with the Paris Agreement and to aim for net-zero emissions by 2050 or sooner. We pay special attention to the 20 largest emitters among our portfolio companies. We will continue to engage with (several) banks in order to understand their exposure to the fossil fuel industry. Our participation in the Climate Action 100+, The Institutional Investors Group on Climate Change (IIGCC), as well as the Principles for Responsible Investment (PRI), provides platforms for collaborative engagement. We expect investee companies to:
Implement a strong governance framework that clearly articulates the board's accountability and oversight of climate change risk.

- 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 Celsius.
- Provide enhanced corporate disclosure in line with the final recommendations of the Task Force on Climate related Financial Disclosures (TCFD).
- Support effective measures across all areas of public policy that aim to mitigate climate change risks and limit temperature rise to 1.5 degrees Celsius. Storebrand will not invest in companies that deliberately and systematically lobby against the goals and targets enshrined in the Paris Agreement.

- Support just transition, by:
  - including workforce and community issues in climate-related engagement on corporate practices, scenarios and disclosures.
  - Specifically require renewable energy companies and mining companies supplying transition minerals to conduct human rights due diligence to identify the impact of their operations on workers, communities, indigenous peoples, and environmental and human rights defenders.

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  - Specifically require renewable energy companies and mining companies supplying transition minerals to conduct human rights due diligence to identify the impact of their operations on workers, communities, indigenous peoples, and environmental and human rights defenders.

We work with companies to reduce water consumption and greenhouse gas emissions in intensive livestock production. In 2022 we expanded our policies on nature protection to exclude operations in ecologically sensitive areas, and deforestation and conversion of native ecosystems for mining and unsustainable production of cocoa, rubber, and coffee. Working with Platform Living Wages Financials, we also engage with companies producing and sourcing cocoa and coffee on labour conditions.

In addition, we have been engaging with companies regarding respect for the rights of communities and indigenous peoples, and on conducting responsible production without negatively affecting local communities.

We are engaged with companies in our portfolio issues of working conditions, including living wage. We are part of the Platform for Living Wages Financials (PLWF) initiative, which we co-chair, and work with other investors to address issues of the living wage and create structures that support workers' working conditions. The platform contributes to positive development on living wages in the garment, food and agricultural, and food retail sectors.

One of our most important engagement issues is supply chain resilience, including the issue of forced labour, where we have continued to focus on China and the Xinjiang region through direct company dialogues and cooperation within the Investor Alliance for Human rights. Storebrand works to raise awareness of international labour rights, particularly in high-risk sectors such as the textile industry. We seek to improve our policies and contribute to both better relationships between management and employees and working conditions in the supply chain of companies we invest in.

We expect companies to have a proactive and structured approach to promoting gender diversity and diversity in general, as well as equity and inclusion, across their workforce and supply chains. Company policies should commit to conducting gender- responsive due diligence for their own operations, supply chains, products and services, and for the impact of their operations on communities and society. They should have a zero-tolerance policy against all forms of discrimination, violence and harassment and should implement appropriate training programmes and reporting mechanisms, as well as clear policies against retaliation.
Storebrand has engaged with companies on these issues, as well as voting and supporting shareholder resolutions at AGMs aiming to:

- improve disclosure of processes to reduce gender inequalities, including policies and targets.
- achieve a balanced diversity at boards and/or within senior management.
- achieve better disclosure on gender pay gap and programmes to achieve it.
- conduct gender and diversity due diligence.

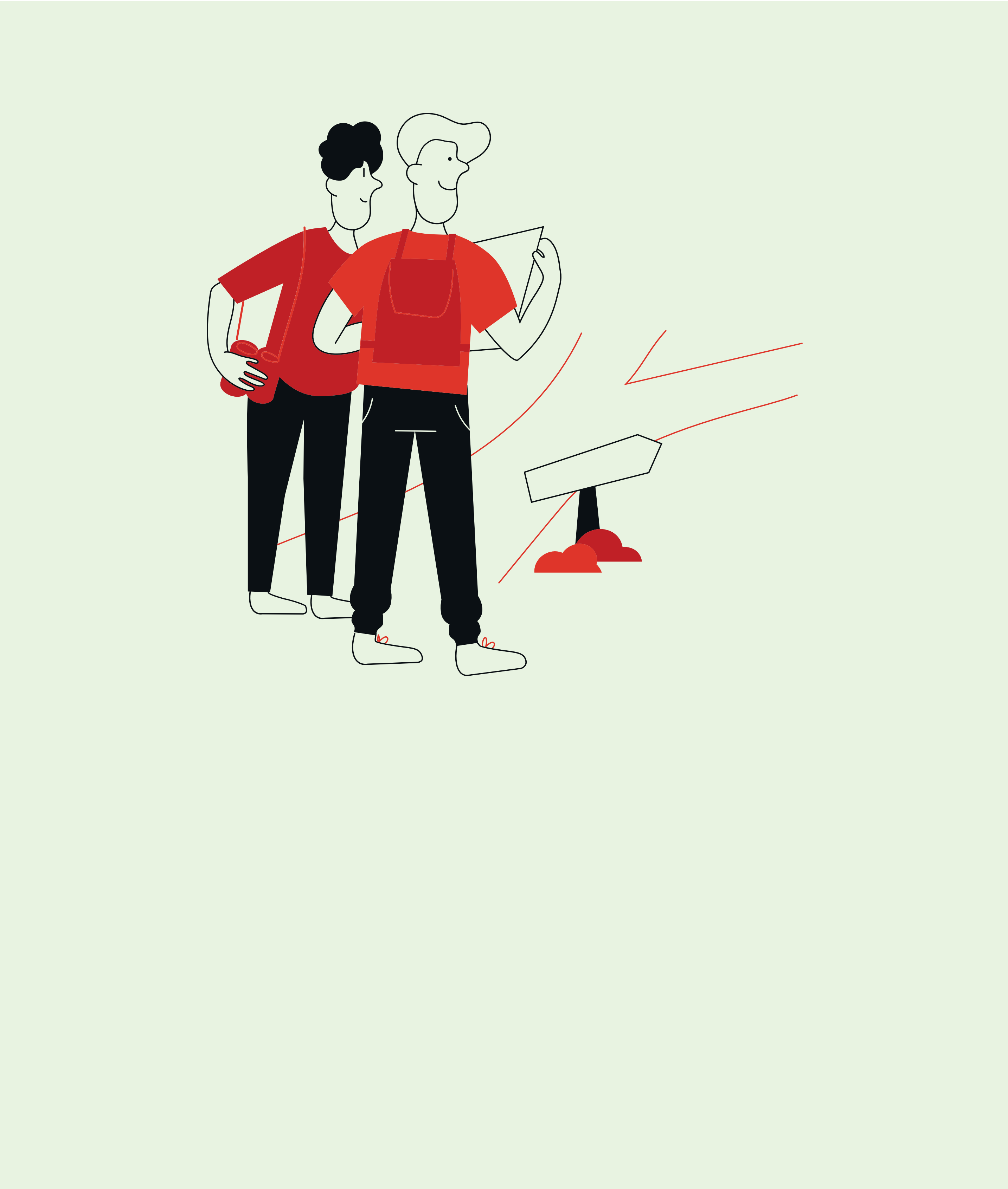
As a minimum, we vote against or withhold from the chair of the nominating committee if the board lacks at least one director of an underrepresented gender identity. In some markets, we vote against the chair of the nominating committee if the board diversity is below best practice market standards.

We engage with policymakers. In 2022, Storebrand, together with other investors, encouraged EU policymakers to ensure that the upcoming Directive on Corporate Sustainability Due Diligence (CSDDD) explicitly captures a gender perspective.

We strive to ensure that the companies we invest in ensure good health and quality of life for their employees. Together with other investors, we engaged with the pharmaceutical industry for fair distribution of Covid vaccines around the world. We are also part of the Access to Nutrition Initiative, aiming for the food industry to deliver nutritious, affordable products.

Storebrand has worked actively to mitigate the impact of the pandemic on companies, society, the economy and financial markets. As a result, Storebrand is committed to acting in support of the investor statement on Coronavirus Response.

Exclusions



Our approach to exclusions and screening

Exclusion standards

Storebrand standard: universal to all our funds

All our investments must satisfy the Storebrand Standard, our benchmark requirement for sustainable investments, which excludes companies that violate international norms and conventions or are involved in unacceptable operations.

The Storebrand Standard includes criteria for human rights and international law, corruption, corporate crime, serious climate and environmental damage, controversial weapons (land mines, cluster munitions and nuclear weapons) and tobacco. Companies in high-risk industries that have low sustainability scores are excluded. Furthermore, we do not invest in companies that are excluded from the Norwegian Pension Fund Global (GPFG).

Expanded criteria: additional to certain of our funds

For selected funds and savings profiles, we apply expanded criteria, beyond the Storebrand Standard. These extended criteria are related to businesses involved in the production and distribution of fossil fuels, alcohol, pornography, weapons, and gambling, as well as green bond standards.

Addressing breaches of our exclusion standards

We address serious breaches of standards by our portfolio companies through a structured, policy-driven, and predicable process, in which exclusion is generally a final resort.

In cases of serious behavioural violations of our standards, we usually begin by engaging in dialogue with the company. If we conclude that the company poses an unacceptable risk of breaching our standards, we sell our existing investments in the company and exclude it from our investment portfolio. For a detailed description of our exclusions and methodology, see our web page: https://www.storebrand.com/sam/international/asset-management/sustainability/our-method/exclusions

In case of product-based breaches, our exclusion process is based mainly on data analysis. We have agreements with third-party databases that document and report to us the percentage of revenue that companies receive from specific classifications of products. If a company's revenue from the excluded product classes rises above our threshold levels, we automatically exclude the company. The detailed product-based threshold levels vary, rising to a maximum of 5 per cent of total revenue.

Further details about our exclusion process can be found in the section of this report dedicated to the details of our approach

Exclusion key figures

In 2022, our exclusion process resulted in the exclusion of 281 companies from our investment portfolios, which include more than 5,000 companies. A total of 9 companies were re-included, following observations and sustained returns to our required standards.

As of 31 December 2022, 281 companies listed on the MSCI ACWI Index were listed as excluded from all our funds. An additional 313 companies on the same index were listed excluded from certain funds, solely based on our extended criteria.

Companies excluded by Storebrand, as of 31st December 2022

Companies excluded under the Storebrand Sstandard

Category	Total excluded
Conduct - environment	18
Conduct - corruption and financial crime	10
Conduct - human rights and international law	44
Tobacco	24
Controversial weapons	32
Climate - coal	142
Climate - oil sands	9
Climate - lobbying	5
Arctic drilling	0
Deep-sea mining	1
Marine/riverine tailings disposal	3
Deforestation	14
Cannabis	0
State-controlled companies	3
Total	**281***

Companies excluded under all standards

Category	Total excluded
Serious environmental damage (inclusive palm oil	56
Corruption and financial crime	12
Human rights and international law	74
Controversial weapons	32
Fossil fuels	507
Tobacco	24
Alcohol	83
Weapons/arms	59
Gambling	38
Cannabis	0
Adult entertainment	0
Total	**774***

*Some companies are excluded based on several criteria. Storebrand also does not invest in companies that have been excluded by Norges Bank from the Government Pension Fund — Global. We have also excluded 25 countries that are systematically corrupt, systematically suppress basic social and political rights, or that are subject to United Nations Security Council sanctions.

Reflections on exclusions in 2022

Social issues, in particular those related to human rights, have been in the spotlight in the past year, and this was reflected in our actions during the year. Some key examples of our exclusions during 2022 included: the exclusion of several companies in Israel-occupied territories based on risk of contribution to human rights violations of; the exclusion of a company in Xinjiang, China based on risk of forced labour; and exclusions due to the Russian invasion of Ukraine.

Systemic risks to nature are of rising concern globally, which was also reflected in our newly published nature policy and our exclusion of five mining companies based on their practices of depositing mining tailings in the sea and thereby placing critical natural ecosystems at risk.

A wide range of product-related risks also continue to be of concern, resulting in our exclusion of Adecco Group and Doosan Enerbility, for involvement in nuclear weapons; and our exclusion of the consumer goods company Mattel for long term issues regarding human rights and critical consumer safety.

During the year, we also placed Eolus Vind AB on our observation list. In the case of Eolus Vind, we believe that our policy on using the observation list as a tool to escalate dialogue has been appropriate to the circumstances in this complex situation. It has been beneficial to follow developments carefully as the case develops.

Revision of the Storebrand Standard regarding nature protection

A significant change to our exclusions standards during 2022 was the expansion of the Storebrand Standard to include the protection of nature. This change was driven by our recognition of a significant rise in the systemic risk that the loss of biodiversity and nature loss could pose, to long-term asset returns, to economic growth, and to our planet's capacity to support human life.

As a result, we will now exclude companies that are practicing the following activities:

- **Mining operations that conduct direct marine or riverine tailings disposal:** With the aim of 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 per cent 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 per cent 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 such activities. Significant challenges must be overcome before the sector can be recognized as environmentally and economically sustainable.
- **Lobbying:** We will not invest in companies that lobby against international agreements which promote sustainable use of biodiversity, such as the Convention on Biological Diversity.
- **Deforestation or conversion of native ecosystems:** Through our Deforestation Policy of 2019, we have made the commitment to not invest in companies with unsustainable production of soft commodities like palm oil, soy, cattle products, and timber. This commitment will be expanded to include deforestation or conversion for production of cocoa, rubber, coffee, and mining.

How our exclusion standards relate to the UN SDGs

Storebrand's exclusion criteria viewed in terms of the United Nations Sustainable Development Goals (SDGs)

	Storebrand Standard (Applies to all funds)	Additional criteria (Applies to selected funds)
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Companies involved in systematic corruption and economic crime. Companies that cause or contribute to serious and systematic violations of international law and human rights in war zones. Government bonds issued by countries that are systematically corrupt, that systematically suppress fundamental social and political rights, or against which the UN Security Council has adopted sanctions. Companies where more than 5 per cent of their revenue comes from the production or distribution of controversial weapons, including nuclear weapons, land mines, cluster munitions, biological weapons and chemical weapons.	Companies where more than 5 per cent of the revenue comes from the production or distribution of weapons (handguns and military weapons).
14 LIFE BELOW WATER	Companies with mining operations that conduct direct marine or riverine tailings disposal. Companies involved in deep sea mining.	
13 CLIMATE ACTION	Companies involved in serious environmental damage. Companies that receive more than 5 per cent of their revenues from coal or oil sands-based activities. Companies that contribute to severe and/or systematic deforestation or conversion of native ecosystems through non-satisfactory production of palm oil, soy, cattle, timber, cocoa, rubber, coffee and mining. Companies that deliberately and systematically work and lobby to counteract the objectives enshrined in the Paris Agreement, or international agreements that promote the sustainable use of biodiversity, such as the Convention on Biological Diversity.	Companies where more than 5 per cent of their revenues come from the production or distribution of fossil fuels, or which have more than 100 million tonnes of CO_2 in fossil reserves.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Companies with serious and/or systematic unsustainable palm oil production.

Companies that operate in ecologically sensitive areas.

Companies that cause or contribute to severe violations of communities and Indigenous Peoples through their operations.

Companies where more than 5 per cent of the revenue comes from the production or distribution of weapons (handguns and military weapons).

8 DECENT WORK AND ECONOMIC GROWTH

Companies that cause or contribute to serious and systematic violations of workers' rights, including forced labour, child labour or severe and systematic union busting.

5 GENDER EQUALITY

Companies causing or contributing to gross and/or systemic gender discrimination including gross and/or systemic workplace discrimination, violence in any form, and or sexual harassment.

Companies where more than 5 per cent of their revenue comes from the production or distribution of pornography.

3 GOOD HEALTH AND WELL-BEING

Companies where more than 5 per cent of their revenue comes from the production or distribution of tobacco or drugs.

Companies where more than 5 per cent of their revenue comes from the production or distribution of alcohol or gambling.

Toy manufacturer Mattel excluded

Long-term issues related to human rights and critical consumer safety

Mattel's sleeper product was at the heart of issues which led to its exclusion

Mattel, a global toy and entertainment company, was excluded by Storebrand during the first quarter of 2022, under the Storebrand Standard for human rights, customer safety affecting life and health.

Our efforts in this matter demonstrate our approach to engaging with issuers to maintain or enhance the value of assets; and collaborative engagement to influence issuers. It also illustrates some of the more extreme examples of product risks and how we respond to these as an investor.

Critical risks

The underlying issue was that Mattel's subsidiary Fisher-Price's sleeper product had been linked to at least 50, and potentially as many as 97, infant deaths.

The company is currently facing more than 30 pending class-action lawsuits filed on behalf of parents whose children suffocated while using the company's product. It is also facing a lawsuit by a shareholder over the company's failure to disclose that there were problems with the product. The lawsuit against the Company's board and senior leadership claims that they hid severe problems with the sleeper for years before finally recalling it due to infant deaths. It also alleges that the company's directors and top executives ignored the dangers by claiming that the product was safe unless misused and refused to issue a recall until there was a backlash from the public.

Following these events, in June 2021, the US Consumer Product Safety Commission voted to pass a new law to ban baby cots and sleepers from the market, if they do not meet mandatory federal standards within one year of the law's enactment in mid-2022.

Engagement failed to yield progress

Storebrand engaged with Mattel's Vice-president of Investor Relations via email over a period of two months from January through February 2022. This contact only resulted in the executive referring us to information on the company's website regarding SEC filings to answer our questions about new measures to avoid recurrence; compensation to parents of deceased children and procedures to investigate warnings. However, none of the information provided indicated new concrete protocols or measures to avoid recurrence.

Our requests to provide more detailed information were not answered. Given a lack of progress via attempts to engage the company on the issues, we carried out an assessment for potential exclusion of the company from our portfolios.

Case: Mattel

Assessment of severe risks

Our assessment indicated that although the company was aware of fatalities since 2009, it did not take any measures to change design or warn customers until 2019, when it made a recall after negative media publicity. By the end of April 2019, four lawsuits had been filed against the Company. Plaintiffs claimed that; Fisher-Price continued to sell the sleeper, knowing that its inclination posed a suffocation hazard; and that the company had disregarded warnings from the American Association of Pediatrics, Canadian and Australian authorities, on the product's risks.

Storebrand excluded the company because we considered the stakeholder impact to be severe, due the considerable number of infant fatalities and injuries linked to the company's product. Additionally, we assessed the company's management of the controversy as inadequate, having shown a lack of transparency over product quality and safety, and an insufficient response and action to mitigate the issue.

Case: Russia

Divestment from Russia

An overview of our actions and the underlying principles

Much of the year in 2022 was dominated by the war in Ukraine, featuring tragic scenes of suffering and loss, and an emigration crisis with millions of refugees fleeing the war-torn country. One of the worst humanitarian catastrophes in Europe in recent times, the situation prompted broad condemnation of the Russian government across Europe, along with international sanctions and related actions.

This prompted action by Storebrand, which we believe illustrates our approach to addressing violations of human rights; and where necessary, escalating stewardship activities to influence issuers.

Actions taken by Storebrand

In direct response to the conflict, Storebrand froze all Russian investments and divested from Russia. In total, we excluded 19 companies representing holdings with a value of approximately NOK 1.4 billion.

The divestments applied to:
- Russian state/government bonds
- state-controlled companies
- companies subject to UN and EU sanctions as a result of the Russian invasion
- companies directly or indirectly involved in the ongoing conflict in Ukraine
- all Russian investable entities excluded by the Norwegian Government, Norges Bank Investment Management, and Norway's Government Pension Fund Global

Rationale for extraordinary decision

Storebrand excluded three companies that have been specifically evaluated deemed to be state-controlled or have a strong risk of directly or indirectly contributing to violations of human rights.

These three companies were:
- Gazprom PJSC
- Sberbank of Russia PJSC
- VTB Bank PJSC

The decisions to exclude the companies were solely based on the criteria outlined in our Storebrand Standard. Beyond the companies directly found to have fallen short of our sustainability standards, our divestments included 16 additional Russian companies. This was an extraordinary management decision Storebrand took, justified based on:

- the state of governance in the country and therefore the high risk of directly or indirectly contributing to human rights violations
- the existence of international sanctions
- the decision of the Norwegian government to instruct the Norway's Government Pension Fund Global to sell out of Russia

Eolus Vind placed under observation in June 2022

Potential human rights violations due to impact of wind farm on indigenous Sámi reindeer herders.

In the second quarter of 2022, Storebrand placed the Swedish company Eolus Vind on its Observation List and recommended measures to be taken by the company to address risks pertaining to potential human rights violations.

This illustrates our approach to; engaging with issuers to maintain or enhance the value of assets; and where necessary, escalating stewardship activities to influence issuers to improve ESG practices; and prioritizing Nordic positions, where we may have better access and influence on companies, in our engagement priorities.

The move followed initial dialogue with the company and a thorough human rights due diligence process by Storebrand. The due diligence assessment was based in part on a landmark decision (commonly referred to as "the Fosen case") by the Norwegian Supreme Court on the human rights of indigenous peoples in a separate and unrelated project in the same sector.

Storebrand asked Eolus Vind AB to:

1) Carry out a new and proper consultation process, with Jillen-Njaarke reindeer herding district, to seek their Free, Prior and Informed Consent (FPIC) about the wind park's continued operation, including mitigating measures that should be taken to allow unhindered access to winter grazing area number 5. The consultation should involve the affected indigenous people from the beginning, according to international best practice standards. The needs and input from members of Jillen-Njaarke reindeer herding district must be given weight and the company mush show willingness to make the changes needed to allow co-existence of the wind park with continued reindeer husbandry in the area.

2) Adopt a policy on respect for indigenous peoples' rights, to be applied in all the company's projects henceforth.

On-shore wind project

Eolus Vind was the main project partner of Øyfjellet Wind AS in the construction of Øyfjellet Wind Park. Øyfjellet Wind Park consists of 72 wind turbines and an extensive network of access roads in a concession area of 40 km2 in a mountain area in Vefsn, Nordland. The project has 400 MW installed capacity and projected annual energy production is 1320 GWh.

ESG dilemma

A critical ESG dilemma must be navigated. Despite the urgent need to increase production of renewable energy to decarbonize the economy, Norway's Supreme Court clearly states in the Fosen case that this pursuit of a common good does not allow a trade-off with fundamental human rights.

The court decision set a precedent for interpretation of impacts on indigenous peoples' rights, in an area which has seen conflicts arising between the social and environmental dimensions of renewable energy production.

Although every case must be judged on its own merits, the judgement raises principled issues that Storebrand as an investor finds relevant to consider when evaluating risks and taking investment decisions.

> "Enabling a just transition to a carbon neutral economy will require investments in renewable energy, but such investments must also respect the rights of indigenous peoples and other vulnerable groups."
>
> Jan Erik Saugestad, CEO Storebrand Asset Management

Claims of negative impacts to indigenous Sámi people

The Sámi reindeer herders of Jillen-Njaarke district have expressed that the project creates significant negative impacts on their ability to continue their traditional livelihood of reindeer husbandry because the windmills impede the reindeer from using their natural migration route to and from seasonal grazing areas. This claim is contested by Eolus and Øyfjellet Wind. Øyfjellet Wind Park has received all necessary permits from Norwegian authorities, which have found the project not to violate ICCPR article 27. However, the concession license was awarded by the Ministry of Petroleum and Energy before the ruling by the Supreme Court in the Fosen case, which disagreed with the Ministry's interpretation of the threshold for violation of Article 27.

Although these cases are different, Storebrand is of the view that the Supreme court case does raise relevant considerations that ought to be considered when evaluating potential risks related to its investments.

The license for Øyfjellet Wind Park includes an obligation on the company to facilitate an agreement with the reindeer herders on mitigating actions. No such agreement is in place yet and court proceedings are set to commence at a later date. Storebrand believes that without the implementation of appropriate mitigation measures there is a risk that the project may constitute a violation of the human right of Indigenous people to enjoy their own culture, as protected by Article 27 of the International Covenant on Civil and Political Rights (ICCPR).

The high vulnerability of the Southern Sámi culture, and the importance of reindeer herding for the survival of this culture and the Southern Sámi language, is a central consideration. Without the implementation of appropriate mitigation measures, the park may increase the cumulative impacts from other interventions in the reindeer herding district, including roads, railway, agriculture, hydropower etc., causing a risk that the threshold for a violation of ICCPR Article 27 may be passed.

Dialogue leading to observation status

Storebrand Asset Management is committed to using our position to influence companies to operate with high standards of sustainability.

Storebrand has been in dialogue with Eolus Vind's top sustainability executives about the case since February 2021 and continues its engagement with the company, having communicated clear expectations to the company regarding measures and results considered to be critical for resolving the problem.

Storebrand representatives have visited the wind park, and held multiple meetings with the company as well as representatives of Jillen-Njaarke reindeer herding district. These dialogues provided learnings on how the project impacts the ability of reindeer herders to exercise their traditional livelihood, which is protected by international human rights law. Storebrand Asset Management has also gathered input on the case from the office of the County Governor of Nordland (Statsforvalteren), the Sámi Parliament and Norwegian National Human Rights Institution.

Observation expectations set

In our decision to place Eolus under observation, we requested that the company continue its efforts to come to an agreement with the Sámi reindeer herders of Jillen-Njaarke about mitigating actions to allow traditional reindeer migration through the project area.

To prevent future conflicts in other projects, Storebrand requested Eolus Vind AB to also adopt a policy on indigenous peoples' rights, in accordance with international best practice.

Continued developments after 2022

In early 2023, Eolus published a policy on human rights and guidelines for respecting Indigenous peoples' rights, thus meeting our second expectation. However, the company has not succeeded in reaching an agreement with the impacted reindeer herders, who have not given their Free, Prior and Informed Consent to the project.

Following that initial action, in April 2023, Eolus exited the Øyfjellet project. Storebrand's dialogue with Eolus will continue, focusing on preventing human rights risks in other projects. Regarding the specific human rights impact at Øyfjellet, Storebrand is seeking dialogue with Øyfjellet Wind AS, which is the current project owner and operator.

Relevant legal frameworks

ICCPR article 27

Article 27 of the International Covenant on Civil and Political Rights (ICCPR) is the most widely accepted legally binding provision on minorities and provides the basis and inspiration for the UN Declaration on Minorities. It states:
"In those States in which ethnic, religious or linguistic minorities exist, persons belonging to such minorities shall not be denied the right in community with the other members of their group, to enjoy their own culture, to profess and practise their own religion, or to use their own language."

ILO Convention 169

The Indigenous and Tribal Peoples Convention, established in 1989, is an International Labour Organization Convention, also known as ILO Convention 169, or C169. It is the major binding international convention concerning indigenous peoples and tribal peoples, and a forerunner of the Declaration on the Rights of Indigenous Peoples. In particular, its Article 7 states:
"The peoples concerned shall have the right to decide their own priorities for the process of development as it affects their lives, beliefs, institutions and spiritual wellbeing and the lands they occupy or otherwise use, and to exercise control, to the extent possible, over their own economic, social and cultural development. In addition, they shall participate in the formulation, implementation and evaluation of plans and programmes for national and regional development which may affect them directly."

Novartis included

Comprehensive improvements implemented in aftermath of 2018 exclusion

Managing business ethics risks is critical in the pharmaceutical sector

The global pharmaceutical company Novartis AG was re-included in Storebrand's investment universe during the second quarter of 2022, based on comprehensive improvements that mean the company now meets the expectations we set when we excluded it in 2018.

This case provides insight into how we handle corporate governance and corruption risks. It also illustrates our approach to; engaging with issuers to maintain or enhance the value of assets; and where necessary, escalating stewardship activities to influence issuers.

Novartis provides innovative medicines globally, with a focus on areas such as oncology, ophthalmology, neuroscience, immunology, respiratory, cardio-metabolic, and established medicines. The Swiss-based company was excluded by Storebrand in 2018 due to its implication in corruption cases across several countries, facing a string of new investigations up until 2021.

Expectations set previously

When Novartis was excluded in 2018, Storebrand set the following expectations as prerequisites for considering the re-inclusion of the company into our investment universe:

- An independent investigation to reveal the scope of the problem and the discrepancy between policies and actual organizational culture and practice.
- Detailed guidelines for acceptable behaviour and in-person training of high-risk employees
- An alignment of sales personnel remuneration with quality instead of quantity, which is considered best practice in the industry.
- A drastic reduction in the number of new corruption cases demonstrating that new practices are capable of reducing corruption risk

Return to expected standards

Our re-inclusion of Novartis is based on evidence of its progress in addressing the underlying issues that initially raised concerns. The improvements have included enhancements to Novartis' risk management and compliance programs and policies, as well as changes to its internal culture. Novartis has reached settlements with governments and regulators, although it continues to contest civil cases filed by private parties and others

Overall, we consider Novartis to have made significant changes to its approach to corporate compliance. Among the significant steps was appointment of an independent Chief Executive Compliance Officer to oversees management risk functions, while being a member of the company's executive board and reporting directly to the CEO. Novartis has also worked to change its culture throughout the workforce, with the priority in decision-making for all employees being based upon the answer to the question: “is this in the best interest of the patient?”. Novartis has also made changes in its remuneration structure based upon adhering to ethical standards. Its framework is now built on customized training for its entire workforce, with those in high-risk areas of operation receiving more in-depth training.

Continued monitoring

With improved programs and systems across the corporate governance spectrum, and new measures continuously introduced over the last couple of years, we believe that the risk of recurrence at Novartis is significantly reduced. Storebrand will continue to monitor the company closely because of its history of corruption cases, high exposure to business ethics risk and new investigations.

Case: First Solar

First Solar included

Status revised following observed changes and lowered risk of recurrence

During 2023, we took a formal decision to re-include First Solar in our investment universe.

This action is one example of our approach to; engaging with issuers to maintain or enhance the value of assets; and where necessary, escalating stewardship activities to influence issuers.

First Solar Inc, an American-based company, manufactures solar panels, supplies utility-scale photovoltaic solar power plants, and delivers supporting services such as finance, construction, maintenance and end-of-life panel recycling.

Previously, in the first quarter of 2020, Storebrand had excluded the company for supplying solar panels to one of the largest solar parks located in the occupied Palestinian territories, an installation that covered about 135,000 sq. meters and contained approximately 104,000 solar panels. The 10.8 MW project is connected to Israel's national grid, supplying electricity to Israeli households in settlements and Israel (within the Green Line, the border that separated pre-1967 Israel from the Occupied Palestinian Territories, and which is an internationally recognized border. As a result of those actions, the company contributed to the development, maintenance or expansion of illegal settlements.

In during the 4th quarter of 2023, we took a formal decision to once include First Solar in our investment universe. The basis for our decision included our assessment that the company no longer had activities in occupied Palestinian territories.

Based on their lack of operations, as of December 2022 our data providers had classified First Solar's operations as no longer active in the region of the occupied Palestinian territories. The company had also carried out enhanced human rights due diligence for their focus markets. The risk of recurrence in this case was therefore judged by us to be low. The company had not sold or taken part in bids for new projects in occupied Palestinian territories in the period since we had excluded them in 2020 and had indicated to Storebrand that this was not a region of focus for their operations, as they had other prioritized markets.

Case: Xinjiang Chemical

Xinjiang Zhongtai Chemical excluded

Severe risk of violating human rights

Xinjian Chemical was excluded by Storebrand during the fourth quarter of 2022, based on our assessment of the risk that the company could be involved in severe violations of human rights.

This exclusion shows our approach to risks of involvement in forced labour, which is a violation of human rights. Engagement with state-owned and/or state-controlled companies can pose some challenges, as illustrated in this instance. The case also demonstrates how we engage with issuers to maintain or enhance the value of assets; and where necessary, how we escalate stewardship activities to influence issuers.

The company is involved in China's state-sponsored labour transfer programme, which has been identified by human rights organizations as containing several coercive elements that expose minority groups in the Xinjiang region to severe impacts of forced labour. Xinjiang Zhongtai Chemical takes part in and supports government programmes in Xinjiang, which, according to reports, include ideological and political training and religious re-education of ethnic minority groups in the country.

Attempts to contact the company did not result in a response. The risk of the practices being sustained is judged to be very high, as the company is state-owned, leaving us with very limited possibilities to influence and change the company's practices.

Several companies excluded in OPT

Severe risk of violating human rights

Photo: Colourbox.com

In the fourth quarter of 2022, we took a decision to exclude four companies from our portfolios. The action was part of our latest cycle of screening, engagement and divestment cycle on occupied Palestinian territory and other Israeli-occupied territories (OPT). This process is part of Storebrand's due diligence on high-risk countries, industries and conflict areas.

These exclusions show our approach to; addressing potential violations of human rights; engaging with issuers to maintain or enhance the value of assets; and where necessary, escalating stewardship activities to influence issuers.

While some of the companies we excluded were ones that we had investments in, others were ones that we had not yet invested in, but which were potential investments by our portfolio managers. We take a proactive approach to avoid investing in companies that can cause or contribute to severe violations of human rights, in alignment with the UN Guiding Principles for Business and Human Rights. In this process, we conducted our own research, in addition to taking input from the United Nations-issued list of companies linked to activities in OPTs, as well as information from our third-party data providers.

When the exclusions were announced, Storebrand's Head of Human Rights Tulia Machado-Helland stated: "It is notable that the level of violent conflict driven by occupation in OPT has increased in the past few years. Unfortunately, we do not anticipate this trend to change, since Israel elected a new government in December 2022 that has expressed a harder line on their approach to the situation in occupied territories, including the annexation of the West Bank and making the two-state solution nonviable".

Legal context and business obligations

The consensus view of the international community is that the building of Israeli Settlements in the West Bank including East Jerusalem and the Golan Heights is illegal under international humanitarian law, although Israel disputes this. This view is largely based on five UN Security Council resolutions calling upon Israel, as the occupying Power, to abide scrupulously" by that Convention, and that find the settlements in the West Bank, East Jerusalem and the Golan Heights to be illegal.1) The International Court of Justice (ICJ) has found the settlements to be illegal under international humanitarian law 2) and the EU 3) also considers the settlements to be illegal. Furthermore, Article 49 of the Fourth Geneva Conventions states: " ...The

Occupying Power shall not deport or transfer parts of its own civilian population into the territory it occupies.... "

In March 2014, clearly underscoring the role of business complicity to Israel's international violations regarding settlements, the UN Human Rights Council issued three resolutions. One of them urges UN member states to "ensure that they are not taking actions that assist in any way the expansion of settlements or construction of the wall in the Occupied Palestinian Territory, including East Jerusalem, either directly or indirectly." The resolution urges states "to take appropriate measures to encourage businesses domiciled in their territory and/or under their jurisdiction, including those owned or controlled by them, to refrain from committing or contributing to gross human rights abuses of Palestinians, in accordance with the expected standard of conduct in the Guiding Principles and relevant international laws and standards." 4)

In addition, in a follow-up to the Human Rights Council Resolution 31/3615, the United Nations High Commissioner for Human Rights published a list of companies with operations linked to the Israeli settlements in the occupied Palestinian territory in February 2020. More recently, on 25 March 2022, the Human Rights Council adopted resolution A/HRC/49/29 on the Israeli settlements. The resolution affirmed the illegality of the Israeli settlements and the range of human rights 5) associated with the settlements and called for an end to the conduct of economic activities for the benefit of the settlement enterprise.6)

Structured approach by Storebrand

Given over 50 years of occupation by Israel and a high level of conflict, business operations in the occupied Palestinian territory (OPT) and other Israeli-occupied territories include a high level of risk of involvement in violations of human rights. Therefore, since 2009, Storebrand has been conducting enhanced human rights due diligence in occupied Palestinian territory and other Israeli-occupied territories. Our efforts in this area have resulted in our engagement with several companies, and subsequently divestment from some of them.

Storebrand's approach to risks within the area of human rights includes conducting continuous human rights due diligence of all our portfolios. Our approach is mainly based on our standards on international human rights and humanitarian law, as well as application of ESG risk data (including country risk, industry risk and company risk ratings). In addition, we are in alignment with UN Guiding Principles for Business and Human Rights, the OECD Guidelines for Responsible Business Conduct for Institutional Investors and human rights due diligence requirements from the Norwegian Transparency Act.

We conduct a thorough annual analysis, based on data from data providers and our own research, to identify human rights risks on this specific issue in our portfolios. Once identified, we address and mitigate the risks by engaging - and as last resort, excluding companies from our portfolios.

The intensity and length of conflict in the OPT has driven a high risk of violations of human rights.

During 2011, Storebrand also visited the occupied Palestinian territories, meeting with Palestinians and Palestinian organizations, in order to deepen our understanding of this issue and the negative impacts of the occupation and settlements.

Addressing levels of risk by segmentation

All activities, services and goods can potentially contribute to the occupation and to sustaining the illegal settlements. However, some of these contribute more to sustaining the illegal situation than others. Storebrand's approach is to focus on those companies that have a higher risk of contributing to the issues, to engage with these companies, and where it is not possible to influence them, to exclude them from our investment universe.

Our criteria cover companies that may be providing surveillance and identification equipment at checkpoints and therefore enabling the regime resulting from the occupation (the most severe contribution), to companies contributing to the construction, maintenance and expansion of settlements and the exploitation of natural resources, including infrastructure and direct financing (the second most severe contribution), to companies that buy goods, services or natural resources from companies that have operations in Israeli-occupied territories. The companies in the two most severe categories are candidates for engagement, and for potential exclusion if engagement fails.

During our engagements with companies, we inform them about our human rights expectations and explain why Israeli settlements are illegal and the regime resulting from the occupation is now categorized as apartheid. We conduct this due diligence process annually and publish the results on our website.

Following our latest assessment, we excluded four companies (Bezeq Israeli Telecom, Orbia Advance, Enlight Renewable Energy, and Paz Oil) from our investment universe. Our decision was taken based on an assessment of the risk that the companies provide necessary services and goods essential for the maintenance of Israeli settlements in occupied Palestinian territories as well as Israeli-occupied territories. These companies belong to industries within telecommunication, water infrastructure and irrigation and energy. We considered the companies' management of this issue to be weak, given that they had not conducted human rights due diligence to assess and mitigate the adverse human rights impact their operations might have in Israeli-occupied territories.

1) In 1990, 1992 and 1994 the Security Council reaffirmed the same in resolutions 681, 799 and 904.
2) International Court of Justice Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory, Advisory Opinion, 9 July 2004. Israel was found to be in breach of the Forth Geneva Convention; provisions of the Hague Convention of 1907; the International Covenant on Civil and Political Rights; the International Covenant on Economic, Social and Cultural Rights and the Convention on the Rights of the Child.
3) https://ec.europa.eu/commission/presscorner/detail/en/MEMO_09_88
4) A/HRC/25/L.37/Rev.1 Resolutions and Voting Results of 25th HRC Session http://blog.unwatch.org/index.php/2014/03/28/resolutions-and-voting-results-of-25th-hrc-session/
5) Resolution A/HRC/49/29 https://documents-dds-ny.un.org/doc/UNDOC/GEN/G22/306/31/PDF/G2230631.pdf?OpenElement
6) https://www.ohchr.org/sites/default/files/2022-05/22-04-25_Letter_SR_OPT-to-WG-Business-Human-Rights.pdf

Sustainable investments team

A dedicated team of sustainability professionals

Storebrand manages sustainability risks through the coordinated efforts of our risk and ownership team, in collaboration with our investment managers. The team is dedicated to integrating environmental, social and governance (ESG) risks into our analysis of companies and management of investment portfolios.

The dedicated resources on the team work closely with our portfolio managers and leadership, to implement our strategies and standards for investment.

Kamil Zabielski

Head of Sustainable Investment

Zabielski, who joined our sustainable investments team in 2021, was previously Head of Sustainability at the Norwegian Export credit Agency (GIEK), and advisor at the Council of the Ethics for the Norwegian Government Pension Fund — Global. His specializations include human rights/ labour rights, conducting due diligence of companies, and evaluating environmental and social risks and impacts of projects. He has an L.LM in International Law and an M. Phil in Human Rights Law from the University of Oslo.

Tulia Machado-Helland

Head of Human Rights and Senior Sustainability Analyst

Machado-Helland, who joined our sustainable investments team in 2008, specializes in human rights, labour rights, Indigenous peoples' rights and international humanitarian law. She is responsible for Storebrand's active ownership strategy and company engagement, and engages with companies mainly on social issues, as well as with overlapping environmental issues. Previously, she has worked on the Council on Ethics for the Norwegian Government Pension Fund — Global, the Ministry of Finance in Norway and as an attorney in the US. She holds a Juris Doctor's Degree, a Texas State Attorney license, and has a master's degree in International Relations and Development.

Emine Isciel

Head of Climate and Environment

Isciel, who joined our sustainable investments team in 2018, leads our work on climate and environment and our company engagement. Previously, she worked for the Norwegian Ministry of Climate and Environment, on multilateral environmental agreements, advising the government on sustainability policies and strategies and leading the implementation of the SDGs. Isciel has worked for the United Nations and provided technical advice and content to the SDGs. She holds an MA in Political Science from the University of Oslo and has studied at University of Cape Town, New York University and Harvard Extension School

Vemund Olsen

Senior Sustainability Analyst

Olsen joined our sustainable investments team in 2021. He was previously Special Adviser for Responsible Finance at Rainforest Foundation Norway, where he engaged with global financial institutions on management of risks arising from deforestation, climate change, biodiversity loss and human rights violations. Previously, Olsen has worked with the United Nations High Commissioner for Refugees in Venezuela and with human rights organizations in Colombia and has an M. Phil in Human Rights Law from the University of Oslo.

Victoria Lidén

Senior Sustainability Analyst

Lidén, who joined our sustainable investments team in 2021, is based in Stockholm and works with ESG analysis and active ownership, with a focus on the Swedish/Nordic market. On behalf of Storebrand Fonder AB, she is also a member of corporate board nomination committees. Prior to joining Storebrand, Victoria has 8 years of experience in sustainability within the financial industry. She holds a B.Sc. in Business Administration and Economics from Stockholm University, including studies at National University of Singapore. In addition, she has studies in sustainable development at CSR Sweden and Stockholm Resilience Centre.

Frédéric Landré

Sustainability Analyst

Landré, who joined our sustainable investments team in 2023, has extensive experience in analyzing issuers' ESG profiles and green frameworks. Prior to joining Storebrand, Landré was with the London Stock Exchange Group, where he worked with quantitative analysis and integration of financial and ESG data. He has an M.Sc. in Business Administration from Linköping University, with a major in finance.

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Storebrand Asset Management is part of the Storebrand Group, managing NOK 1020 billion of assets for Nordic and international clients.

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