

Sustainable Investment Review

Q1 2022



A message from our head of sustainable investments

Staying on course through turbulent times

The start of the year has been dramatically impacted by Russia's invasion of Ukraine, causing massive loss of life, and unleashing secondary impacts within financial and commodity markets. In direct response to the conflict, Storebrand [has frozen Russian investments and divested from Russia](#).

Crises' such as this one naturally raise questions, and force self-examination. For example, how robust are our principles and policies on divestment and exclusions? We explore these issues later in this report.

Even in times such as these, we continue to focus on the many other crises we must address, one of which is preventing and reversing a potential collapse of nature and the ecosystems that sustain human life and livelihoods.

Storebrand has been leading efforts to structurally document and manage the impact of business activity on nature's

capacity to support life and economic value creation. As a key component of this effort, the Nature Action 100 (NA100) investor initiative has been [announced](#) to launch later this year, with [Storebrand a leading member](#) in establishing the initiative.

Also high on the agenda is AGM season. This year, we are strengthening our activities and further utilizing various tools to escalate more effective engagement with companies, particularly when companies are unresponsive. You can learn more about this in our section on voting in this report.

Closing out the quarter, we were honoured in March to be officially recognised as a signatory to the Stewardship Code, one of the UK's most stringent standards for commitment to investment stewardship.



"Conflict in Ukraine compounds the many challenges we face, but it's critical that we remain committed to our full range of goals while addressing it."

Kamil Zabielski,
Head of Sustainable Investment

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Update Active Ownership



How we engage in dialogue, collaboration and shareholder voting processes to make progress on our sustainability objectives.

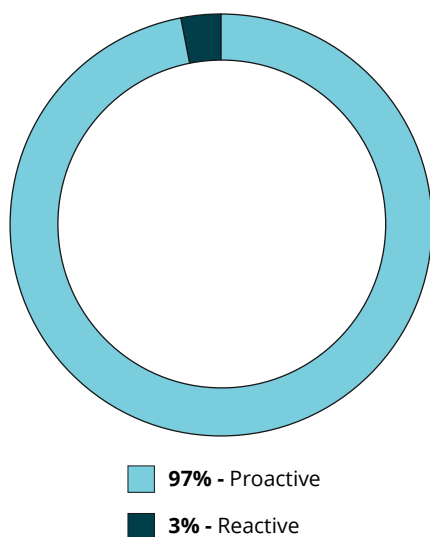
Engagement

Engagement key figures:

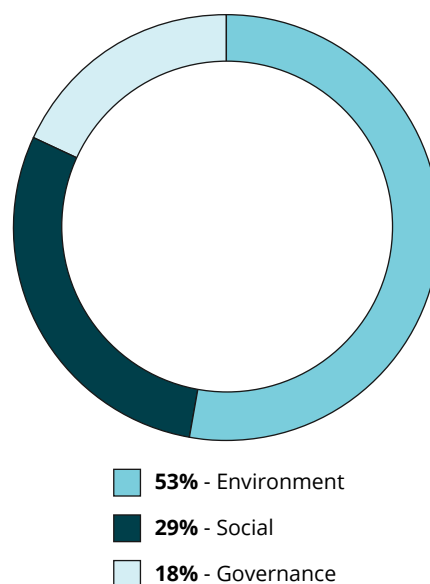
575 New and ongoing engagements

Why we engaged

Drivers of engagements

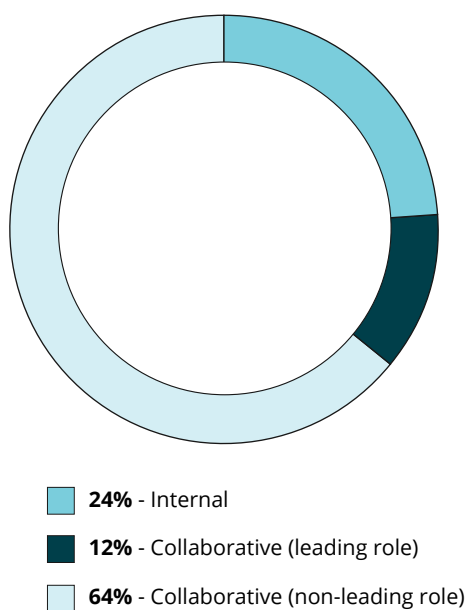


ESG categories of engagements

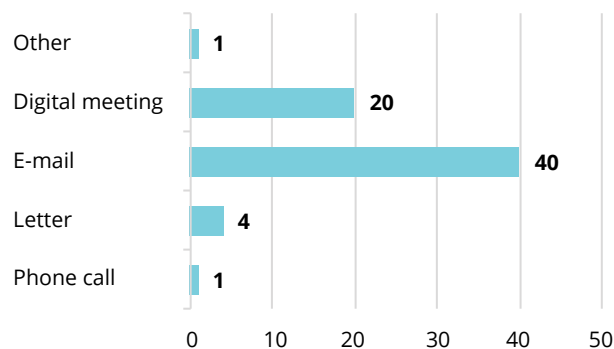


How we engaged

Structure of engagements

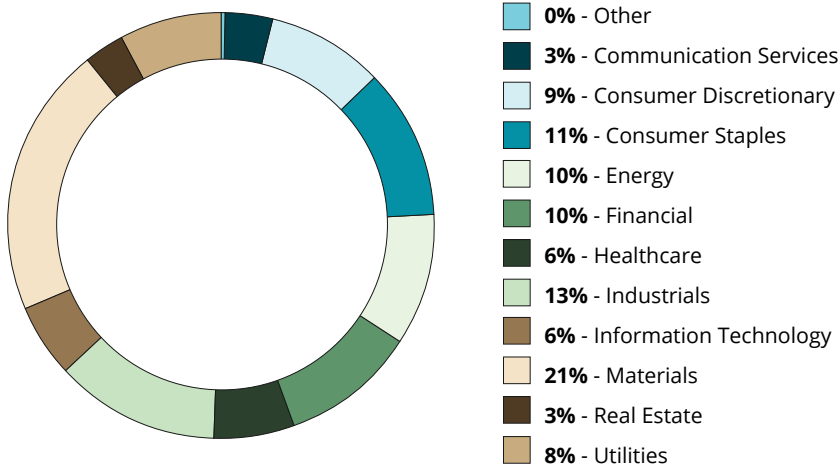


Communication methods

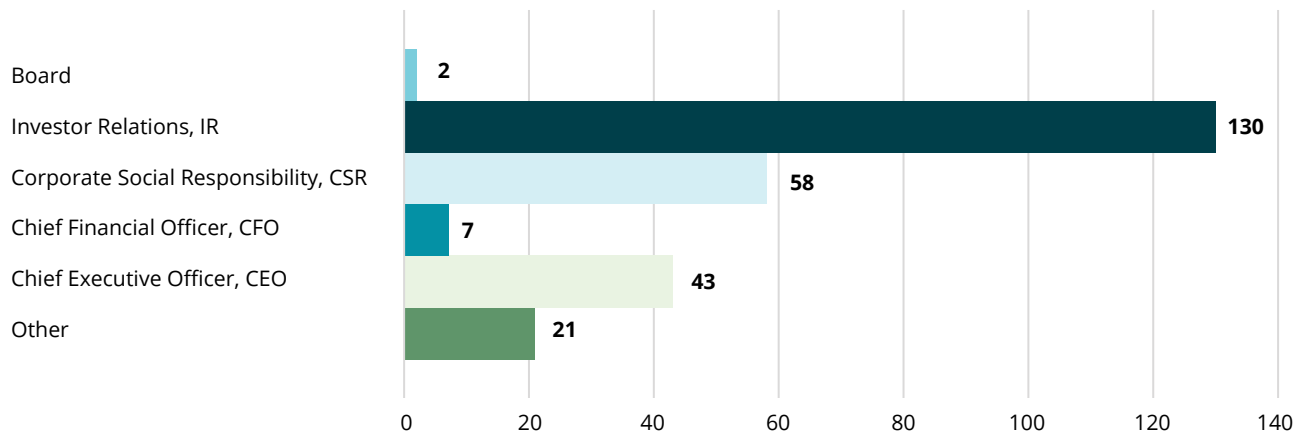


Who we engaged with

Sectors engaged



Engagement counterparties



Supply chain resiliency at Orkla

Solid start made on addressing working conditions and living wages



Norway's Orkla consumer goods group is one of the largest companies in the country. With a national reach and globally sourced inputs, Orkla is highly relevant to Storebrand's prioritized engagement themes of supply chain resiliency, a complex area which includes among other issues, living wages for workers.

During 2021, Storebrand took an important step towards making an impact in this area by beginning a formal working relationship with the Platform for Living Wages Financials (PLWF). The PLWF coalition of financial institutions works closely with investee companies to address living wages in global supply chains, with a focus on companies in the apparel and food sectors.

Storebrand secured Orkla's entry into the PLWF initiative within the food sector and has been leading the engagement on living wages with the Norwegian company since June last year.

Initial progress

We can already see some results of this engagement during the first quarter of 2022. Orkla has recently updated its human

rights policy, with a clearer description of its approach to human rights due diligence, a reference to a decent standard of living, and the well-regarded Anker Methodology for estimating living wages.

Living wages are also highlighted as a salient issue in Orkla's sustainability report for 2021, which was just published at the end of March 2022. At the supply chain level, the company has committed to intensifying efforts to address challenges relating to child labour, deforestation and not least living wages within its new sustainable cocoa strategy.

Mapping risks

The company's risk mapping in 2021 focused especially on the subject of a living wage, to ensure that employees at all levels across the Orkla Group have a working income that meets their basic needs. Some of the companies within the Orkla Group have detected a risk that the starting salary for workers at some of its suppliers may be lower than the relevant national level of living wages. Orkla is monitoring these companies so they have adequate action plans to remedy this issue.

Nature Risk Pilot Reporting

Early version of framework to positively guide business and financial decision-making.



This March, the Taskforce on Nature-related Financial Disclosures (TNFD) released the first beta version of its nature-related risk-management and disclosure framework, marking an important step by the market to tackle the risk of nature-loss to the global economy and reduce the impact on nature.

With half of the world's GDP moderately or highly dependent on nature and its services, financial institutions and businesses can no longer afford to overlook nature in strategy, risk management and capital allocation decision making. Dependencies and impacts on nature are posing risks to businesses, investors, and lenders, but are also opening new business opportunities to contribute to nature-positive outcomes.

While waiting for tools and methodologies to be further developed, Storebrand Asset Management, Grieg Seafood, World Wildlife Fund (WWF) and the Norwegian Institute for Nature Research (NINA), have carried out 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. The project also touches upon how financial institutions can use this type of disclosure for active and informed engagement with their portfolio companies, to identify and reduce risks. This exercise aims to contribute to the ongoing development of international standards, such as the TNFD, and constitutes a concrete example of how a reporting framework could be designed.

From Geneva to Kunming

Storebrand helps lead vital step towards a global biodiversity agreement

The third negotiation session of the Post-2020 Global Biodiversity Framework officially started on 14 March in Geneva, Switzerland. As co-chair for the Public Policy Advocacy Working Group under Finance for Biodiversity, Storebrand Asset Management, together with group members, created a position paper with text suggestions for the new Global Biodiversity Framework (GBF). As an official CBD observer, representatives from our group participated in the Geneva meeting to ensure that the GBF makes the necessary references to private financial flows.

The Paris Agreement was an important milestone for the financial sector. Article 2.1.c gave financial institutions the signal – loud and clear – that they need to align business models with the goals of the Paris Agreement. Similarly, the GBF should include an explicit goal for financial institutions and businesses

to align financial flows to global biodiversity goals and targets. It is important not only to focus on increasing resources for nature, but also to mention that harmful financial flows must be reversed.

Engagement of the private financial sector is critical for delivering the urgent action required to halt and reverse biodiversity loss within the decade. However, viewing resource mobilization purely in terms of new financial resources from the public sector, would mean missing out on golden opportunities to reshape and redirect existing global financial flows from private financial institutions. It is governments' role to enable financial institutions to align with the goals and targets of the GBF.

Global Standard on Responsible Climate Lobbying

Ensuring that companies align their influencing activities with their policy commitments



Storebrand Asset Management was an early mover in 2020 when it divested from several major companies due to their lobbying activities. In our Climate Policy, issued in 2020, we state that we will not invest in companies that deliberately and systematically work against the goals and targets enshrined in the Paris Agreement.

Climate lobbying is emerging as a new battleground for institutional investors as concerns grow that companies, and the industry organisations they fund and control, are attempting to influence governments to halt the shift away from fossil

fuels. We are therefore pleased to see the Global Standard on Responsible Climate Lobbying which was launched earlier this year. The 14-point global standard aims to provide a framework to ensure companies' lobbying and political engagement activities are in line with the goal of restricting global temperature rise to 1.5 degree above pre-industrial levels. The standard will set a high bar for companies and encourage a move away from negative lobbying, towards supporting policies aligned with the goals of the Paris Agreement.

Sale of Telenor Myanmar

Measures to reduce negative impact of exiting conflict region



The sale of Telenor's operations in Myanmar was officially approved at the end of March. Storebrand has been engaging with Telenor on this issue since March last year, just after a military coup took place in Myanmar in February 2021. Here are some of the answers from the company on how they have tried to mitigate the negative impact the exit may have on customers, employees and society.

Status

In March 2022, Storebrand had a meeting with the company just before the sale was officially approved. Here are some of the main takeaways:

- **Reason to withdraw:** Turning on lawful interception technology by the military is the main reason they are withdrawing from the country as doing so may trigger Norwegian and EU sanctions. In addition to this, Telenor's biggest responsibility has been to ensure the safeguard their employees.
- **Regarding mitigating measures about the transfer of customer data,** the company confirmed the deletion of call/meta data was not possible because the data is physically located in a data centre in Myanmar and under military surveillance. Data can only be deleted if it is done physically. This means de facto that military can get access to this data if they want it.
- **Employee safety risk:** Concern about their workers being killed. This is based on their own and 3rd party security advisors' assessments. Telenor is aware of staff from other telecoms companies who have been hurt or killed. However, nothing has happened to their employees thus far.
- **Due diligence of buyers:** M1 Group – they have done Integral Due Diligence with external 3rd party consultants of

M1 Group. The IDD results were acceptable as there was no other buyer. No red flags were raised from a legal perspective but from a reputational risk perspective. M1 group is the best solution where they had very few options. The IDD for the local partner (Shwe Byain Phyu) is done, and Telenor is doing on-going monitoring into sanction risk.

- **OECD National Contact Point Complaint:** Telenor says they have been cooperating but cannot comment on the process as it is and that OECD Multinational Enterprises Guidelines have lack of clarity on practical advice in the context of a military coup regarding "responsible exit". Guidelines need further development.
- Storebrand flagged risk of data providers or rating agencies flagging Telenor as in breach of UNGP/OECD MNE guidelines - and automatic exclusion from some Storebrand funds if this is the case.
- **Legal risk:** Cases related to GDPR in Norway, and possible litigation based on aiding and abetting international crimes. Telenor's view is that these allegations are groundless and will not proceed further.

Next steps

Going forward, Storebrand will continue to engage with Telenor focusing on: their findings about the local partner Shwe Byain Phyu and sanctions risk; the ongoing OECD process; and due diligence of the actual transfer of workers and customers to the new companies and efforts by the company to actually mitigate the negative impact it may have on workers, customers and society.

Engagement on indigenous people's rights

Aligning renewable energy operations with indigenous rights obligations



Photo: Colourbox.com

Storebrand Asset Management in Q1 continued its engagement with Eolus Vind AB on the potential human rights impact of Øyfjellet Wind Park on members of the Jillen-Njaarke Sámi reindeer herding district. The background for the engagement is described in our [Q4 2021 Sustainable Insights report](#).

In March 2022, Storebrand Asset Management carried out a site visit to Øyfjellet Wind Park to assess the potential human rights impact of the nearly completed project.

In addition to visiting the wind park, meetings were held 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.

This engagement is planned to continue in the second quarter of 2022.

Voting

At shareholder meetings during the first quarter, we voted on a variety proposals, supporting the management's recommendation 92% of the time. As previously, many of our votes against the management recommendations dealt with issues such as: extraordinary compensation schemes; reporting and plans related to climate risk (not adequate or in line with our ambitions); reporting on matters related to human rights (that are not adequate or in line with our ambitions); the indepen-

dence of the board; and a lack of gender diversity on the board. On the latter issue, we have voted against the nomination of several board members, as there has been no, or too few, women on the board.

In a handful of cases, we also voted out of alignment with the recommendations of ISS benchmark policy, where our policy positions were stricter than the recommendations.

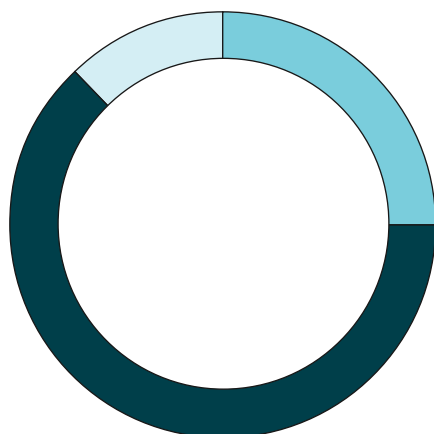
Voting key figures:

601 Votable meetings

6168 Votable items

What we voted about

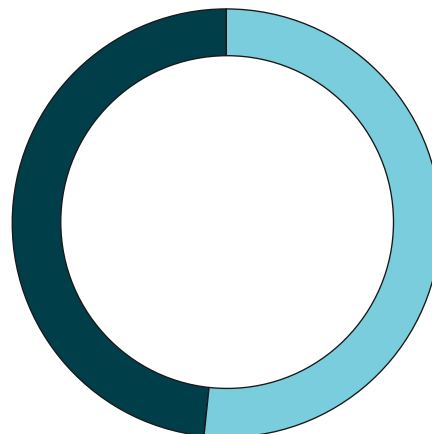
ESG categorization of topics voted on



■ 25% - Environment
■ 63% - Social
■ 12% - Governance

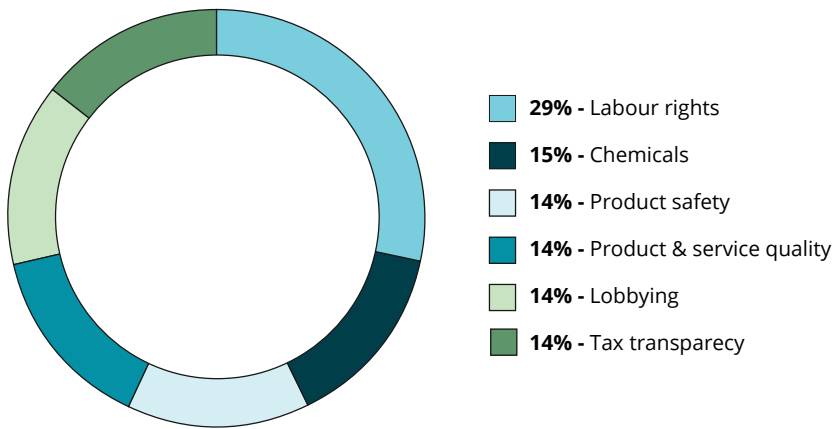
How often we voted

Voting attendance rate



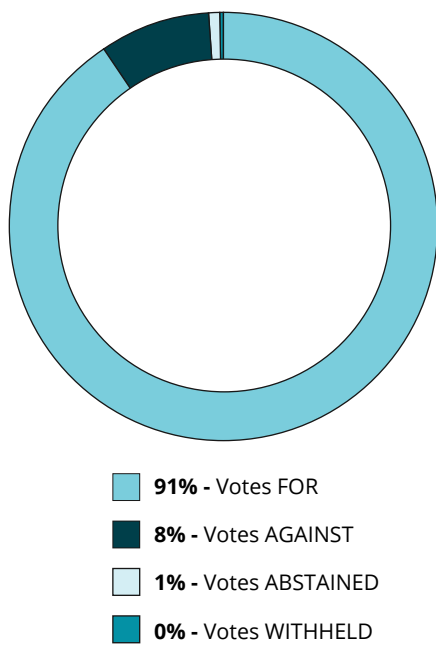
■ 52% - Meetings not voted in
■ 48% - Meetings voted in

Distribution of top 15 ESG-related issues voted on

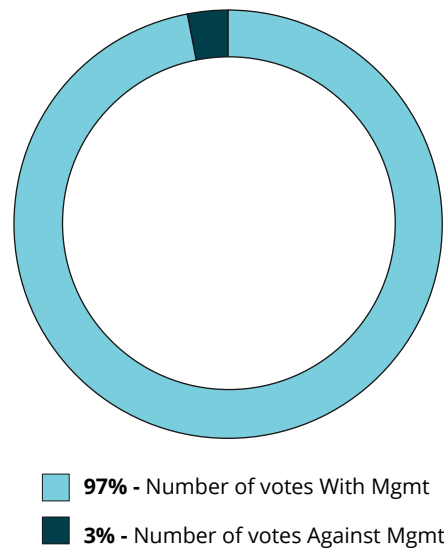


How we voted

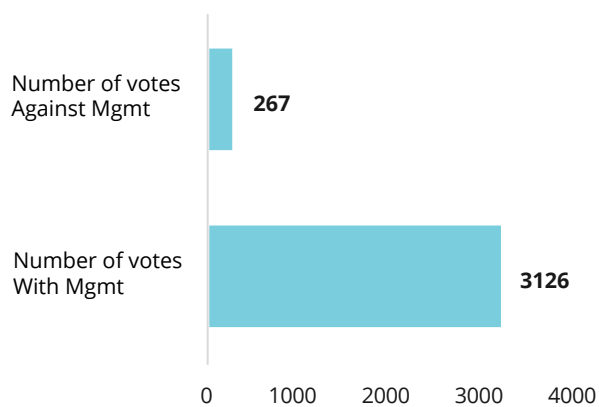
Voting positions



Voting alignment vs. management recommendations



Voting alignment vs ISS benchmark policy



Increasing our influence through voting

Combining a more targeted approach with a wider range of tools and tactics



Towards the end of the quarter the proxy voting season ramped up, with many companies in the major markets holding their annual general meetings (AGMs). By the close of March, Storebrand had voted at 289 meetings – nearly half of all the meetings held in Q1. As the proxy season kicks into full gear in Q2 leading into the summer, we expect to have attended a significantly higher number of meetings.

Prioritizing efforts

Through the meetings so far, 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. During the first quarter, we have co-filed resolutions for the AGMs at Amazon and Meta, among others.

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.

We also use our right to vote to express our view on: 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 this year, was our vote against the discharge of several board members and the CEO at Ericsson.

New guidelines

Looking ahead, we are working on reviewing our proxy voting guidelines, which are planned to be finalized and implemented before the end of Q2 2022. Going forward, we aim to more actively utilize the various tools available in our active ownership toolbox. When the company management is not as responsive as we expect 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 will 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.

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

Progress in tabling shareholder concerns at Meta

Storebrand is supporting shareholder efforts to transform governance structures at Meta (formerly Facebook) to help reduce brand and human rights risks

Storebrand, along with several other investors, have been concerned about potential weaknesses in the way that tech sector companies handle their responsibilities on digital rights: human rights in the digital space. Taken together, these issues pose a potential risk to the brands - and long-term shareholder value - of these companies.

Two key steps have been made in progress towards influencing one of these companies, Meta (formerly Facebook) to improve its governance structures, as a foundation for setting it on an improved course on digital rights.

One of these is a shareholder proposal. During the first quarter, the United States Securities and Exchange Commission (SEC) ruled against the company on a shareholder proposal which Storebrand Asset Management co-filed with other

investors, asking the company to report and seek an advisory shareholder vote on its metaverse project and the societal impact of the project. This means that shareholders will be able to vote at the proposal at the AGM later in May. [Learn more about this proposal.](#)

The other is a shareholder letter to Meta board members: Storebrand Asset Management, has in collaboration with other investors, also sent a letter to Meta, expressing our concerns on the need to reform the company's governance structure. The key issues here include: a 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. [Learn more about the shareholder letter and the demands that we are making.](#)



Photo: Colourbox.com

More activity at the Swedish AGMs

We have withheld discharges at Ericsson and opposed re-election at Lundin Energy

An important procedure at company's AGMs is the board members' formal discharge from liability for the company's actions. This discharge can reasonably be expected, if the board has acted in line with its responsibilities. In some cases, Storebrand has chosen to utilize this procedure to bring the actions of boards in line with their responsibilities and our expectations on governance standards.

At the recent annual general meeting of the Swedish telecoms and technology company Ericsson, Storebrand voted against the discharge from liability of several board members and its CEO. We have taken this step based on indications that have 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 make it unclear as to whether the company has taken the

correct measures and whether supervision has been sufficient. Therefore, it is currently difficult for us to understand what implications this may have for the company. As shareholders, our conclusion was that we do not have all the information we need to be able to vote for the discharge of these corporate officials from liability.

At the Lundin Energy annual general meeting: Storebrand voted against the re-election of two board members. We took this action based on an upcoming trial in which the two board members are being personally prosecuted for aiding and abetting violations of international law in Sudan. The issue of liability will be decided in court. That said, we also believe that, based on the company's and shareholders' interests, it is not appropriate for these individuals to be active board members during this period.

Improving labour relations at Amazon

Lack of progress from engagement prompting a wave of shareholder resolutions

Global retail giant Amazon has faced criticism over issues such as surveillance of workers, its poor safety record and negative responses to unionization. Together these issues contribute to worsen the labour relations climate at the company and hinder its ability to provide working conditions that meet labour expectations to companies, as reflected in Storebrand standard for human rights.

Storebrand has been discussing these issues with Amazon for several years now, via a Nordic initiative and the Investor Alliance for Human Rights. Although Amazon has issued Human Rights Principles aligned with international labour standards, including respect for the right to unionize, international media coverage seems to indicate that their actions do not match their pronouncements.

Amazon has avoided constructive and substantive dialogue with its shareholders through these alliances that represent over 70 investors. The lack of progress has catalyzed collaborative efforts by investors on the issues.

Storebrand and other investors have continued dialogue with Amazon, which remains unable to explain how it actually implement its stated human rights policies. As a result, Storebrand, along with together with other members of the Investor Alliance for Human Rights, co-filed a shareholder resolution, proposed to be voted on at the 2022 AGM. The resolution was suppressed by Amazon, based on claims about non-interference in the day-to-day management of the company. However, several other resolutions on labour issues filed by other investors have survived – and Storebrand will be voting on these in May.

2

Update Solutions



How we work to direct capital towards building long term value within sustainable investments.

Addressing the social aspects of ESG investing

Heightening focus on access to digital services, financial services, and healthcare.

- Historically, when talking about sustainable investing or ESG (Environmental, Social and Governance) investing, the "E" in ESG has gotten a lot of attention. Over the past couple of years, we have seen an increased interest in the "S", but there is still a lack of funding for the social needs defined in the SDGs, says portfolio manager Ellen Andersen.



- But now, alongside the existing opportunities, we see rising awareness about the funding gap, and policy frameworks falling into place. So, we believe the timing is ideal for a focus on this aspect of social needs.

Critical gap in social access

Recently, the EU has published a final report for a social taxonomy, which in turn influences the investment outlook for various projects and the companies that are involved in them. If this taxonomy is enacted, the new regulation could set in motion a rising - and much-needed - focus on the social goals of ESG investing and of the UN SDGs.

The investment universe for the theme is global, providing coverage of both developed markets and emerging markets. Storebrand aims for this theme to help fulfil a core principle underlying the SDGs: creating equal access to opportunities for the world's entire population.

The research underlying the United Nation's SDGs indicates that many societies have huge unmet needs in essential services, such as the 1.7 billion people who lack access to banking or financial systems, and 3.8 billion people who remains offline. Alongside this are many other fundamental challenges, such as gender gaps in wealth, pay, education and business participation. Healthcare is another area in which many people lack access to services, an issue that has become even clearer since the global COVID-19 pandemic began.

Focus on access to essential services

While the SDG's span the full range of ESG issues, this theme focuses on companies that are making essential digital, financial, and health-related services available to more people worldwide. The theme targets companies across sectors such as women's health, digital health, microfinance, and internet access, among others.

Storebrand sees significant opportunities in areas such as women's health. Historically, research on women's health have been lacking, which has led to many female-related diseases being missed. However, over the past decade, "femtech" companies have emerged to help solve this issue, the development is driven by digitalization and personalized healthcare. One example of a company in the fund's portfolio is Hologic, a global company that develops and manufactures women's health products.

- There are still billions of people who do not have access to essential services that most of us depend on. We believe the companies that help solve problems like these - some of the most important problems faced by people around the world - will perform well in the future, says Andersen.

Investing in a carbon-neutral Oslo

Storebrand partnership acquires stake in Oslo district heating facility with ambitious commercial and climate goals

The City of Oslo has set ambitious long-term climate goals, aiming for a 95 percent reduction from 2009 levels, to approach nearly net-zero by 2030. Within the city, the largest single source of emissions is Fortum Oslo Varme, a combined municipal waste recycling and district heating company, with a plant in the south of Oslo. The Company delivers approximately 1.8 GWH of heat to 160,000 households in Oslo, which is one of the fastest growing capitals in Europe.

Storebrand, through its partnership with Infranode, along with the with City of Oslo-owned utility Hafslund Eco and Norwegian fund HitecVision, have recently purchased Oslo Fortum Varme. The transaction is pending final approval from the City of Oslo.

The transaction, with an EV of around NOK 20bn (EUR 2bn), is expected to close before the summer. The investment supports ambitious commercial and climate goals, including a carbon capture and storage project to eliminate facility's emissions, which currently amount to 14 per cent of the city's total. The project benefits from both significant national and municipal government support.

Recycling heat from residual waste

As Norway's capital city, the greater municipal area of Oslo is home to an estimated 1.5 million people. Each of the city's households produces approximately 310 kg of waste. Once municipal waste sorting operations have removed items from this waste stream for recycling, the remainder – residual waste – fuels the waste-to-energy operation at Fortum Oslo Varme. The plant incinerates this waste, with waste energy from this process then utilised for electricity production and in the district heating system.

The facility and company are the largest such in Norway, with a 35% national market share, and a comparable EBITDA of NOK 897m in 2021.

Ambitious carbon capture project

To reach Oslo's goal of 95 % emissions reduction by 2030, the plant's emissions must be eliminated. A pilot carbon capture project has already been operated at the plant, with success in removing 90% of emissions. The next phase of the project is to make the plan a reality, at scale, creating the world's first-ever waste-to-energy plant with full-scale CCS.



Photo: Fortum Oslo Varme

Do indigenous rights clash with sustainable investments?

The recent Sápmi Business Conference provided insights and signs of a way forward

By Sunniva Bratt Slette



As the world realigns towards the massive transformation required to overcome climate change, significant investment opportunities open up in areas as energy generation and natural resource utilisation. However, in many areas of the world, this is in turn exposes potential contradictions between companies seeking to invest in sustainable solutions, and the human rights of indigenous people there to their traditional way of life, culture and natural resources.

Recent cases in Norway have led to a landmark judgement in late 2021 by the Norwegian Supreme Court on the rights of the Sápmi (Sámi) people in a case regarding wind power plants on the Fosen peninsula of northern Norway.

Sápmi Business Conference

Storebrand Asset Management was privileged this March to participate in the Sápmi Business Conference, which was organized by Ovddos, Nordic Innovation, Innovation Norway, the Sámi Parliament Norway, Barents Secretariat and The Community Pledge. Representatives of the Sámi population,

ministries and businesses gathered in the heart of Sápmi Guovdageainnus/Kautokeino to discuss value creation that reinforces the Sámi culture. Sámi representatives from Norway, Finland and Sweden were active on stage and in the audience, with the unfortunate exception of the Russian Sámi delegation who were unable to attend due to sanctions following the Russian-Ukrainian war.



Photo: Colourbox.com

The Norwegian Ministry of Local Government and Regional Development recently launched a report which is available in Norwegian, "Human Rights Protection against Interference in Traditional Sami Areas". The report concludes that sustainable business development should be possible if we learn from the Sámi expression "birgejupmi", which can be translated to "to manage with limited means". "Birgejupmi" represents the perspectives of eternity, inter-generational transfer of knowledge, nature's regenerative power, moderation in the use of natural resources, using only what you need and the establishment of a circular economy¹. These are values that modern society needs to adapt and incorporate in cities and communities, in order to operate sustainably over time.

Shared values and consent

Storebrand aims to be a trusted partner in sustainable investing, which means that both environmental, social and governance considerations need to be satisfactory. Two examples show why all three aspects matter: Firstly, renewable energy sometimes comes in conflict with human rights, as has been seen in Norway, Finland and Sweden when land-based wind power projects are constructed in vulnerable natural habitats that are used by Sámi reindeer herders. Secondly, valuable minerals may typically be found in similar areas, adding to the pressure on Sámi traditional livelihoods and culture.

To protect the human rights of the Sámi indigenous people to maintain their culture and exercise their traditional livelihoods, it is essential that Sámi rights-holders are consulted on any business projects that may impact them, with the aim of obtaining their free, prior and informed consent. Potential conflicts of interests between business activities and indigenous people's rights must be fully discussed and analysed in advance of any decision. Value creation is only truly valuable when all affected parties gain from the business development.

See page 7 of Storebrand's Q42 201 Sustainable Insight Report, for more information on the work of our Risk and Ownership team's active ownership dialogues related to the rights of the Sámi people.

Nussir and Arubis cases

A specific case that was discussed at the conference was the Nussir mining project in which the copper smelting and refining company Aurubis AG withdrew from the memorandum of understanding to be a supplier to the mine. The project is planned to be the world's first fully electric mine with zero CO2 emissions, which is a quantum leap forward to get environmentally sustainable mining. However, the social aspects linked to unwanted intervention in Sámi territory was not satisfactory handled, so Aurubis decided to withdraw after a thorough due diligence process². Aurubis is a holding company in the Storebrand Global Solutions fund, included in Q1 2022 for its role as a battery and copper recycling firm and a major supplier of copper to electrical power cables worldwide. The fact that the company's comprehensive sustainability targets and ESG policies work in practice is an important confirmation that the holistic approach to sustainable investing is what counts for the long-term investor.

More on Sámi rights and resource exploitation

For in-depth insight into the legal aspect of Sámi human rights regarding natural resource and area exploitation, read the report "[Human Rights Protection against Interference in Traditional Sami Areas](#)".

¹ [Kommunal- og moderniseringsdepartementet, Samisk språk, kultur og samfunnsliv — Næringsgrunnlag for levende samiske lokalsamfunn](#)

² [Aurubis, Press Release](#)

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Update Exclusions

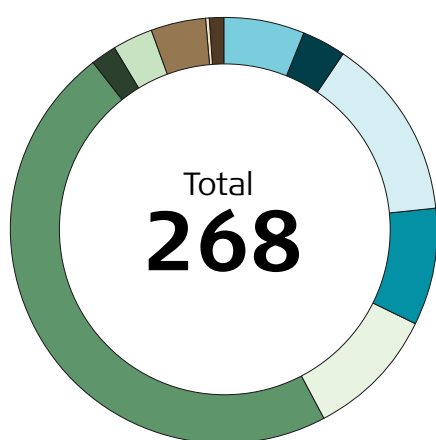


How we act on our investment holdings when engagement is not a viable path towards achieving our sustainability standards.

Exclusion key figures

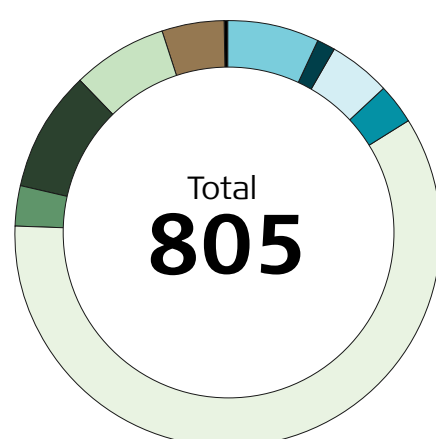
During the 1st quarter we excluded several companies, mainly related to involvement in fossil fuels as well as to the Russian invasion of Ukraine

Companies excluded under Storebrand Standard, as of March 31st, 2022



Category	Newly excluded	All excluded
Conduct - environment	0	18
Conduct - corruption	0	10
Conduct - human rights and international law	1	40
Tobacco	1	26
Controversial weapons	2	29
Climate - coal	3	138
Climate - lobbying	0	5
Climate - oil sands	0	9
Deforestation	0	12
Cannabis	0	1
State-controlled companies	3	3

Companies excluded under all standards, as of March 31st, 2022



Category	Newly excluded	All excluded
Human rights and international law	3	64
Corruption and financial crime	0	12
Serious environmental damage (inclusive of deforestation)	2	42
Controversial weapons	2	29
Fossil fuels	22	533
Tobacco	1	26
Alcohol	3	84
Weapons/arms	1	64
Gambling	0	43
Cannabis	0	1
Adult entertainment	0	0

Divestment from Russia

An overview of our actions and the underlying principles

By Bård Bringedal, Chief Investment Officer



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

Our actions

In direct response to the conflict, Storebrand froze all Russian investments and divested from Russia. In total, we have excluded 19 companies representing holdings with a value of approximately NOK 1.4 billion. The divestments apply 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 has 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 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 we 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 oil fund to sell out of Russia

Toy manufacturer Mattel excluded

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



Mattel, a global toy and entertainment company, was excluded during the first quarter of 2022, under the Storebrand Standard for Human Rights, Customer safety affecting life and health. The underlying issue is that Mattel's subsidiary Fisher-Price's sleeper product has been linked to at least 50, and potentially as many as 97, infant deaths.

Storebrand has excluded the company because we consider 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.

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.

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 that will 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.

Adecco Group and Doosan excluded

Decision based on controversial weapons involvement within corporate holding structures



Storebrand has excluded two companies during the first quarter of 2022 based on a combination of controversial weapons criteria related to the development and production of nuclear weapons, as well as our approach to corporate structures and corporate ownership. The relevant companies are Adecco Group AG and Doosan Group.

In both cases, the grounds for exclusion are: status as a parent company of a subsidiary involved in activities judged to be unacceptable under the Storebrand Standard.

Adecco Group AG is a large human resources provider and temporary staffing firm with 32,000 employees in 60 countries. One of its majority owned subsidiaries is Akka Technologies, a specialised engineering consulting and R&D services provider. The subsidiary has been found to be involved in key components of the M51 submarine-launched ballistic missile (SLBM) programme, which are created purely for carrying nuclear warheads. This involvement falls under Storebrand criterion on controversial weapons and therefore grounds for exclusion of Adecco Group.

Doosan Enerbility, formerly known as Doosan Heavy Industries & Construction Co Ltd., a subsidiary of Doosan Group, is a heavy industrial company headquartered in South Korea. The company's business areas include manufacturing and construction of major equipment and infrastructure, including nuclear and wind power-related work, among others. Doosan Enerbility is a stakeholder in the consortium KAD Nuclear, which provides engineering and project management supporting nuclear weapons programmes. Doosan Enerbility is controlled by Doosan Group, which we have therefore excluded on the grounds of its subsidiary's involvement in nuclear weapons.

How Storebrand Standard scopes exclusion for controversial weapons

"..In the event that subsidiaries of a company are involved in controversial weapons, but are not publicly listed, the closest listed company above the subsidiary in the hierarchy, with a controlling interest, is excluded. In the event that a subsidiary involved is listed, the parent company is also excluded. If a parent company is involved, listed subsidiaries are only excluded if they are involved in the same unacceptable activities. In addition, Storebrand will make assessments for exclusion based on corporate ownership or significant ownership in companies producing controversial weapons. Storebrand will also consider exclusion in cases where suppliers or other business partners (such as joint ventures), systematically violate the criterion. Storebrand will not exclude companies based on operations in specific countries, but will assess the manner in which they run their business in the countries where they operate...."

How we work with sustainability

A holistic approach

Our approach to sustainable investment is based on applying three key tools: active ownership, exclusion and solutions. Integrated analysis of environmental, social and governance (ESG) factors remains at the heart of all our business and investment decisions, to ensure that we create sustainable value beyond financial return.

Solutions

We increase our investments in companies that contribute with solutions to the UN Sustainable Development Goals (SDGs).



Active Ownership

We exert influence by challenging companies to be more proactive about their sustainability practices and development.



Exclusions

We remove excluded companies from Storebrand's investment portfolios, an investment ecosystem that consists of over 4,000 companies.



[Learn more about our approach to sustainability](#)

Meet Our Sustainable Investments Team

Storebrand manages sustainability risks through the coordinated efforts of our risk and ownership team, in collaboration with our investment managers, including the Solutions investment 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.



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.

Solutions

The Solutions investment team comprises three members that represent a vast array of experience. The team members have diverse backgrounds both from sustainability and specialist skills across different areas. The Solutions team is responsible for identifying solution companies, for use across Storebrand Asset Management. The team responsible for several Storebrand funds.



Philip Ripman

Portfolio Manager, Storebrand Asset Management

Philip Ripman specializes within the areas of politics, climate change, commercialization of sustainability and integration of the UN Sustainable Development Goals as investment themes. Ripman has held numerous positions within the company, including Group Head of Sustainability. Through his engagement with sustainability, he has advised several governments and institutions on topics ranging from coal exclusions, to environmental impacts of human activities, and policy requirements for achieving international climate agreement targets. His education includes master's degrees in Chinese Studies and Political Science.



Sunniva Bratt Slette

Portfolio Manager, Storebrand Asset Management

Since August 2021, Slette has worked as a portfolio manager in the investment team Solutions. Her main focus areas have been thematic investment strategies within the themes smart cities and renewable energy. Slette joined Storebrand in 2017 as a Sustainability Analyst. In this role, her main focus areas were sustainability assessments for the UN Sustainable Development Goals. She was responsible for carbon footprinting of investments and following up green bonds, and worked with the team on corruption, human rights and the environment. As an Investment Analyst for our Solutions team, she focuses on research and portfolio construction of solution companies — ones with products and services that significantly contribute to the UN Sustainable Development Goals. She holds MSc degrees in Industrial Economics (NTNU, Norway, 2016) and Technology Management (Ajou University, South Korea, 2014).



Ellen Grieg Andersen

Portfolio Manager, Storebrand Asset Management

Ellen joined Storebrand Asset Management's funds team in 2019 as a Project Manager trainee. In this role, she was involved in the project planning of internal processes and communication of the company's sustainability work. She also participated in the graduate program "Future Impact". She started in our Solutions team as an Investment analyst, where she focused on research and portfolio construction of solution companies, which are companies with products and services that significantly contribute to the UN Sustainable Development Goals. In the autumn of 2021, she became Portfolio Manager of Storebrand Equal Opportunities. She holds a Master's degree in International Economics (Lund University, 2018) and a BSc in International Business in Asia from Copenhagen Business School (2017), including a semester at Fudan University in Shanghai (2016).

External recognition

Storebrand recognised in UK Stewardship code

Storebrand was honoured in March to be formally recognised as a signatory to the UK Stewardship Code. The Code, which applies to investors and related entities serving the UK pensions and savings market, annually reviews and recognises the providers that are setting and meeting the highest standards of sustainability in the sector.

Signatory of:



Storebrand ranked in 2022 Global 100 Index

Storebrand has once again been 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 this January.



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