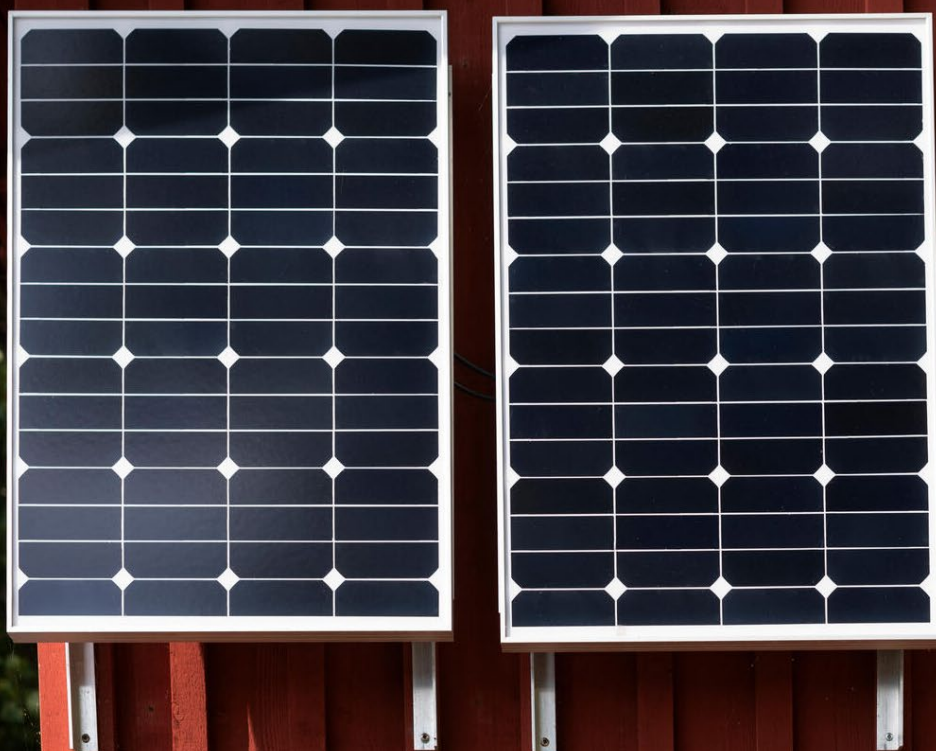


Sustainable insight

- Update on Sustainable Investments
First half 2021



First half 2021

In this new quarterly update on Storebrand's work with sustainable investments, we will share some examples of our work and progress of sustainable investment activities, as well as sustainability related trend updates and innovations. This update mainly covers Q2 activities, but also include activities covering first half of 2021. The update includes examples of our work within voting and engagements, participation in international initiatives and exclusions of companies from our investment universe.

In brief

- Led international engagement on Human Rights in Myanmar
- Contributed to the launch of Taskforce on Nature-related Financial Disclosures (TNFD)
- 44 companies excluded, mainly related to coal activities



Jan Erik Saugestad,
CEO Storebrand Asset Management

"The recent IPCC Report is yet another alarming report about the state of the climate. Human activity is changing the climate in unprecedented and sometimes irreversible ways stating that we need transformation and radical changes at all levels of society. There is no time for delay, and we must all do our part, governments, leaders, and all other stakeholders. It is when we all come together that success becomes real."

Voting and engagements

Effective active ownership strategies consist of voting and engagement activities to address ESG issues. As long-term investors, we regularly engage with our portfolio companies to promote and encourage improvements. Voting is also an important tool for us as an investor, allowing us to signal what we believe to be the best course of action for a company and for us as a shareholder.

Many sustainability issues cannot be solved by companies or investors alone, they require the involvement of other stakeholders. As a result, we also engage with other stakeholders, such as governments, industry organisations, environmental and human rights organisations 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.

During the first two quarters of 2021 we have adopted an even more proactive approach to corporate engagement, to speed up progress on ESG issues and increase the value of our investments. The engagements are in some cases done alone but very often also in cooperation with likeminded investors and organizations.

We have set even clearer expectations to the boards and management of investee companies and refined our general principles for engagement . We have also taken the lead on more

initiatives. To be more efficient – The Storebrand Sustainability team has prioritized four engagement themes for 2021-2023. The themes align with the Sustainable Development Goals and focus on financially material topics that address environmental, social and governance (ESG) issues. Behind the themes lies five general principles for engagement.

These are:

- Creating shareholder value
- Aiming for a positive impact
- Nordic approach
- Multi-stakeholder engagement
- Targeted engagement



[Read more](#)

“During this first half of 2021, Storebrand has, in line with our sustainable investment strategy, proactively engaged with several companies, launched various initiatives to influence companies as well as excluded companies operating in contradiction to our standard.”



Voting activities

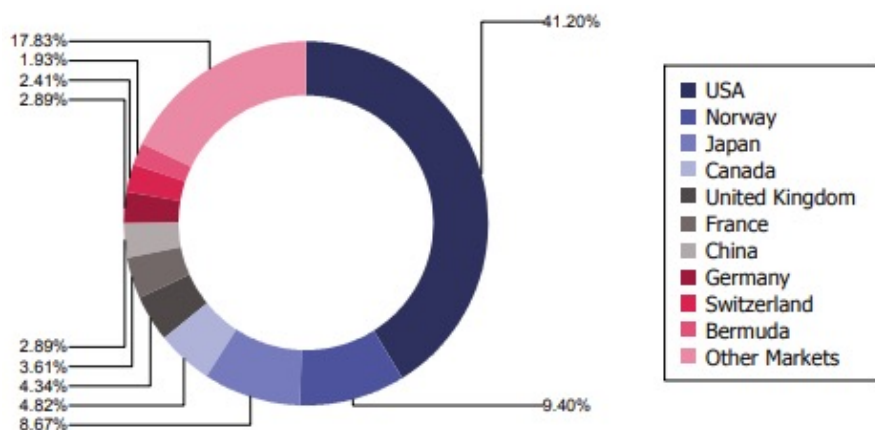
We use voting as a complement to our engagement activities to exert extra influence over companies we are engaging with or just to signal that some sustainability issues are important to us. The framework for the use of voting rights for funds managed by the Storebrand Group is set out in sections 2-24 of the Norwegian Regulations on Securities Funds and in the industry recommendations from the Norwegian Fund and Asset Management Association.

In the first two quarters we voted at 415 general meetings across more than 30 different markets. We vote in accordance with Storebrand's sustainable investments policy. Approximately 90 % of our votes were in accordance with the management's recommendations. Votes against management recommendations were related to excessive remuneration packages, shareholder resolutions regarding climate risk disclosures and plans, human rights risk reporting or the election of directors, among others.. All our votes are published online.

One example from 2nd quarter is a resolution filed by Storebrand Asset Management at the AGM of the major soy producer Bunge, calling on the company to eliminate deforestation in its supply chain. Shareholders overwhelmingly voted in support of this resolution.

Storebrand voted against energy company Equinor management's recommendation regarding short, medium- and long term targets on climate emission reductions, as we expect all our investee companies to disclose carbon emissions, adopt science-based targets and targets for reducing emissions in line with the Paris Agreement.

Meetings Voted by Market



[Read more about our voting activities and dashboard](#)

Storebrand Asset Management had 144 unique engagements with investee companies¹⁾ during the first half of 2021. The engagements covered several themes, with the major ones being:

- 22 % Human rights in conflict zones
- 15 % Climate risk in the financial sector
- 13 % Equal access to medicine
- 13 % Living wages

- 12 % Forced labour
- 6 % Coal financing
- 2 % Lobbying disclosure

The majority of our engagements, 85%, were proactive and 2/3 of these were collaborative.

1) These numbers might be subject to changes (most likely in the form of increased number of engagements).

Examples of engagements



Engagements and dialogues

Lobbying Activities on Climate in Toyota Motors:

Along with three other investors, Storebrand engaged with Toyota Motors in order to make them review lobbying activities and increase transparency on their stance on climate change and emissions. The engagement was successful and resulted in a commitment regarding these points from Toyota during 2021. [The sudden change from the company received wide-spread attention internationally.](#)

Human Rights in Myanmar: A major part of Storebrand's work on social issues was focused on the severe human rights situation in Myanmar during Q2. This resulted in Storebrand leading an initiative gathering 80 asset managers representing over 3 trillion euros in capital, calling on companies to mitigate risks of contributions to human rights violations in Myanmar through an [investor statement](#). Sharing of resources and collaboration makes it easier for investors to engage with companies and exercise more leverage.

Storebrand has contacted numerous companies with operations in Myanmar. As part of the due diligence review, one

company, Adani Ports, was excluded. This exclusion was based on a combination of factors, including breach of Storebrand's coal criteria as well as human rights criteria (see further below under "Exclusions"). Dialogue is still on-going with other companies with operations in Myanmar and further dialogue will continue either directly or in collaboration with other investors through the investor initiative.

This initiative is an opportunity for the private sector to show leadership by assisting Myanmar's transition to peace, justice, and democracy.

Read more in these news stories in [IPE](#), [Nordsip](#) and the [Norwegian newspaper E24](#).

Forced labour in the Xinjiang region: One of the major engagement themes are forced labor in supply chains, and Storebrand continued focusing on China and the Xinjiang region in this regard. We engaged along with other investors via the [Investor Alliance on Human rights](#) with companies in the garment, ICT and solar sector that may source from this region in China, thus potentially being linked to forced Uyghur labor in

supply chains. The companies have been asked to:

- Complete a mapping of its supply chain, in and outside of China, to identify direct and indirect business relationships that are connected to the Uyghur Region;
- Demonstrate steps to disengage any business relationships with suppliers connected with forced labor in and from the Uyghur Region; and
- Publicly disclose efforts and progress on the above including on how the Company is working with affected rights holders in determining remedy.

Storebrand is one of the lead investors engaging with H&M, a company that is progressing positively in addressing this issue. The company shows the mapping of suppliers and openly discusses mitigating measures.

[Read more in the Reuters News Story, "Investors press companies on human rights in Xinjiang"](#)

Swedbank on Watchlist on Money Laundering: During 2021 Storebrand has continued engagement with Swedbank, a company that has been on our watchlist due to money laundering issues since early 2020. There have been improvements

in Swedbank's implementation of the changes recommended and required by us and financial regulators. Storebrand will continue our engagement with Swedbank in the coming months.

Deforestation Risk Analysis:

Storebrand's ambition is an investment portfolio that does not contribute to deforestation by 2025. Storebrand will not knowingly finance operations that are illegal, fail to protect high conservation value forests/land or violate the rights of workers and local people.

We have mapped and identified companies with high exposure and insufficient risk management. We have selected 50 companies for further engagement, communicating our expectations for improved forest protection in operations and supply chains.

Based on initial company responses we will continue engaging with companies showing awareness and willingness to improve, and consider unresponsive companies for risk-based divestment.

[Read more about our Active Ownership work](#)

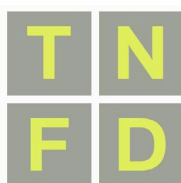


Initiatives

In Storebrand, we strongly believe that partnership is the new leadership. The Storebrand Group actively supports, through membership or being a signatory of, a range of organizations, principles and initiatives.

Launch of TNFD

[The Taskforce on Nature-related Financial Disclosures \(TNFD\)](#) was formally launched in June with the mission is to create a reporting framework to help organizations manage biodiversity risks and identify opportunities. This is expected to shift finance away from destructive activities and toward a nature-positive economy. In the coming years, a primary focus will be to engage with relevant investee companies and support them to take initial steps and prepare for future TNFD reporting and target setting.



Storebrand has been a member of the taskforce's [Informal Working Group](#) since its start, a 74-strong team that began the work in 2020 to devise the practical recommendations for its scope and workplan. We are committed to continue supporting the taskforce in rebuilding the world's ecosystems.

[Storebrand Asset Management signed the Finance for Biodiversity Pledge in May 2021>>](#)

Platform for Living Wages Financials

Storebrand recently joined the [Platform for Living Wages Financials](#) to have more leverage on this issue by joining other investors. Addressing living wages and helping to create the structures supporting them, not only has an effect on workers' health and working conditions in general, but it also allows for the eradication of other social issues such a poverty, child

labor, forced labour and low-living standards. The platform focuses on three industries: Garment, Food & Agriculture and Retail. During Q2, we started our work within the Food & Agriculture sector, by adding a new company for the platform to engage with and initiating the first assessment on living wages.

Global Investor Statement to Governments on Climate Storebrand supported Investor Statement to Governments on Climate in Q2, along with 456 investors representing over \$41 trillion in assets. The statement urges all governments to raise their climate ambition and implement robust policies by COP26 in November. As the most ambitious global climate statement from investors to governments ever, the 2021 Global Investor Statement sets out five actions governments need to urgently undertake. [Read more about the actions here.](#)

Investment in Sovereigns Debt:

A working group to develop guidelines for sustainable investments in sovereigns started during Q2. Led by Debt Justice Network Norway, Storebrand is part of small group developing such guidelines for different asset classes in the sovereign space.

Coronavirus Response:

Storebrand is working actively to mitigate the impact the pandemic is having on companies, society, the economy and the financial markets. As a result, Storebrand has committed itself to act in support of the [Investor Statement on Coronavirus Response.](#)

Implementation of regulations

The EU Sustainable Finance Disclosure Regulation (SFDR) is a new set of EU rules aiming to better classify and streamline the sustainability credentials of investment funds. The regulation increases information available for investors about both the potential positive and negative impact of their investments and the related ESG risk.

SFDR and Principle Adverse Impact

Parts of the EU green deal came into effect in March, but implementing the different regulations are ongoing. In addition to setting up systems for using the taxonomy and other new information in our asset management, we are developing policies related to Principle Adverse Impacts (PAI) and how this affects our work across the Storebrand group. Sustainability

is thoroughly integrated into Storebrand's investments, but we will use this opportunity to update and align our governing documents with the new regulations.

Learn more about our approach to [SFDR](#) and [Principle Adverse Impact Statement](#)

Read more about Storebrand's Commitments and Engagements in 2021

- [Storebrand joins the Platform for Living Wages to increase leverage on the issue](#)
- [Investors mobilize to support human rights in Myanmar](#)
- [Where's the beef - the critical need to reduce the level of greenhouse gases emitted by the global agricultural supply chain](#)
- [Storebrand Asset Management signs the Finance for Biodiversity Pledge](#)
- [The Nordic CEOs for a Sustainable Future, the Norwegian Finance Ministry, and the Oslo Stock Exchange Declare Support for the TCFD Recommendations](#)
- [Storebrand Asset Management urges action on deforestation at Bunge AGM](#)
- [Storebrand signs the United Nations-backed Sustainable Blue Economy Finance Principles](#)
- [Supporting the blue economy](#)

Exclusions

– Added 44 New Companies to Exclusion List

Excluding companies from our investment universe is not an aim, but the last resort if there is no viable progress, if there is a significant risk of recurrence with respect to normative breaches or if the products are in breach with the Storebrand standard.

44 new companies were excluded from Storebrand's investment universe during first half of 2021, of which the majority are excluded due to coal activities. 34 companies were excluded in Q2, while 10 companies were added to the exclusion list in Q1.

This is the breakdown for our total number of exclusions:

- 6 energy companies excluded over lobbying activities against the Paris Agreement
- 124 companies excluded over coal activities
- 10 companies excluded over corruption issues
- 18 companies excluded over environmental issues
- 37 companies excluded over human rights and international law issues
- 11 companies excluded over unsustainable palm oil issues
- 9 companies excluded for oilsands operations
- 25 companies excluded for production of controversial weapons
- 24 companies excluded for breach of tobacco criteria
- 1 company excluded for breach of cannabis criteria



The company Adani Ports was excluded due to Storebrand's coal criteria, but an assessment of the due diligence procedures regarding human rights in Myanmar, was also part of the consideration. Storebrand did not receive a satisfactory response from the company regarding their due diligence procedures to mitigate risk of contributing to severe human rights violations by managing a port owned by a company under the control of the military in Myanmar. Storebrand has also added Myanmar to its list of excluded sovereign bonds, as a result of the human rights situation in the country.

Our Storebrand Standard exclusion list applies to all our NOK 1000 bn in Assets under Management and excludes 246 companies, whereas our extended criteria, applying to nearly

1/3 of total investments, excludes 769 companies, including 502 companies related to fossil fuels. In addition to these companies, Storebrand also excludes companies excluded by Norges Bank Government Pension Fund – Global. Excluded companies are removed from Storebrand's investment universe, which consists of more than 4000 companies.

[Storebrand Standard that applies to all our investments](#)
Extended criteria's that applies to 1/3 of our investments

New Exclusions in Q1 2021:

Company Name	Exclusion Criteria
Adani Enterprises Limited	Coal
Adani Ports & Special Economic Zone Ltd	Coal
African Rainbow Minerals Ltd	Coal
Black Hills Corp	Coal
Manila Electric Company	Coal
Power Assets Holdings Ltd	Coal
RLX Technology Inc	Tobacco
Spirit AeroSystems Holdings Inc	Controversial Weapons
Teva Pharmaceutical Industries Ltd	Conduct Based Exclusion
Vattenfall AB	Coal

New Exclusions in Q2 2021:

Company Name	Exclusion Criteria
Adani Transmission Limited	Coal
Athabasca Oil Corp	Oilsand
CenterPoint Energy Inc	Coal
Enea S.A.	Coal
Enel Generacion Chile S.A.	Coal
Energa SA	Coal
Eneva S.A.	Tobacco
Engia Energia Chile S.A	Controversial Weapons
Global Power Synergy Public Company Limited	Conduct Based Exclusion
Guangdong Electric Power Development Co., Ltd.	Coal
Hidili Industry International Development Limited	Coal
Hokkaido Electric Power Company, Incorporated	Coal
Hokuriku Electric Power Company	Coal
Jastrzebska Spolka Weglowa SA	Coal
Jindal Steel & Power Limited	Coal
Mechel PAO	Coal
MEG Energy Corp	Oilsand
Peabody Energy Corporation	Coal
PT Indo Tambangraya Megah Tbk	Coal
Public Joint Stock Company Rospadskaya	Coal
Public Joint-Stock Company Federal Hydro-Generating Company - RusHydro	Coal
Public Joint-Stock Company Unipro	Coal
Public Power Corporation S.A.	Coal
Reliance Power Limited	Coal
San Miguel Corporation	Coal
Shikoku Electric Power	Coal
Shougang Fushan Resources Group Limited	Coal
Smoore International Holdings Ltd	Tobacco
SunCoke Energy, Inc.	Coal
TAURON Polska Energia S.A.	Coal
Wartsila Oyj Abp	Controversial Weapons
Whitehaven Coal Limited	Coal
YTL Corporation Berhad	Coal
Zhejiang Zheneng Electric Power Co., Ltd.	Coal

Meet Our Sustainability Team

Risk and ownership

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 exclusions 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 experts in the field. Another core element is to be good stewards and owners of those companies and assets in which we have invested through active monitoring, engagement and advocacy. In our experience the best results are achieved through co-operation with other investors and targeted engagement with companies where our ownership level is highest. We also voice our opinion through exercising our voting rights.



Kamil Zabielski

Head of Sustainable Investment

Zabielski joined Storebrand Asset Management's sustainable investments team in 2021. Previously worked as Head of Sustainability at the Norwegian Export credit Agency (GIEK), and as advisor at the Council of the Ethics for the Norwegian Government Pension Fund – Global. He has a specialization in human rights/ labour rights, conducting due diligence of companies, and evaluating environmental and social risks and impacts of projects in a wide range of sectors. He has a L.L.M in International Law and M.Phil in Human Rights Law from the University of Oslo.



Tulia Machado-Helland

Head of Human Rights and Senior Sustainability Analyst

Machado-Helland joined Storebrand Asset Management's sustainable investments team in 2008. Her specialty areas are human rights, labour rights, indigenous peoples' rights and international humanitarian law. She is responsible for Storebrand's overall active ownership strategy and company engagement. In addition, she engages with companies mainly on social issues but also on environmental issues when these overlapped social issues.. Previously, she has worked at 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 and a Texas State Attorney license. She also holds a Master in International Relations and Development.



Andreas Bjørbak Alnæs

Senior Sustainability Analyst

Alnæs joined Storebrand Asset Management's sustainable investments team in 2018. His expertise is governance issues with a focus on anti-corruption and money laundering. Alnæs is responsible for Storebrand's proxy voting process and involved in company dialogues. He joined Storebrand after working with aid management and anti-corruption in Norad, the Ministry of Foreign Affairs and UNDP. He holds a MSc in Economics and Business Administration from NHH and the International University of Japan.



Emine Isciel

Head of Climate and Environment

Isciel joined Storebrand Asset Management's sustainable investments team in 2018. She is leading Storebrand Asset Management's work on climate and environment and our company engagement. Prior to joining Storebrand, Isciel worked for the Norwegian Ministry of Climate and Environment with multilateral environmental agreements advising the government on sustainability policies and strategies and leading the work on implementing the SDGs. She has also worked for the UN and provided technical advice and content to the SDGs. She holds an MA in Political Science from the University of Oslo in addition to studies from University of Cape Town, New York University and Harvard Extension School.



Vemund Olsen

Senior Sustainability Analyst

Olsen joined Storebrand Asset Management's sustainable investments team in 2021. He previously worked as 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. Before that he worked with the United Nations High Commissioner for Refugees in Venezuela and with human rights organizations in Colombia. He has an M.Phil in Human Rights Law from the University of Oslo.



Victoria Lidén

Senior Sustainability Analyst

Lidén joined Storebrand Asset Management's sustainable investments team in 2021. She is based in Stockholm and working with ESG analysis and active ownership with a particular focus on the Swedish/Nordic market. Prior to joining Storebrand Victoria has 6 years of experience working with sustainability within the financial industry. She holds a B.Sc. in Business Administration and Economics from Stockholm University (major in finance), including a semester at National University of Singapore. In addition, has taken several courses in sustainable development at CSR Sweden and Stockholm Resilience Centre.

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