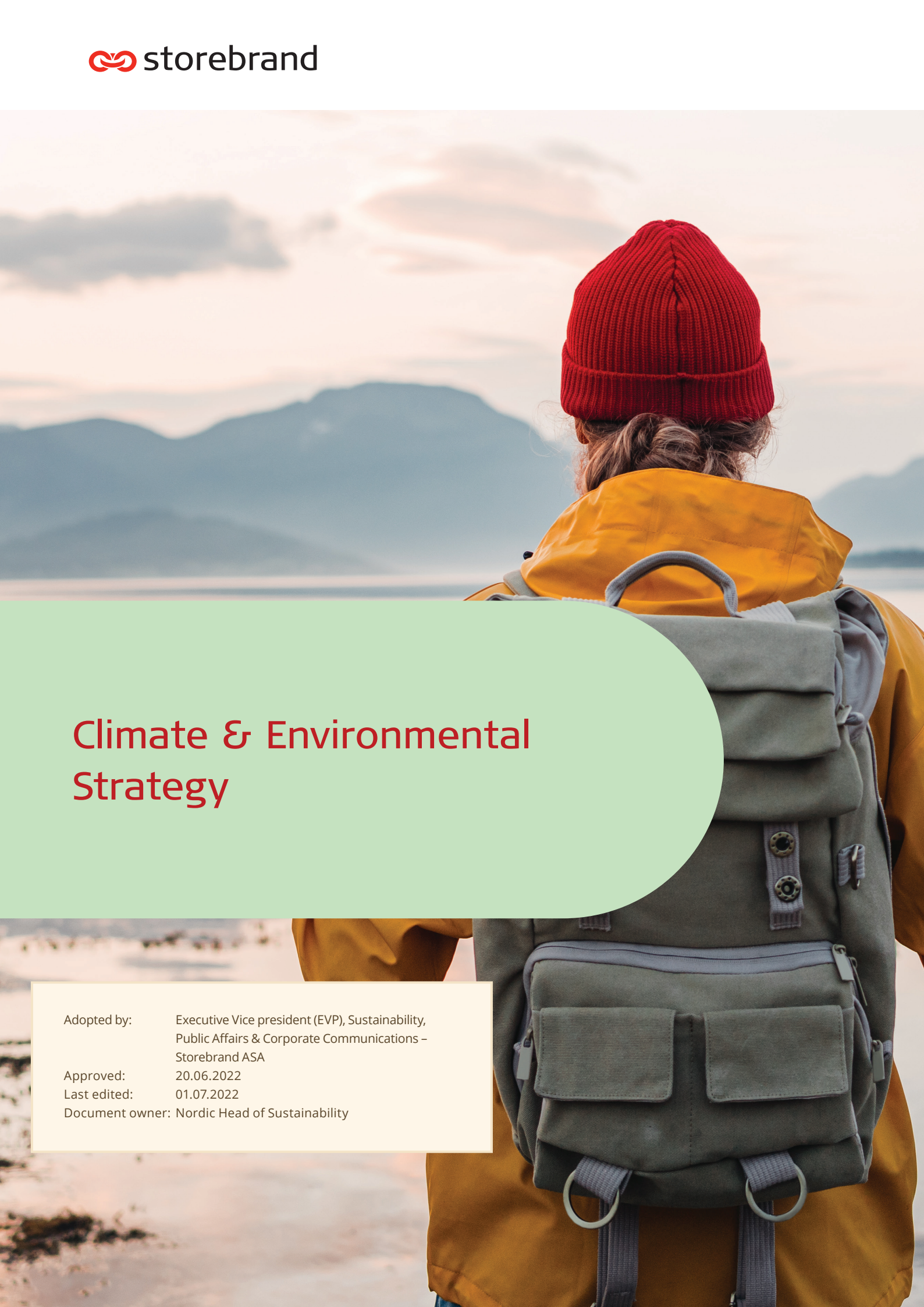




# Climate & Environmental Strategy

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# Climate protection into our core business

Sustainable development is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable development is often exemplified through the UN Sustainable Development Goals (SDGs). In recent years, it has become ever more evident that the financial sector has a key role to play in achieving the SDGs. Our pensions, savings and investments are powerful tools to address key challenges needed to realize the SDGs. As a significant asset owner, insurer and asset manager, we also see our investment portfolios have the most material impact for Storebrand. This means our investments portfolios play a key role in our fight against climate change and the development of a sustainable agenda.

Companies with sustainability at the core of their business strategy are typically financially robust and well positioned to weather global climate and sustainability risks, and to benefit from opportunities. A growing body of evidence indicates that companies with a comprehensive strategy

in line with the SDGs and Paris Agreement will create better long-term returns and may be better positioned to succeed in future markets. We focus on delivering products and services that create good financial returns and are also aligned with the objectives of the UN Sustainable Development Goals (SDGs).

We use the recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) as a framework for reporting of climate-related financial risks. Storebrand's impact on the climate is described mainly in the Director's report section and TCFD-index of our latest version of the [Storebrand Annual Report](#).

By 2022, we are committed to setting science-based targets for our emissions, in line with the 1.5-degree target for the entire business, including our own operations.

## Implementation of our climate strategy

For Storebrand, this climate and environmental strategy is embedded in a holistic ESG approach. Our climate and environmental strategy is integrated in our business strategy and implemented across the entire business, including investments, products and product development, procurement, employment policies and business management. We integrate climate change measures into our policies, strategies and planning.

Storebrand's Executive Vice President (EVP), Sustainability, Public Affairs & Corporate Communications is involved in monitoring climate-related issues relevant to the Group. The EVP leads a team working on sustainability and climate issues and reports the team's progress to the Board. The EVP has overall responsibility for developing and implementing the Group's sustainability action plans (as decided by the Board), monitoring key performance indicators, ensuring effective communication with customers on the topic of Storebrand's sustainability and climate work, and cooperating with relevant partners, organizations, and authorities.

Members of the executive management group are responsible for achieving our main strategic goals on climate change within their respective business areas. Business unit goals and targets are reviewed three times a year by the executive management group and every six months by the Board of Directors.

Storebrand assesses climate risk in the same framework as other business risks. The overall risk, including climate risk, is summarised in the Risk Review in Executive management and the Board twice a year. Climate risk is also assessed in the annual ORSA (Own Risk and Solvency) report which is adopted by the Board of Directors and submitted to the Financial Supervisory Authority. Sustainability, hereunder climate risk, is part of the Board's risk discussions and strategy agenda.

"Sustainability as a competitor advantage" is one of the CEOs Must Win Battles, and status and progress on selected ESG (hereunder climate) KPIs are reported to the Board regularly. The EVP sustainability reports on ESG related risks and opportunities to the Board twice a year.

This strategy will be overseen by the member of the executive management group at Storebrand.

For further information, please see the latest version of the [Storebrand Annual Report](#).

# Sustainable own operations

## Responsible resource use

At Storebrand, sustainability is an integral part of our business strategy. We express clear expectations to the companies we invest in, our suppliers and partners. At the same time, we want to act as an example to follow. That is why we work to ensure that our own operations are as sustainable as possible.

### APPROACH

As early as 2008, Storebrand became Norway's first "carbon neutral" financial group, through reducing emissions and purchasing carbon quotas to compensate for emissions related to our own operations. We use the precautionary principle when it comes to identifying risks and take preventive measures to mitigate potential harm to people or the environment. Since 2009, regular external audits have been conducted under the Eco-Lighthouse certification framework. Additionally, we report publicly on our environmental impact every year.

A dedicated department oversees energy and water consumption, waste production and levels of waste sorting in the office premises to ensure that we reach the lowest possible footprint. We buy electricity from renewable energy sources through purchasing guarantees of origin. We introduced an internal carbon tax on flights of NOK 1 000 per tonne of CO<sub>2</sub> in 2020. The funds from the carbon tax are used to buy climate quotas to compensate emissions that we are incapable of reducing from our own operations, and for other climate-related projects.

### TARGETS

- For our own operations, we aim to reduce greenhouse gas emissions by 7.6% per annum with 2019 as a baseline year, in line with the 1.5-degree target and the findings of the UN Emissions Gap Report 2019.
- Reduce our energy consumption by 50% from 2020 to 2030.
- 85% of share of waste sorted for recycling in our head offices by 2022.

For additional details, please see the latest version of the [Storebrand Annual Report](#).

## Green Bonds

Storebrand recognizes that the financial services industry has an important role to play in the transition toward more sustainable, lower-carbon economies, both through the risk management products and services it provides, and the financial assets it manages.

Sustainable investments and financing need significant scaling up in order to reach the United Nations' Sustainable Development Goals, and the objectives of the Paris Agreement. Our aim is to contribute to a growing market of sustainable bonds and stimulate the market for sustainable investments and financing.

### APPROACH

Storebrand's ambition is to ensure that our investment portfolio and financing activities have a positive impact on society and the environment, while concurrently having sound financial quality. We strongly believe that the financial sector plays a vital role in solving the SDGs, and that there is also an opportunity to secure market recognition of this role. Therefore, we have established a Green Bond Framework, providing investors an opportunity to support this vision.

An amount equal to the net proceeds of any Storebrand Green Bond issuance will be used to finance and/or refinance Eligible Green Assets as defined in our Green Bond Framework, with a Second Party Opinion by Sustainalytics.

### TARGETS

- Storebrand has a goal that 15% of our total investments will be invested in what we define as solutions by 2025. Sustainable solutions consist of green bonds, environmentally certified real estate, investments in green infrastructure and shares in companies that we believe are well positioned to solve challenges related to the UN's Sustainable Development Goals.

For further information regarding our Green Bond Framework, our Second Party Opinion by Sustainalytics, the latest Allocation report, and our Green Bond issuance, please see [Rating and Funding site – Green Bond Framework](#).

# Sustainability in procurement

Storebrand has a significant annual purchasing volume and we see this as an opportunity to drive change and have a major impact by influencing our suppliers towards more sustainable practices. This requires proper procedures to monitor working conditions, safeguarding human rights, and managing environmental issues in the value chain. Through mapping, follow-up and clear climate goals for our suppliers, we work actively to ensure a reduction in carbon emissions in the real economy.

## APPROACH

We set clear requirements to our suppliers and business partners, by Storebrand's Standard Annex for Sustainability. Our purchasing policy is based on the Group's governing documents and related procedures, which are revised annually. Our approach to sustainable procurement follows the same three-folded strategy as our work with active ownership towards companies we are invested in.

- **We select** - Sustainability is weighted at least at least 20% in our tender processes. Through the supplier mapping and evaluation, we give an advantage to suppliers that perform well on sustainability.
- **We work actively to influence** - We use our position as a major buyer to influence suppliers and business partners for improvement. We do this both when we consider entering into new agreements and evaluating existing ones.
- **We exclude** - Storebrand shall not choose vendors, products or services that are in violation of international agreements, national regulations or internal policies. This is described in our sourcing principles.

What we want to achieve is a real-world reduction in carbon emissions from our suppliers. Hence, we encourage our suppliers to:

- Measure their greenhouse gas emissions - also called the carbon footprint.
- Set verifiable emission reduction targets.
- Reduce emissions as much as possible through their own actions.
- Compensate for the emissions that cannot be currently avoided.

## TARGETS

- By 2025, all suppliers have set short- and medium-term verifiable emission reduction target.
- By 2025, all suppliers will be carbon neutral, allowing compensating residual emissions in the short term.
- By 2030, the entire value chain for our deliveries will be carbon neutral, allowing compensating residual emissions in the short term.

For additional details on our procurement practices, please see the latest version of the [Storebrand Annual Report](#) or our [Sustainable Procurement site](#).

# Sustainable investments

Storebrand manages our customers' savings over several decades and we therefore have a long-term perspective. We take an integrated approach to sustainable investments, in which we combine our sustainability strategy with our investment strategy. We believe that companies that have a good understanding of how to manage sustainability risks and opportunities have a competitive advantage that will enable them to deliver better returns, while contributing positively to sustainable development.

Storebrand has committed to our investment portfolios having net-zero GHG emissions by 2050, at the latest. In 2019, Storebrand was one of the founding members of the United Nations-convened Net-Zero Asset Owner Alliance. The members of the Alliance commit to transitioning their investment portfolios consistent with a maximum temperature rise of 1.5°C above pre-industrial temperatures, taking into account the best available scientific knowledge and regularly reporting on progress.

We will emphasize emissions reduction in the real economy and report on progress. This includes establishing intermediate targets every five years in line with Paris Agreement Article 4.9. According to the IPCC, limiting global warming to 1.5°C necessitates a fall in global GHG emissions by

about 45% from 2010 levels by 2030, reaching 'net zero' by 2050. Any remaining emissions in 2050, would need to be balanced by removing CO<sub>2</sub> from the atmosphere.

## Equity and bond investments

We commit to use the full range of tools that we as investors have at our disposal to induce companies to ensure the objectives of the Paris Agreement are met.

## APPROACH

1. **Make investment decisions in line with scientific consensus** - Storebrand will seek to align its investments with scientific consensus on climate change. This means that Storebrand supports the commitments outlined in the Paris Agreement and that statements and reports from the Intergovernmental Panel on Climate Change (IPCC) will provide the scientific basis for our subsequent investment decision making.

2. **Reorient capital flows towards low-carbon, climate-resilient and transition companies** - We will undertake an assessment of companies' preparedness for the transition to a low-carbon economy, with a focus on high impact sectors. Businesses that are clearly undergoing a transition towards a low-carbon economy will be supported.

3. **Avoid investments that contribute heavily to climate change.**  
This means:

- o **Deforestation.** Storebrand will no longer invest in companies that are involved in severe and/or systematic unsustainable production of palm oil, soy, cattle and timber.
- o **Lobbying activities.** Storebrand will no longer invest in companies that deliberately and systematically work against the goals and targets enshrined in the Paris Agreement.
- o **Coal.** Storebrand will no longer invest in companies that derive more than 5 % of their revenues from coal mining and coal power.
- o **Oil sands.** Storebrand will no longer invest in companies that derive more than 5% of their revenue from oil sands-based activities.

See list of excluded companies [here](#).

4. **Expectations from companies in high emitting sectors:**

- o Publicly disclose scope 1-3 GHG emissions
- o Integrate relevant climate change risks and opportunities (physical or transition) in their investment planning, risk management and reporting. Reporting should be in line with international recognized reporting initiatives
- o Have a strategy addressing a transition to a low-emissions energy system. These efforts should be in line with recommendations from the Task Force on Climate-related Financial Disclosures (TCFD)
- o Set scientifically verifiable targets that support a 1,5°C pathway
- o Implement executive compensation linked to the above-mentioned climate targets
- o Incorporate social considerations into company decarbonization strategies, to secure the trust of workers and communities.

5. **Expectations from companies in oil & gas sector:**

- o **Governance:** Clearly define board and management governance processes to ensure adequate oversight of climate-related risks and the strategic implications of planning for a transition consistent with 1.5°C.
- o **Strategy:** Integrate the management of climate-related risks and opportunities into business strategy and ensure business models are resilient in the face of a range of energy transition scenarios.
- o **Implementation:** Embed scenario analysis and 'stress testing' within key business planning processes, investment decisions and metrics on a regular basis.
- o **Transparency and Disclosure:** Disclose, the company's view of, and response to, its material climate-related risks and opportunities as outlined in the rest of this document and operational emissions.

- o **Public Policy:** Ensure there is broad oversight and transparency regarding the company's lobbying activity and political spending on climate-related regulatory issues (including carbon/methane emissions, energy and transport), as well as consistency between a company's public positioning on climate change and its lobbying activities.
- o Avoid exploration or extraction of oil and gas from areas of high biodiversity value.
- o Increase percentage of CAPEX in low carbon technologies or increase dividends.

6. **Use ownership position to stimulate ambitious climate practices at portfolio companies.** In Storebrand's view, one of the best ways to effect change is to be an active owner and to engage with portfolio companies. We will seek to build positive dialogue with companies, aiming to support their transition to low carbon and climate-resilient activities. This will be done both through individual dialogue, but also through investor initiatives such as the PRI and Climate Action 100+.

7. **Make it simple for clients to understand and contribute to a low carbon future.** We will offer climate positive investment products across asset classes and investment styles in order to make these products accessible to all our clients.

#### TARGETS

- By 2025, reducing the carbon footprint in Storebrand's total investments in equities, corporate bonds and real estate by at least 32% (base year in 2018).
- By 2025, 15% of our total investments will be invested in what we define as solutions. It includes equity investments in solution companies, green bonds, certified green property, and investments in green infrastructure.
- By 2050, net zero greenhouse gas emissions in all our assets under management

For additional information, please see the latest version of the [Storebrand Annual Report](#) or our Sustainable Investments site.

## Real estate investments

Our experience is that integrating sustainability into our real estate business has a positive effect for society and for our tenants, and yields a higher return on the real estate portfolios.

Our ambition is to be the best practitioner of sustainable management of real estate investments in the Nordic region. That is why we integrate sustainability into all our real estate business. We believe that it is good for society and for the users of the buildings, and that it will yield higher returns for investors.

## APPROACH

Based on how our business and our industry impacts our environment, we take our share of responsibility for a more sustainable future. This is rooted in our sustainability policy.

The management of real estate investments is based on our vision for 2050 regarding:

- a climate-neutral society
- closed material circulation
- strengthened biodiversity
- a health-promoting society

Our motto is to deliver green, healthy buildings and workplaces

- This means buildings that provides healthy economics, are healthy to work in and with, and are healthy for the environment
- Buildings that are environmentally certified and have the lowest possible footprint

## TARGETS

- By 2022, in direct real estate investments:
  - o 170 kWh/m<sup>2</sup> of energy intensity
  - o 0.38 m<sup>3</sup>/m<sup>2</sup> of water intensity
  - o 8.3 kg/m<sup>2</sup> of waste
  - o 72% of waste sorted for recycling
  - o 5.9 kg CO<sub>2</sub>e per m<sup>2</sup> investments of total carbon emissions (Scope 1-3)
- By 2025, reducing the carbon footprint in Storebrand's total investments in equities, corporate bonds and real estate by at least 32% (base year in 2018).
- By 2025, 90% of real estate investments with green certificates.<sup>1)</sup>

For further details on our real estate investments practices, please see the latest version of the [Storebrand Annual Report](#) or our [Sustainable Real Estate Investments site](#).

## Infrastructure investments

Sustainable infrastructure investments contribute to the green transition through long-term investments with a focus on delivering positive impact. Main categories for investment include (but are not limited to) offshore wind, onshore wind, solar, biomass, district heating, power transmission and distribution, battery storage and railways.

## APPROACH

Environmental, Social and Governance (ESG) concerns are central in every stage of the investment. One of Storebrand's strategic partners, AIP Management, has implemented an ESG due diligence framework that fully integrates ESG throughout all stages of the investment process, from initial screening and investment analysis, during due diligence, negotiation and closing of a transaction, and thereafter in the asset management phase. The implementation of the framework has been done in close cooperation with a dedicated third party ESG advisor.

The framework consists of 43 specifically defined ESG risk factors that are analyzed on a per project basis. The ESG risk factors are defined by incorporating universally accepted principles and standards and by assessing the materiality of ESG risk factors.

## TARGETS

- By 2025, 15% of our total investments will be invested in what we define as solutions. It includes equity investments in solution companies, green bonds, certified green property, and investments in green infrastructure.

For further details, please visit the latest version of the [Storebrand Annual Report](#).

## Private Equity

Cubera Private Equity is a subsidiary of [Storebrand Asset Management](#) (SAM), and is subject to the group's policies on sustainable investments. As part of SAM, Cubera supports the Paris Agreement, the Task Force for Climate-Related Financial Disclosures and the Sustainable Development Goals.

## APPROACH

The creation of long-term value is fundamental to Cubera. Long-term value creation necessitates acting responsibly and commercially sound. That is our understanding of sustainability since the very start.

ESG is a concept that helps Cubera to make better decisions and to guide responsible action. That is why Cubera's ESG practices are integrated into its day-to-day operations, investment processes and organization, and a defining feature of Cubera's relationships with its stakeholders. For further details, please visit our [Private Equity site](#).

<sup>1)</sup> Real estate investments in Norway and Sweden.

# Sustainable insurance

We are actively supporting the spread of sustainable business practices in the insurance industry. Sustainability criteria are incorporated when Storebrand Insurance performs product development, risk management, underwriting, pricing, legal terms, and settlement.

We are also committed to the Principles for Sustainable Insurance (PSI) which serves as a global framework for the insurance industry to address environmental, social and governance risks and opportunities. In addition to being a member of PSI, we have played an active role in managing PSI's work program and our EVP of Sustainability is currently the Chair of the PSI board.

## APPROACH

1. **Insurance supporting the UN Sustainable Development Goals.** Sustainability criteria are incorporated when Storebrand Insurance performs product development, risk management, underwriting, pricing, legal terms, and settlement.
2. **Damage prevention to ensure responsible consumption and reduced costs.** Insurance customers in Storebrand taking measures to reduce damages will benefit from discounted insurance rates. Behavior that has damage prevention potential is rewarded in the insurance terms.
3. **Climate risk.**
  - o Risk assessment and pricing: climate factors are included in risk assessment and pricing in the underwriting process.
  - o Exposure mapping and reinsurance: We reinsure assets in areas with a high exposure to physical risks associated with climate change.
  - o Diversified risk through plan: Participation in Norwegian natural perils pool is statutory and provides joint reinsurance protection linked to property insurance for real estate and housing.

- o Rewarding damage prevention: We actively communicate with our customers, encouraging damage prevention measures, such as securing property during periods prone to flooding.
- o Circular collaboration: Cooperation with car repair partners to repair vehicles with used car parts.
- o Support green transition: Increase our insurance offering to electric vehicles.

4. **Pricing and product development.** Storebrand Insurance has incorporated environmental aspects into insurance pricing and product development.
5. **Sustainability nudging.** To nudge our home insurance customers to behave more sustainably, we offer a grant of up to NOK 150,000 for installation of climate-friendly or safety-related measures beyond what is required by law or regulations when rebuilding insured houses.
6. **Exclusions.** We do not currently underwrite coal, any unconventional oil & gas, heavy process industry, chemical production industry and pharmaceutical & biotech industry.

## TARGETS

- By 2025, the goal is that all suppliers have set short- and medium-term verifiable emission reduction targets.

For additional information, please see Sustainability in Storebrand Insurance and our disclosure of Principles for Sustainable Insurance in our [Sustainability Library](#).

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