Sustainable Investment Review **Q4 2024**

Storebrand Asset Management

VESTN

In this issue

Cover photo: iStock/Getty Images

Continued progress at the close of the year

Welcome to our fourth quarterly Sustainable Investment Review for 2024. In this issue we focus the spotlight on how, at Storebrand Asset Management, we're engaging with the risks and opportunities of climate change and nature.

One important pillar of our approach here is securing policy commitments that provide both sufficient resources, and a role for the finance sector, to help drive solutions to these deeply intertwined challenges.

We were therefore pleased, as representatives of the Finance for Biodiversity foundation, an alliance of 190 institutions from 28 countries, to take an active role in the runup to COP16, as well as the event itself. Our CEO Jan Erik Saugestad and Head of Climate and Environment Emine Isciel were on the ground at the conference in Colombia, promoting the voice of the finance sector and advocating for a stronger role for private capital. You can read more in this issue on the COP16 event and on the follow-on negotiations scheduled to continue in Rome later this February.

Another highlight of the quarter was our engagement on sustainable investment frameworks at the 13th UN Forum on Business and Human Rights. Represented by our Head of Human Rights Tulia Machado-Helland, we were privileged to be the only representative from the finance sector invited to share our insights and methodology for managing human rights risks. On a related theme, in November we concluded another annual cycle of engagement on living wages though the PLWF platform. You can learn more about both topics here in this issue.

In line with the principle of being as transparent as possible, we have made some adjustments to our reporting methodology. Going forward, we'll be narrowing down our definitions of collaborative engagements. We believe this will make the data we provide even more useful for understanding where and how we are investing our engagement resources and time.

All these, and more are available to explore in detail in this issue. We hope you enjoy it.

↑ Zabielski sharing insights on Storebrand's approach to human rights as an investor

↑ Storebrand Asset Management CEO Jan Erik Storebrand speaking at the plenary of the second Finance and Biodiversity Day of COP16 in Cali, Colombia

"In line with the principle of being as transparent as possible, we have made some adjustments to our reporting methodology."

Kamil Zabielski,
Head of Sustainable Investment

In brief

Events

Fostering a Business and Conflict Community of Practice

On a crisp November day, **Tulia Machado-Helland**, Head of Human Rights and Senior Sustainability Analyst, represented our organization at the Business and Conflict Community of Practice (CoP) Annual Workshop. This event, hosted by the United Nations Development Programme (UNDP) at the Humanitarium within the International Committee of the Red Cross (ICRC) offices in Geneva, Switzerland, aimed to foster dialogue among corporate representatives, investors, and experts on burgeoning challenges for businesses operating in conflict-affected and high-risk areas.

The workshop's primary objective was to spotlight critical issues and establish connections among participants, potentially leading to future collaborations and actionable agendas. **Machado-Helland** was among a distinguished group of attendees, including representatives from the business sector, investors, and members of the Business and Conflict Community of Practice, encompassing international organizations, academic institutions, NGOs, and expert consultants.

Key discussions at the workshop revolved around the challenges businesses and investors face within the current regulatory, judicial, and geopolitical landscape. Participants explored strategic approaches suitable for navigating these crises. The event featured small group discussions led by community members and sessions on how the CoP can better support businesses and foster community practice.

Machado-Helland contributed significantly to the dialogues, sharing insights on the heightened human rights due diligence (hHRDD) of our investments in conflict-affected and high-risk areas (CAHRAs). She highlighted her efforts in engaging with a selected group of portfolio companies in the technology and renewable energy sectors that are exposed to risks in CAHRAs. Her presentation covered the effective, coordinated investor engagement with these companies to mitigate risks and the lessons learned from these interactions.

In an era marked by an increasing number, duration, and intensity of global conflicts and associated human rights abuses, our organization recognizes the influential role investors can play in promoting corporate respect for human rights and international humanitarian law in CAHRAs. We advocate for collaborative engagement as a means to build institutional knowledge and capacity to address these risks.

Machado-Helland also set forth our expectations, urging companies to respect applicable obligations under international human rights and humanitarian law, fully align their policies and processes with normative international frameworks, adopt a public CAHRA policy commitment, implement and report publicly on conflict-sensitive heightened human rights due diligence in CAHRAs, and establish board-level expertise and oversight concerning these issues.

Overall, the workshop provided a fruitful and engaging platform to discuss how we, as investors, can effectively manage our work in CAHRAs and offered valuable insights into the approaches of other stakeholders.

Recognition

Dow Sustainability Index

This December, Storebrand was once again listed on the highly regarded Dow Jones Sustainability Index. Storebrand is the only Norwegian company on the global index in 2025, and is also included in the index for Europe, along with two Norwegian industrial companies.

Established in 1999 as an investment index, the DJSI highlights the companies that, in Dow Jones's assessment, are sustainability leaders in their sector. This year, around 3,500 large, listed companies globally were part of the assessment, which reviews companies' work with, and reporting on, environmental, social and corporate governance issues.

Söderberg & Partners Sustainable Insurance Award

In October Storebrand won an annual sustainability award from Söderberg & Partners, for the 3rd year in a row. In its description, Söderberg & Partners cited Storebrand's leading role in sustainable finance, treating sustainability as a competitive advantage and an opportunity to create customer value.

↑ Storebrand group CEO Odd Arild Grefstad receiving the award from Söderberg & Partners CEO Jan Kjetil Hvamstad

Events

Due Diligence deep dive at PRI In Person

The PRI In Person is one of the annual largest events on the topic of responsible investment. This October the event, titled **"PRI in Person 2024 Progressing global action on responsible investment"**, took place in Toronto Cananda. Assembling two thousand delegates drawn from the across the investment industry, the event featured more than 150 expert speakers.

Among the experts selected to present insights was **Kamil Zabielski**, Storebrand's Head of Sustainable Investments. Zabielski was featured in a breakout stream focused on knowledge sharing about progression and capacity building in responsible investment.

He took part in the panel discussion **Due diligence: The EU CSDDD and next generation of RI policy tools** alongside an industry colleague from Boston Common Asset Management, and experts from the World Benchmarking Alliance and the UN Working group on Business and Human rights. In the session, Zabielski offered practical insights into the key issues surrounding due diligence and legislation, and how Storebrand approaches them.

Human Rights insights at Finsif

How can investors address human rights within Just Transition and conflict areas? With sustainability dilemmas increasingly cropping up and conflict on the rise, Storebrand Head of Sustainable Investment **Kamil Zabielski** was a featured speaker on the topic at Finsif's well-attended event this November, held at the headquarters of the OP Financial Group in Helsinki.

In his presentation, Zabielski provided an overview of the human rights issues that investors are currently faced with around the world, especially in the context of investor commitments to the principles of Just Transition, as well as best practices for investor conduct with regard to conflict areas. Zabielski also explained Storebrand's approach to data collection as a critical foundation of information for analyzing the issues.

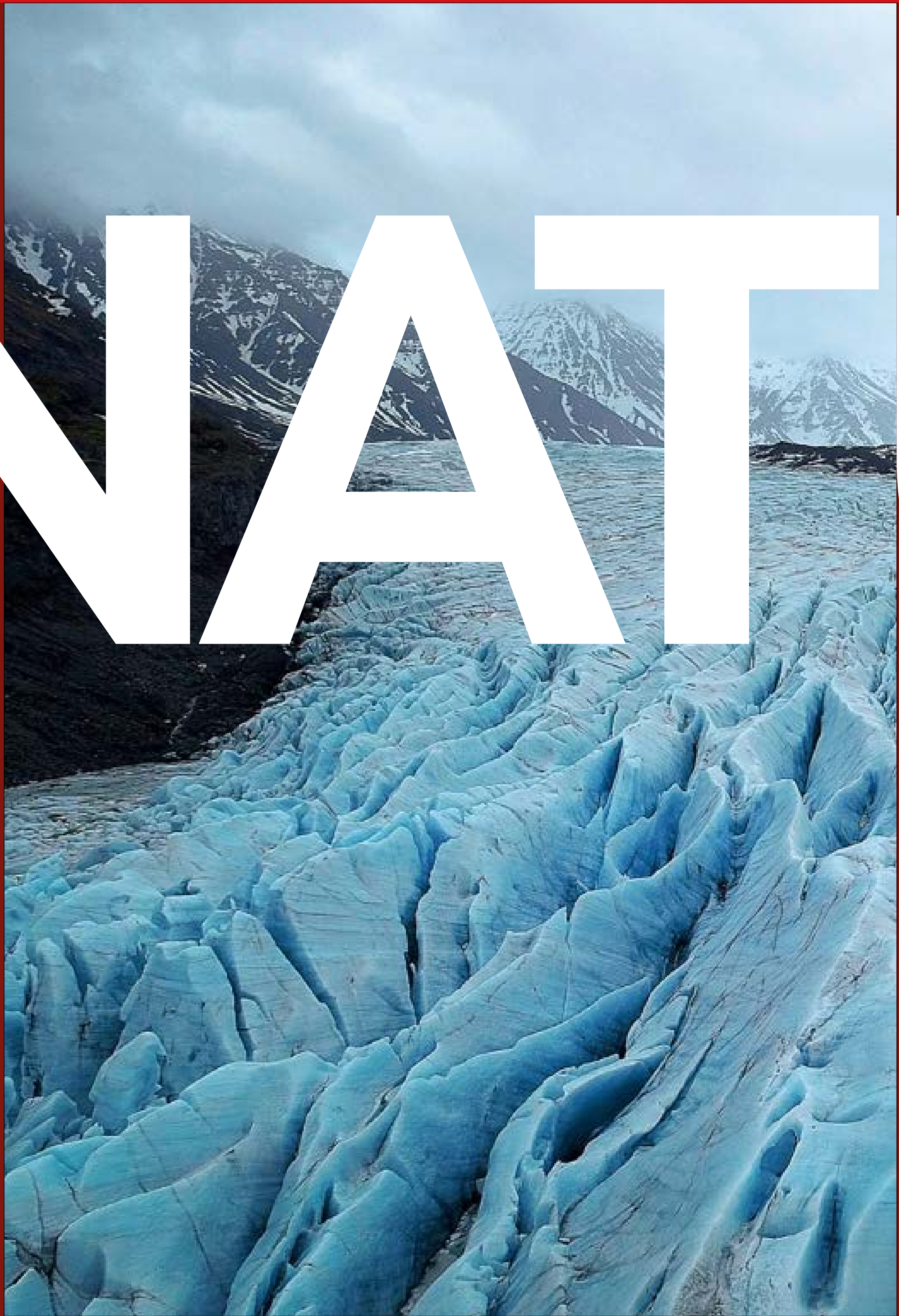
Finsif, the Finnish national industry forum for sustainable investment, has a membership base that includes asset managers, investors and finance sector service providers. Every year, Finsif hosts an annual event on social responsibility, climate change and conflicts in the investment world. The event explores fresh perspectives, provides valuable information and an opportunity for participants to deepen their understanding of the application of investment strategies and the role of investors in promoting social responsibility. This year's event was mainly attended by Finsif members, as well as being open to any other people interested in the topic.

↑ Lauren Juliff at the King's College London Policy Summit

The Power of Pensions... and the next generation

How can the finance sector make better decisions by applying geographic evidence and expertise within the investment process? **Lauren Juliff**, Climate and Sustainability Product Lead and Head of UK Institutional, ran a seminar on sustainable investing which explored this question at the King's College London Policy Summit, this November. At the event, Juliff shared her career experiences as a King's College alumna with a Master's degree in Climate Change from the institution's geography department, while also receiving valuable perspectives from current final-year students regarding the investment industry, climate change and sustainable investing. Some of the students, while interested in applying their highly relevant skills and knowledge to the field of sustainable investment, reported a significant barrier in the industry's finance- and economics-dominated recruitment profile. Reflecting on the summit prompted further ideas from Lauren: on what an impactful transition could look like in the finance sector itself; and how we might ensure that we are organized and staffed to respond and adapt to the needs of the time — and of the next generation.

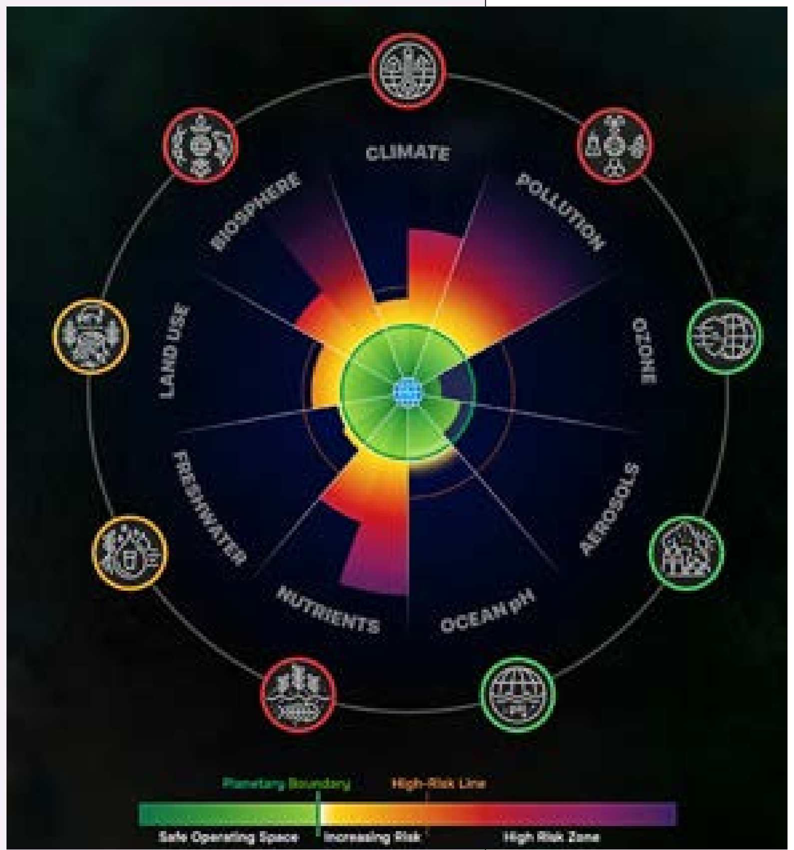
Learn more in Lauren Juliff's full-length LinkedIn blog entry **"The Power of Pensions... and the next generation"**.



What is the use of a house if you haven't got a tolerable planet to put it on?

— Henry David Thoreau
American author, philosopher & environmental scientist, 1860

↓ State of the planet: several planetary boundary processes at risk of exceeding tipping points.



Credit: Caesar and Sakschewski et al., 2024

Tangible indications of an increasingly unstable physical environment are steadily trending in headlines, newscasts, podcasts, and social media. They come in a variety of forms. One week it's about massive wildfires; the next, abnormal mid-winter temperature swings; flash floods; droughts; missing bees; record-breaking sea surface temperatures.

Beyond the superficial, much of the science on climate and nature suggests that warning signs are flashing on these systemic and intertwined problems. Towards the end of the year, the Potsdam Institute for Climate Impact Research, launched an overview of planetary life support systems, the Planetary Health Check (PHC). The report indicates that planet earth's critical systems are severely risk, with six of nine Planetary Boundaries breached.

What's most relevant from the financial sector perspective is that these risks to the planet's health constitute a systemic risk to human life, and to our ability to sustain the economic activities that investments are based on. For these risks to be successfully addressed, the finance sector has a critical role to play, especially in ensuring that capital is directed away from activities that have the most negative impacts on nature and climate.

As an investor, we address these interlinked issues around nature and climate holistically. Our approach to integrating these considerations into our investment processes and risk management, is reflected in our first joint climate and nature report, which you can read more about in this section.

We recently announced our updated climate policy and targets, detailing: new, more ambitious short-and long-term targets; how we are addressing climate risks and opportunities; and our detailed short-term action plan.

In order to achieve these targets, engagement with companies is one of the most important mechanisms we can use to actively contribute to a net-zero transformation.

An update in this section, "Racing to net zero" reviews our ongoing engagement with the top emitters and climate laggards in our portfolios. Among the top emitters, we see many companies taking significant steps: they have established climate targets supervised at board level, are disclosing their progress in line with TCFD guidelines for reporting. However, their short-term commitments are not aligned with their claimed long-term targets; they lack credible decarbonization strategies and their capital expenditure plans remain unaligned with their stated decarbonization plans.

Through the NA100 initiative, we are collaborating with a critical mass of other investors to engage companies on nature impacts. Our update on the work indicates that the companies engaged, are still only in the awareness stage, but haven't progressed towards taking credible steps on their nature impacts and dependencies.

In addition to company engagement, policy is a vital tool for addressing systemic climate and nature risk, and pushing economic activity on to pathways that are aligned with globally agreed targets for limiting climate change and halting and reversing biodiversity loss. In this section, Storebrand Asset Management CEO Jan Erik Saugestad offers a perspective on what's needed from governments on a major aspect of these systemic risks: to nature and biodiversity loss. We also recap the recent COP16 biodiversity talks and preview the upcoming resumptions of the national level negotiations on securing public and private investment to maintain and restore biodiversity.

Opinion

Seeking alignment on nature

Photo: Fredrik Hjerling

The stalled COP16 biodiversity talks underlined the growing need to drag economic activity back onto pathways compatible with sustaining nature and its services

Text: **Jan Erik Saugestad, CEO, Storebrand Asset Management**

With the stalled COP16 biodiversity talks about to resume, it's worth taking a closer look at just what it will take to close the yawning gap in the level of financial flows currently employed in activities harmful to nature, and those employed towards activities that maintain and restore it.

Stalled biodiversity negotiations

Towards the end of 2024, the 16th meeting of the Conference of the Parties (COP16) to the Convention on Biological Diversity (CBD) took place in one of the most biodiverse countries in the world, Colombia. This major event hosted a record attendance of around 23000 people, with 3000 representatives from the business community among them

The goal of the COP16 conference was to ensure more meaningful action from governments and align public and private financial flows to halt biodiversity loss, which is a systemic risk to people, profit and planet alike.

However, the COP16 talks ultimately ended without agreement on financing by wealthier nations for action to maintain and restore nature in developing economies.

Overcoming the deficit in financial flows

To put the COP16 goals on financial flows into context, it's important to reiterate that all economic activity imposes a negative impact on nature, through vectors such as consumption of resources, pollution and land use change. The negative impacts of these economic activities on nature can result in biodiversity loss. On the other hand, activities aimed at maintaining and restoring biodiversity can have a positive impact on nature, and act as a counterweight to the negative impacts of economic activity.

Success in this considerable task, means focusing on two tracks of effort.

First, and most important, both government and the private sector must stop financing economic activities that are outright harmful to nature. In practical terms, this means eliminating subsidies and investments in business activities that for example overconsume natural resources, or lead to irreversible pollution and destruction of natural ecosystems.

Secondly it means scaling up new and additional funding for activities aimed at positive impact on nature, such as increasing funding for programmes to preserve natural ecosystems like forests and wetlands.

The crucial role of finance

The Global Biodiversity Framework adopted in Montreal at the previous COP conference in 2023 emphasizes the importance of raising finance for nature from all sources, including public and private. In Montreal, governments set a target of raising US$ 200 billion in annual financing for the protection of biodiversity between now and 2030, and reforming US$ 500 billion in economic incentives that are harmful to biodiversity.

It is widely recognized that there is a significant shortfall in financial flows into nature-positive investments. In 2022, nature-based solutions (NbS) financial flows amounted to US$ 200 billion. But these investments were overwhelmed by nature-negative payments of US$ 6.7 trillion.

COP16 witnessed several discussions about environmentally harmful subsidies, as a potential solution to meet the funding shortfall through reallocation rather than relying on new sources. Storebrand, through the Finance for Biodiversity Foundation (FfB), helped design some of these discussions before the conference, by providing clear policy recommendations to governments on alignment of financial flows and the range of financial instruments that can be used to finance nature. At the conference itself, these discussions were followed up with Ministers of Finance and International Development Banks. I was particularly encouraged to see the attendance of several Finance Ministers, as their presence implies that nature considerations are moving beyond the Environment and Agriculture Ministries.

Finance was the main point of contention at COP16: with deep divisions between developed and developing countries, agreement was unfortunately not reached between the countries on financing for nature. That gap creates uncertainty about the total level of financial support that will be available for biodiversity conservation, as well as the role of the private sector in contributing to these efforts. This February, in Rome, governments will resume discussions on this unresolved issue, aiming to bridge this gap by coming to an agreement.

However, progress was made in negotiations on sharing benefits from use of digital sequence information on genetic resources (DSI), which represent hopeful wins for nature. Furthermore, countries did manage to reach a consensus on a new benefit-sharing mechanism for genetic resources, known as the "Cali fund". Businesses in sectors utilizing genetic resources (pharmaceuticals, cosmetics, agriculture) will be required to contribute a percentage of their profits or revenue to the Cali Fund. Although the nature of these contributions is voluntary, this might not be the case in the future.

Bold action must follow

Bold action is needed from governments in 2025, to ensure more meaningful commitments on national implementation; cuts to subsidies for harmful activities; and stimulus for positive activities. Furthermore, its vital that governments reach agreement on the outstanding items of the COP16 agenda, during the intercessional COP sessions that are scheduled to take place in Rome this February.

Accomplishing these initial actions could lay the groundwork for success at the follow-on event, COP17, which will be held in Armenia.

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Updates

Updated Climate Policy

Storebrand sets new climate targets for 2030

The initial iteration of our Climate Policy for Investments was published in August 2020, outlining our pathway towards Net Zero 2050. That long-term commitment is backed up by short-term climate targets, which we will revise at least every five years, in line with the ratchet mechanism of the Paris Agreement.

Our initial set of targets should be met by end of year 2025, and during 2024 we set new targets for 2030, building on the progress we have made so far.

Pending final approval by the Board, **our updated climate policy and targets are available on our website.** The document outlines both measures we have already taken to mitigate our exposure to climate risk while capitalizing on opportunities, and the actions we aim to take over the period 2025-2030.

Our climate targets are of three types:

- **Asset level emission reduction targets:**
  For the different asset classes we invest in, we have set quantified targets for reduction of GHG intensity. These targets are based on the guidance of the Net Zero Investment Framework of The Institutional Investor Group on Climate Change (IIGCC) and the Target-Setting Protocol of the UN-Convened Net Zero Asset Owner Alliance (NZAOA). In addition to updating and raising the targets for listed equities, corporate bonds and real estate, we have, for the first time, included the private equity and infrastructure asset classes within the scope of our short-term targets.
- **Financing target:**
  We have increased our target for the share of our total investments to be allocated to companies and activities that contribute to global climate goals and other Sustainable Development Goals.
- **Engagement target:**
  Our net zero strategy intends to maximize our contribution towards reducing emissions in the real economy. To achieve this, we will continue to implement a stewardship and engagement strategy, backed by a voting policy that is consistent with an objective for all assets in the portfolio to achieve net zero emissions by 2050 or sooner.

Our new integrated Climate and Nature Report

Follows common structure of the TCFD and TNFD while incorporating TNFD additional core disclosures and metrics

In line with our commitments as early adopters of the Taskforce on Nature-related Financial Disclosures (TNFD) disclosure recommendations, we proudly unveiled our 2024 Climate and Nature Report during the fourth quarter of 2024.

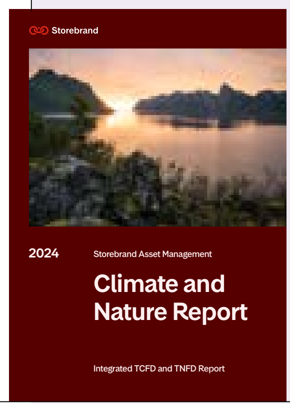
The interconnectedness of nature loss and climate change poses significant risks to the global economy and society. Climate change is a key driver of biodiversity loss, while biodiversity and ecosystems play a crucial role in mitigating and adapting to climate impacts. Since these challenges are intertwined, so must our response be too.

To align financial flows with the targets set by the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework, we need to approach nature and climate holistically.

Storebrand Asset Management is a TNFD Early Adopter, committed to aligning our disclosures with the Taskforce on Nature-related Financial Disclosures (TNFD) from the reporting year 2024. We've already started implementing the TNFD methodology in our portfolios to better understand nature-related risks and opportunities, and we want to share our progress so far.

We're excited to share our first joint Climate and Nature Report, which outlines how we integrate climate and nature considerations into our investment decisions and risk management. This report follows the common structure of the TCFD (Task Force on Climate-related Financial Disclosures) and TNFD, while also incorporating TNFD's additional core disclosures and metrics.

We acknowledge that addressing nature-related data is a challenge for both financial institutions and companies. While there's much work ahead to fully meet TNFD's recommendations, we believe in learning by doing. Producing this report has offered valuable insights into areas where we can improve, and we hope that by sharing our progress, we can foster mutual learning with other stakeholders



Read the **Storebrand Asset Management 2024 Climate and Nature Report**

→ Emine Isciel at the NA100 event

Nature Action 100 results announced

First benchmark assessments reveal need for increased investor focus on nature

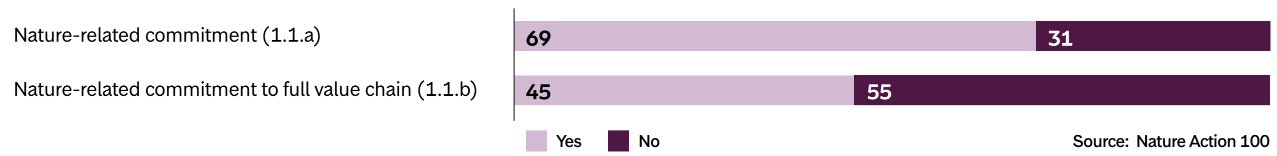
At this year's United Nations Biodiversity Conference (COP16), Nature Action 100, the first global investor-led engagement initiative to address nature and biodiversity loss, announced the results of its first benchmark assessment of corporate progress toward the initiative's Investor Expectations for Companies.

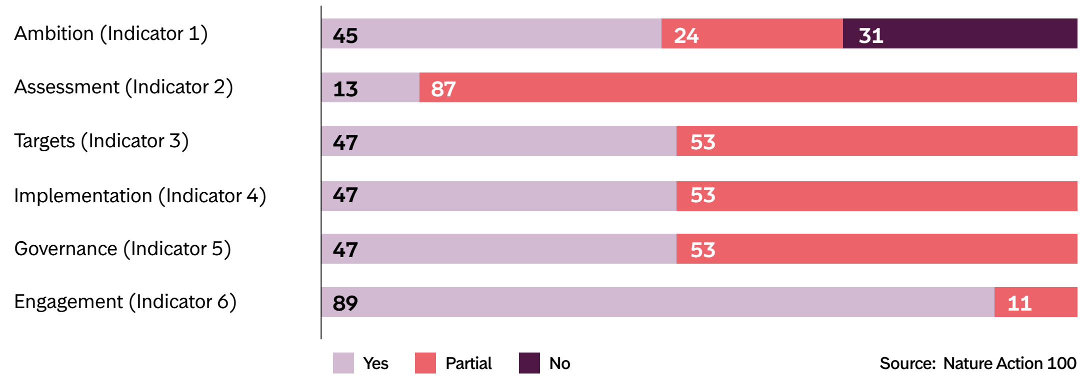
To mark the launch, the Nature Action 100 hosted an event to showcase key findings and speak more widely about the use case for investors. This included a panel discussion featuring **Emine Isciel** from Storebrand Asset Management, Joe Horrocks-Taylor from Columbia Threadneedle, Humberto Delgado-Rosa from the European Commission, and Andreas Dahl-Jørgensen from Norway's International Climate and Forest Initiative (NICFI), moderated by Jérôme Kisielewicz from ICF Investments.

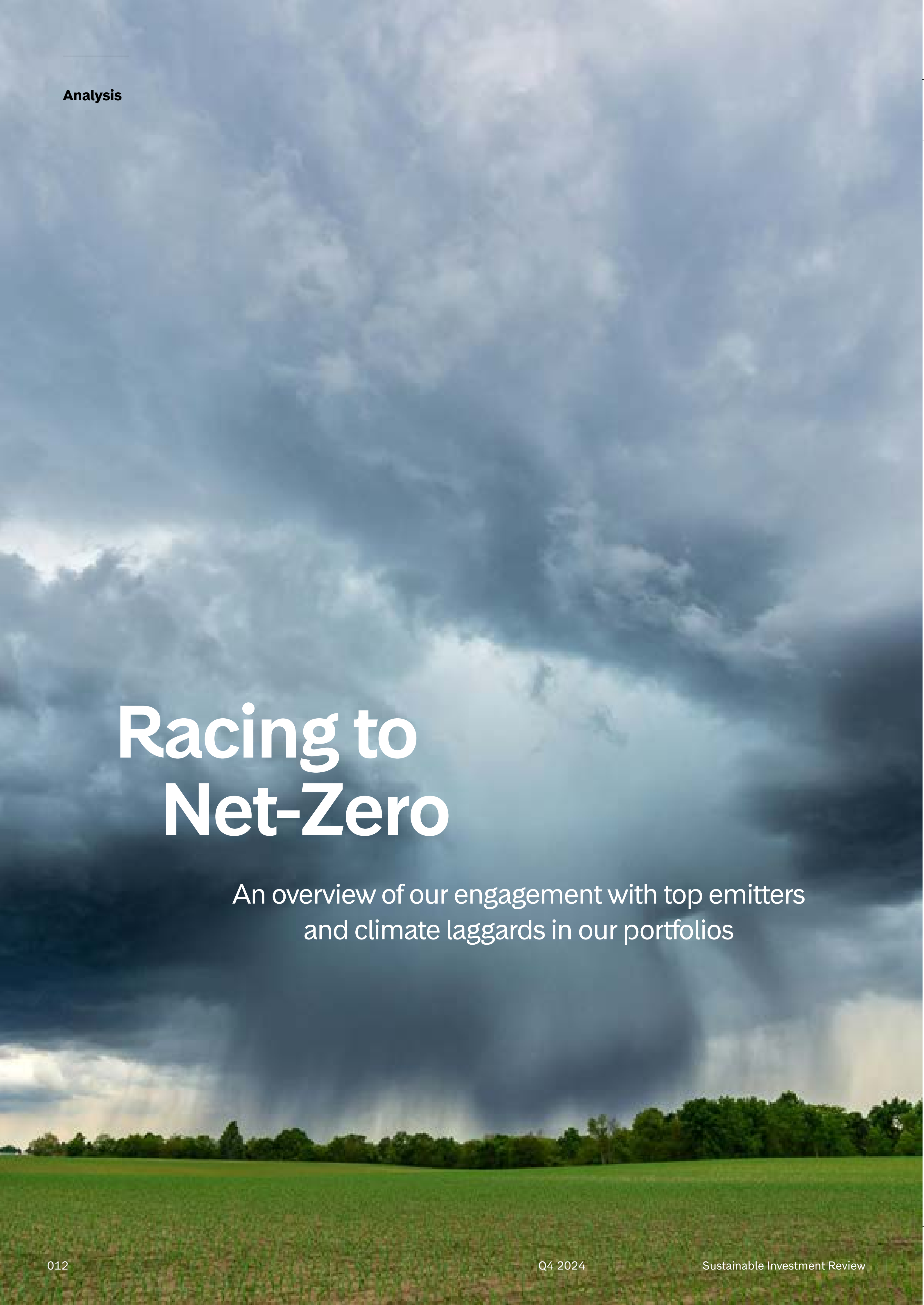
The **Nature Action 100 Company Benchmark** results show that most of the initiative's 100 companies are in the early stages of addressing their nature-related impacts and dependencies. Much more urgent and ambitious action is needed, for companies to mitigate the growing material financial risks their businesses face from nature loss, and to fulfil the private sector's role in reaching global biodiversity goals.

Key findings include:

- **The majority of companies disclose an ambition:**
  Over two-thirds of the group (69 companies) disclose a commitment to protect nature and two-thirds (45 companies) of those have commitments that extend through company value chains.
- **Few companies disclose robust nature-related assessments which are vital to developing credible plans:**
  Only one company discloses evidence of a comprehensive materiality assessment of nature-related dependencies, impacts, risks, or opportunities. A few others have made early-stage progress.
- **A significant number of companies disclose nature targets and plans to implement them:**
  47 companies disclose targets to avoid or reduce their impact on nature and over three-quarters (37) of these companies also disclose strategies for achieving those goals. However, no companies disclose evidence that their targets stem from assessments of material nature-related dependencies, impacts, risks, and opportunities.
- **Companies disclose limited progress towards recognizing and protecting the rights of Indigenous Peoples and local communities:**
  Only 31 companies meet at least one of the five benchmark metrics related to respecting and upholding the rights of Indigenous Peoples and local communities, who play crucial roles in biodiversity conservation, restoration, and stewardship. None of the companies met all the criteria.







Racing to Net-Zero

An overview of our engagement with top emitters and climate laggards in our portfolios

As we move into the critical period between now and 2030, we need to see accelerated action globally amongst a suite of stakeholders to significantly reduce GHG emissions. For investors that are increasingly focused on aligning their portfolios with the net-zero emission target, engagement is perhaps the most important mechanism we can use to actively contribute to a net-zero transformation.

At Storebrand, we have designed an engagement strategy where we put emphasis on both top emitters, meaning the companies that generate the biggest amounts of owned emissions in our portfolios, and "climate laggards", which are companies clearly misaligned with the transition to net zero.

Some of these dialogues have been carried out at the C-suite level and through participation in the Climate Action 100+ and the Institutional Investors Group on Climate Change (IIGCC). This approach supports companies in their transition, making it a more flexible option for those willing to work with high emitters to achieve net-zero goals. Each year, we set expectations for the target companies, outlining where they were falling short and our concerns. Our voting activity supported our approach, too. We reflected on the signal that we would be sending by voting — or declining to vote — with management.

While there is still much more to do, over the past year we saw continued progress against our climate expectations. More companies are committing to net zero and developing decarbonation strategies while explicitly committing to aligning their disclosures with the TCFD recommendations. Undoubtedly there are challenges around direct attribution of impact, but there can be little doubt that investor engagements through collaborative initiatives such as Climate Action 100+ and Net-Zero Engagement Initiative have changed the conversation in terms of putting the spotlight, globally, regionally and sectorally, on the world's largest corporate greenhouse gas emitters and the role and importance of investors in corporate engagement.

For investors that are increasingly focused on aligning their portfolios with net-zero emission target, engagement is perhaps the most important mechanism we can use to actively contribute to a net-zero transformation.

Climate laggards:
Building on the data from various sources, including from Transition Pathway Initiative which focuses on forward-looking indicators, has enabled us to make informed decisions about our engagement strategy and approach to stewardship, both by sector and for individual companies. We use data and tools like TPI to determine whether companies are meeting our expectations to align their targets and plans with the temperature goals of the Paris Agreement. This has enabled us to engage more strategically, based on a solid understanding of what the net zero transition really means in practical terms for companies in the real economy.

Since 2023, we have been engaging with 31 companies with low management score and carbon performance to understand companies' preparedness for the transition to net zero. In December 2024 we made a new assessment of company progress. The key findings from that assessment include:

- **Companies increasingly acknowledge climate change as a significant issue for their business.** Out of 31 companies, 12 companies achieved the highest score of 3, reflecting strong management practices and a clear preparedness for the net zero transition. This highlights that nearly 40% of the companies have already implemented robust management frameworks to address climate-related risks and opportunities.

- **A significant number of companies lack strategies for achieving net-zero emissions.** For short-term goals (2027), 12 companies, or 39%, are not aligned, indicating limited or no immediate action to address the transition to net zero. In the medium term (2035), 10 companies, or 32%, remain unaligned, and for long-term goals (2050), 12 companies, or 39%, are not aligned. This indicates a critical gap in their strategies for achieving net-zero emissions.

- **Some companies still do not recognize climate as a relevant risk or opportunity for their business.** In total, 12 companies scored 0 or 1, highlighting significant gaps in their management systems, with little to no preparedness for addressing climate-related risks. These companies may lack both transparency and a structured approach to achieving climate goals. Additionally, 11 companies, or 35%, provide no or unsuitable disclosure for all target timelines, raising concerns about transparency and preparedness for the net-zero transition.

Figure 1 – Management Score: The distribution of companies based on their Management Score, ranging from 0 to 3, where higher scores indicate better management performance

Figure 2 – Carbon Performance: This figure illustrates the carbon performance alignment of 31 companies with climate targets.

Figure 1: Management Score

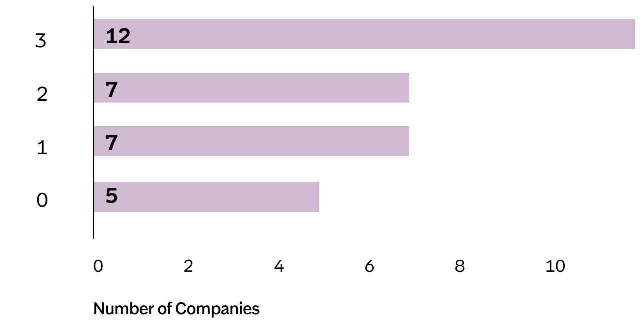
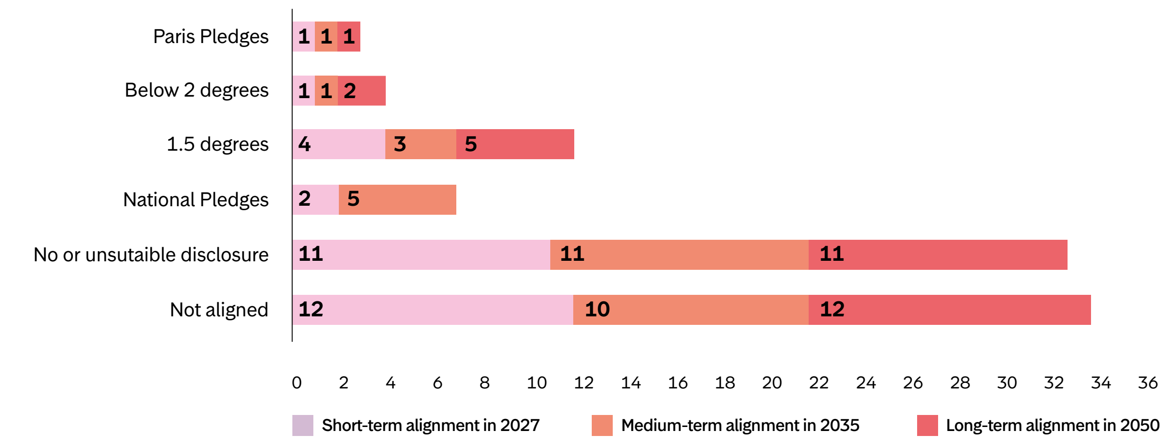


Figure 2: Carbon Performance



Top emitters:
Overall, the results of our assessment show that most companies have progressed in their decarbonation journey, but more urgent and ambitious action is needed to achieve the investor expectations and to mitigate the growing risks their business faces. Key findings include:

- **The majority of companies have made a long-term commitment to net zero:** Among the 20 most emitting companies, the majority—17 companies (85%)—have committed to achieving net zero GHG emissions by 2050 or earlier. One company (5%) has a partial commitment, meeting only some of the criteria. Finally, two companies (10%) do not report any long-term ambitions or commitments toward net zero.

- **Half of companies have developed a sufficient decarbonization strategy:** Half (50%) of the 20 companies have adopted a comprehensive decarbonization strategy that outlines the measures they will take to achieve their medium- and long-term GHG reduction targets. The remaining companies have partially sufficient strategies that meet some, but not all, of the established criteria. None of the companies lack a decarbonization strategy altogether.

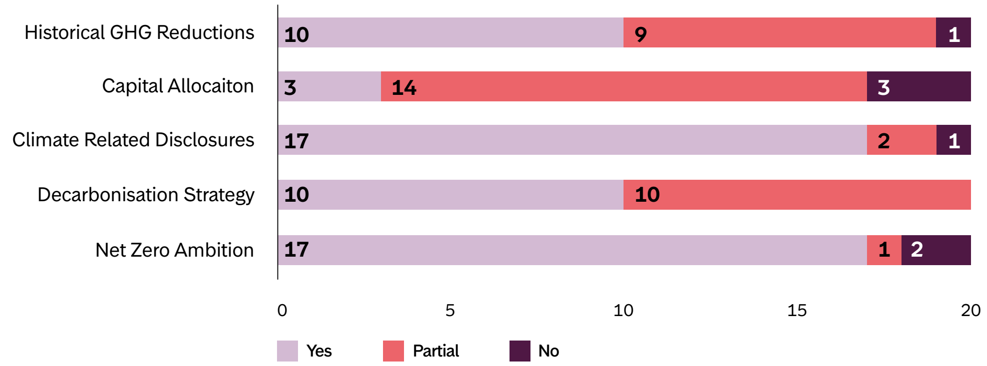
- **Majority of companies disclosure climate-related information:** Of the total 20 companies, 17 (85%) have committed to implementing and reporting according to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) or International Sustainability Standards Board (ISSB) Standards. Additionally, 2 (10%) of the companies report in a manner that partially meets the criteria, while only 1 (5%) company does not report at all.

- **A minority of companies have fully decarbonized their capital expenditures:** Only 3 out of 20 companies (15%) have implemented comprehensive measures. The majority, 14 companies (70%), have partially decarbonized their capital expenditures. Meanwhile, 3 companies (15%) have not undertaken any decarbonization efforts.

- **A slight majority of companies have achieved reductions in their historical emissions:** Specifically, 10 companies (which together make up 50% of the highest-emitting companies) have demonstrated a decrease in both emissions' intensity and absolute emissions. Additionally, 9 companies, (which together make up 45% of the highest-emitting companies) have shown partial reductions in their historical emissions intensity and absolute emissions. However, 1 company (which accounts for 5% of the highest-emitting companies) have not exhibited any decrease in their historical emissions, neither in intensity or in absolute terms.

Figure 3: The following graph presents the results from the company benchmark analysis

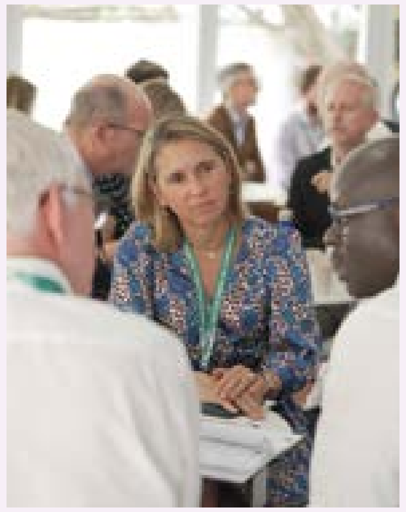
Top emitters benchmark results



Update

Storebrand at COP16

A recap of our participation and activities



← The FfB lunch event gathered stakeholders for informal roundtable discussion on how to advance the Global Biodiversity Framework (GBF)

Nature and climate change have long been two of Storebrand Asset Management's engagement focus themes, and as such, the COP16 conference held in Cali, Colombia this November, was of major importance for our work. This sixteenth meeting of the Conference of the Parties (COP) to the Convention on Biological Diversity, assembled high-level government representatives for negotiations on implementing previously agreed frameworks to align global development with pathways compatible with halting and reversing biodiversity loss.

Storebrand's delegation to the COP16 event consisted of our CEO Jan **Erik Saugestad** and our Head of Climate and Environment **Emine Isciel**. In total, they were asked to take the floor at 14 events, in addition to participating in the formal negotiations.

Plenary speech and FfB engagement

Saugestad spoke at the plenary of the second Finance and Biodiversity Day on Monday 28 October 2024, at COP16. Building on the success of the inaugural event in Montreal, this event aimed to foster meaningful engagement among CEOs, Finance Ministers, and other leaders in biodiversity and finance, providing a platform for high-level debate and collaboration on meeting society's nature goals. It was planned just ahead of the High-Level Segment of the COP attended by Heads of State and Ministers.

COP16 in Colombia also marked the second time the Finance for Biodiversity Foundation (FfB) and its partners (the Secretariat of the Convention on Biological Diversity, the Inter-American Development Bank, United Nations Development Programme, the United Nations Environment Programme, and the World Bank Group) brought together finance ministries, heads of international development organizations and CEOs of leading finance organizations to discuss the potential solutions to successful implementation of the Global Biodiversity Framework (GBF).

On October 28, CEOs of Finance for Biodiversity Foundation engaged diverse groups informally over lunch to discuss key barriers and challenges to advancing the Global Biodiversity Framework (GBF). Inger Andersen, UNEP Executive Director, opened the session, followed by a short setting-the-stage discussion between Olha Krushelnytska, Technical Lead, Coalition Secretariat, The World Bank; Jan Erik Saugestad, CEO, Storebrand Asset Management; and Anita de Horde, Executive Director, Finance for Biodiversity Foundation. The discussion was then followed by roundtable discussions among participants.

High-level closed-door event on nature-positive finance

On October 29, the Finance for Biodiversity Foundation brought the wider group together for a high-level closed-door breakfast focused on solutions and opportunities to drive nature-positive finance forward. This multi-stakeholder dialogue highlighted the need for a whole-of-government approach to address key targets and goals of the GBF on the alignment of financial flows, and, in particular, to include finance ministries into the design and implementation of Nationally Determined Contributions (NDCs) and National Biodiversity Strategies and Action Plans (NBSAPs). The participants also agreed that it is essential to embed nature and climate considerations across all policies and investments, as well as to step up efforts on scaling up financing for nature.

The meeting was attended by a diverse group of stakeholders. These included coalition members such as a government minister from Colombia, Uganda and the UK; and State Secretaries from France, Finland, Germany. CEOs attended representing Storebrand Asset Management, Mirova, Fondaction, Church Commissioners of the Church of England, and Arkea Capital. Also present were the coalition's institutional partners, Chief Sustainability Officers (CSOs) and Heads of Sustainable Investing of lead finance organizations, and representatives of government ministries of environment.

Event on sustainable land use and deforestation

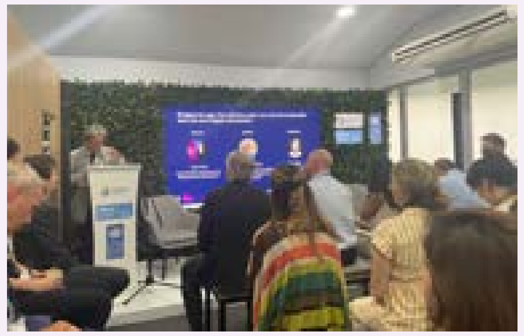
Storebrand also organized an event on deforestation with key partners. The event, "Bridging the gap: How effective policy can promote sustainable land use and mitigate deforestation", took place on Tuesday, 29th October 2024.

At the gathering, representatives from government, the private sector, and civil society, were able to foster a deeper understanding of how policies can promote sustainable land use, combat deforestation and discuss the role of multi-stakeholder partnerships in driving systemic change. Manuel Pulgar-Vidal, a former Minister of the Environment of Peru and CBD Action Agenda Champion for Nature and People, held the keynote remarks. In his remarks, Pulgar-Vidal highlighted the importance of the food-nature nexus and the importance of redirecting investments that drive commodity-driven deforestation, conversion, and associated human rights abuses from their portfolios.

A panel discussion followed, moderated by Niki Mardas, Executive Director, Global Canopy. Reflecting a cross section of stakeholder groups, the panel participants included Garo Batmanian, Director General of Brazilian Forestry Service at the Brazilian Ministry of Environment and Climate Change; Hugo Schally, Advisor for International Negotiations, European Commission; Leonardo Colombo Fleck, Senior Head of Sustainable Innovation, Santander Brazil; Rob Cameron, Global Head of ESG Engagement, Nestle; and Kiran Sehra, Nature and Biodiversity Lead, Aviva Investors. Together, they engaged in a discussion addressing the role and effectiveness of regulation in promoting sustainable land use, product traceability, and combating deforestation.

↑ Storebrand Asset Management CEO Jan Erik Storebrand speaking at the plenary of the second Finance and Biodiversity Day of COP16 in Cali, Colombia

↑ The FfB high-level closed-door breakfast was a rare opportunity for diverse group of stakeholders to share thoughts and learnings in person



↑ Manuel Pulgar-Vidal, former Minister of the Environment of Peru delivering the keynote remarks at Storebrand's event on deforestation at COP16

Analysis

Political uncertainty creates new opportunities for renewable energy

As the Trump administration begins, might there be surprises ahead for those expecting big changes to renewable energy policies?

Nader Hakimi Fard,
Portfolio Manager, Storebrand Renewable Energy Fund

In early November, after Donald Trump's victory in the U.S. presidential election, renewable energy stocks fell broadly. Driving this change, was the sentiment of many investors about the risk that the green energy incentives introduced during the Biden administration, through the Inflation Reduction Act (IRA), may be changed or withdrawn.

The election results and their consequences for the sector

By mid-November, it also became clear that the Republican Party had secured a majority in both the U.S. House of Representatives and the U.S. Senate. Thus, from January, Trump and the republicans have full control over both legislative and executive power in the U.S. government, a commanding position that gives them the opportunity to implement their declared political agenda in this sector.

The impact of the election has been widely discussed, from tax policy to foreign affairs. For the Storebrand Renewable Energy fund, we focus on how the election outcome could affect the renewable energy sector — and specifically the U.S. Inflation Reduction Act (IRA) introduced into law in 2022 under the Democratic Party's Biden administration. The IRA has played a crucial role in promoting green investments in the country, and its future could significantly impact the renewable energy landscape.

The role of the IRA

The Inflation Reduction Act is a cornerstone for driving green investments in the United States. If Harris had won the election, the IRA's implementation would have proceeded as planned. Trump's victory, however, has created uncertainty about the future of the law. We believe that a complete abolition of the IRA is unlikely, even with Republican control of the US Congress and presidency. However, it is possible that changes will be introduced, such as limiting tax benefits and loan guarantees, and that tariffs will be imposed on components for wind, solar and energy storage technologies. At the same time, measures can be introduced that strengthen the fossil fuel industry.

We see two main reasons why a complete abolition of the IRA is unlikely. First, many IRA-related investments have already been made in Republican states, where they have created jobs and relocated important parts of the renewable value chain. Second, 18 Republicans have warned that total abolition would mean significant losses of taxpayer funds without a corresponding return. With a narrow majority in Congress, we therefore believe that changes will be more selective. It is also important to remember that in just two years' time, mid-year congressional and senatorial elections will be held, in which the relevant legislators will not want to risk being rejected by voters in their constituencies. Tax incentives for electric cars and offshore wind power, for example, may be more vulnerable.

The future of climate investments

Despite the uncertainty, there are several long-term trends that speak in favour of renewable energy. Technologies such as solar and wind power are becoming increasingly competitive, energy storage solutions are becoming more efficient and cheaper, and the need for energy — especially renewable — continues to increase. Regardless of the election results, it is clear that both the United States and the rest of the world need to invest more in renewable energy sources to reach the goals of net-zero emissions.

The election results are likely to create turmoil for the sector in the short term, with news flows surrounding potential policy measures. At the same time, it is too early to say what the measures will be and what we will see in terms of actual net impact on the sector. It's also worth noting that the last time Trump was president was one of the best periods for green funds. The situation is thus not as black-and-white as the initial market reaction suggests.

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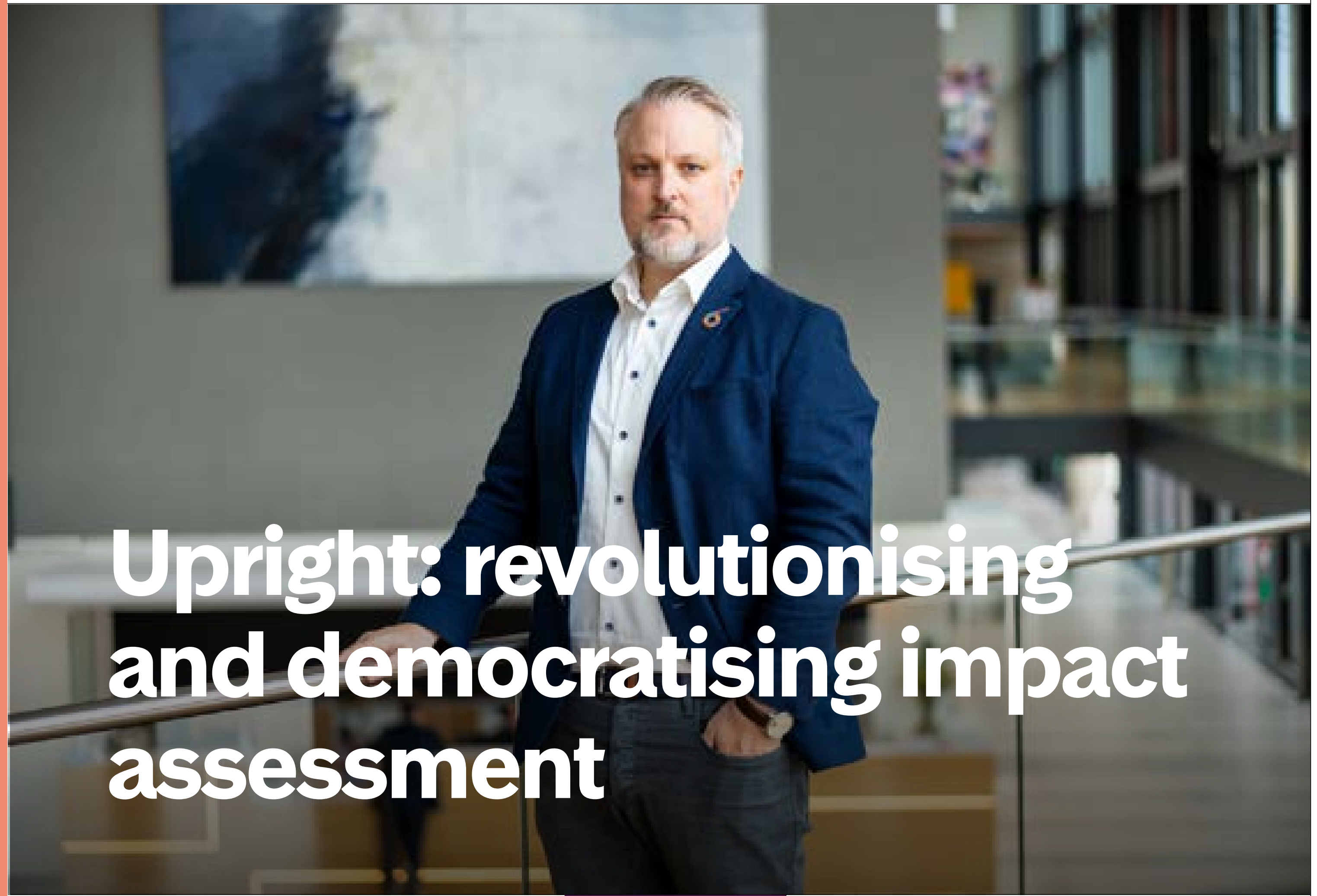


Upright: revolutionising and democratising impact assessment

How we are using an innovative impact data model to strengthen our solutions investments

Text: **Philip Ripman**
Portfolio Manager,
Storebrand

Impact investing has emerged as a powerful force to address global challenges such as climate change, poverty and inequality. The Global Impact Investing Network (GIIN) estimates that more than 3,900 organisations currently manage over US $1.6 trillion allocated towards solutions-orientated investments, representing compound annual growth of 21 per cent since 2019[1].

As impact investing has expanded into the more mainstream areas of the capital markets, assessment of its effectiveness has become increasingly important. As well as ensuring transparency and accountability, quantifying impact allows investors to track progress toward goals, alignment with asset owners' intentions and demonstrate the real-world value of their investment decisions. Accurate measurement is also critical to building trust in the industry — for example by dispelling concerns about 'impact washing' – and ensuring that resources are allocated efficiently, which will hopefully attract even more capital to help solve the significant challenges we face.

Assessment anomalies

Unlike traditional financial performance metrics, A major issue is the lack of standardisation. Improving education outcomes, for example, requires very different metrics to tackling biodiversity issues.

however, which are generally standardised and well-understood, quantifying social and environmental outcomes is relatively new and fraught with complex challenges.

A major issue is the lack of standardisation. Improving education outcomes, for example, requires very different metrics to tackling biodiversity issues. Social and environmental impacts are multi-faceted and often context-dependent, which makes comparing investments challenging.

Another obstacle is the difficulty of attributing outcomes to specific investments. Change often results from a combination of factors, making it hard to isolate the impact of individual actions and assess causation. There can be a lack of transparency and demonstrating a clear link between positive impact and financial performance is an additional barrier to overcome for impact investing to expand further into mainstream markets.

The costs of impact measurement also create barriers that can detract from financial returns and overwhelm stakeholders with complexity. Overly basic frameworks, on the other hand, risk oversimplifying impacts or missing important nuances.

Upright solution

One company helping to overcome these challenges is Upright. The innovative Helsinki-based start-up has built an open-access database to help investors and other stakeholders quantify the real-world net impact of companies. Launched in 2017, the **Upright Project** is currently used by over 250 organisations to assess 50,000 businesses globally.

Upright's model uses advanced data science and machine learning to analyse over 250 million scientific articles, company disclosures and public information sources to quantify the science-based impact of around 150,000 products and services. That knowledge is then used to produce impact scores for companies and funds.

Importantly, these scores include both positive and negative effects across four dimensions — environment, health, society and knowledge – to provide a holistic view of a company's footprint. We have been using Upright since the summer as an input into the investment process for Storebrand's **solution-focused equity funds**, which are centred on renewable energy, smart cities, circular economy and equal opportunities – themes complemented by the Upright model.

It provides us with data-driven impact scoring across a range of metrics with data that can be compared across industries and company sizes. As with all third-party data tools, although we don't always agree with Upright's assessment, used alongside other inputs and our own analysis, the model provides a valuable appraisal of companies in our investment universe and our portfolios in aggregate.

References

[1] https://s3.amazonaws.com/giin-web-assets/giin/assets/publication/giin-sizingtheimpactinvestingmarket-2024.pdf

[2] Source: UN Financing for Sustainable Development Report 2024

[3] Source: Upright. Net Impact Ratio of all positive and negative impacts. Defined as Positive Impacts - Negative Impacts / Positive Impacts.

Holistic view: Upright's net impact assessment of Storebrand Global Solutions

Source: Upright

Goal alignment: Upright's UN SDG assessment of Storebrand Global Solutions

Source: UN Financing for Sustainable Development Report 2024

As the analysis to the left demonstrates, the model's focus on net impact is a key differentiator. It considers both costs and benefits in assessing net value creation — including across entire company value chains — in order to inform decision-making on capital allocation. At a portfolio level, Global Solutions ranks most positively on societal benefits, notably infrastructure and stability, whilst the environment, notably GHG emissions, and knowledge (scare human capital) are the fund's largest costs. This aligns with our view that it is important to recognise that all goods and services society produces have a cost – consider the factory emissions and skilled labour needed to produce electric cars, for example – which must be considered alongside their social benefits.

SDG alignment

Another output of Upright's model is company alignment with achieving the UN Sustainable Development Goals (SDGs), based on revenue assessment across the 17 goals and 169 targets. With the global financing gap to achieve the SDGs having widened from US$ 2.5 trillion annually pre-COVID to US$ 4.2 trillion in 2024, this is particularly useful to help find companies that are well-positioned to deliver these important objectives[2].

As the SDGs are central to the portfolio construction of our solutions funds, this also provides useful benchmarking at an aggregate level. Storebrand Global Solutions, for example, is largely SDG aligned with the portfolio scoring particularly highly on Goals 9 (industry, innovation and infrastructure), 8 (decent work and economic growth) and 11 (sustainable cities and communities) as can be seen above.

Third-party endorsement

For our clients, Upright provides third-party benchmarking of our portfolios. Storebrand Global Solutions has a net impact score of +37 per cent, placing it in the top 4 per cent of Upright's universe of over 42,000 funds[3]. Given the model's data-driven assessment of real-world net impacts, this is valuable endorsement of our view that transparency and thinking holistically about companies' products and services is key to solving our most significant environmental and societal challenges.

Looking ahead, Upright has ambitious plans to increase its coverage universe and provide data on all companies globally with over 10 employees and an internet presence. Also key to its goal of creating a 'Wikipedia of company impact' is a commitment to its model remaining publicly available, with Upright believing that science-based, open-source information offers an important check on company-led disclosure and a way of incentivising huge shifts in capital allocation.

We believe that investing in companies making a positive net impact that are well-positioned to achieve the UN SDGs will help ensure a better future and deliver optimal risk-adjusted financial returns over time. Given the complicated challenges of assessing impact and goal alignment, tools like Upright will be vital to achieving these important objectives.

→ Storebrand Head of Human Rights, Tulia Machado Helland, in panel discussion at the 13th UN Forum on Business and Human Rights.

Can the business sector close the human rights due diligence gap?

Roundup and reflections on the recent UN Forum on Business and Human Rights

With human rights rising on the investment and business agenda, we recently had the privilege of engaging with diverse stakeholders on these issues at the UN Forum on Business and Human Rights. Storebrand's Head of Human Rights and Senior Sustainability Analyst, Tulia Machado-Helland, was a featured participant in panels where she shared insights on Storebrand's approach and discussed how progress could be made on business responsibility with regards to human rights.

Premier forum on business and human rights

Grounded in the UN Guiding Principles on Business and Human Rights, the forum serves as a multi-stakeholder platform for discussing crucial trends and obstacles in the implementation and advancement of these principles. The forum is considered to be the world's annual largest gathering on the topic and the levels of interest and participation remained keen this year.

Hosted in Geneva in November, this 13th UN Forum on Business and Human Rights attracted thousands of participants, including government officials, business leaders, community representatives, civil society organizations, law firms, investor groups, UN bodies, national human rights institutions, trade unions, academics, and the media.

This year's forum covered a range of pertinent topics, such as state action, technology and AI, access to remedy, Indigenous Peoples' rights, and human rights due diligence. Each of these subjects is central to achieving a fair and transparent society, and specific commitments in these areas form part of the UN Guiding Principles, which both we and many of the companies we are invested in, have formal commitments to operate in accordance with.

Arms industry and human rights due diligence

Storebrand's Head of Human Rights and Senior Sustainability Analyst, **Tulia Machado-Helland**, was invited to feature in two panel discussions. The first of the two panels addressed the arms industry and its obligations regarding human rights due diligence.

The arms industry has taken centre stage in the news over the past years, and is equally high on the investment radar. Recent data by the Stockholm International Peace Research Institute (SIPRI) noted that arms and military services revenues by the 100 largest companies in the industry rose 4.2 per cent to $632 billion in 2023.[1]

However, the UN Working Group on Business and Human Rights highlighted that despite existing regulatory frameworks, arms products and services are still being exported to states where they are used to commit severe human rights violations, including potential war crimes and crimes against humanity. With global tensions rising and investors seeking to mitigate portfolio exposure to high-risk arms industries, the need for recognized legal and normative frameworks to ensure human rights is more pressing than ever.

Joining Machado-Helland on the panel were rights holders, civil society members, government representatives, and experts. In this session, they together shed light on frameworks for ensuring adequate human rights due diligence, responsible arms trade, and access to remedies for victims.

Machado-Helland, who was invited to provide insights from the perspective of being responsible for human rights at a financial institution, detailed Storebrand's proprietary process for collecting and analysing data, and explained our norms-based and product-based screening processes. She also addressed the challenging question of whether the arms industry can be categorized as "sustainable", and invited grassroots organizations to collaborate more effectively with investors. Her contributions were met with resounding applause and positive feedback.

Securing Indigenous Peoples' rights

Machado-Helland also was also a featured participant in another panel discussion, on Indigenous Peoples' land rights, alongside representatives from Indigenous communities, governments, and the UN.

There is a global increase in the demand for large-scale land acquisition and resources, with businesses, including investors, pursuing economic projects related to food, fuel, minerals, renewable energy, and conservation. While Indigenous Peoples make up 6 per cent of the world's population and hold an estimated 20 per cent of the world's landmass, they have formal legal ownership of less than only 10 per cent of this land.

Furthermore, the processes of land acquisition often lack transparency and fail to include the participation of Indigenous Peoples, exacerbated by inadequate accountability mechanisms like the requirement for Free, Prior, and Informed Consent (FPIC). This lack of transparency and procedural fairness leads to indigenous lands being under constant threat of unfair and forced acquisitions, harming their rights.

The session explored how land acquisition should be integrated into business human rights due diligence, before and after obtaining business licences to operate in Indigenous Peoples' territories, and the measures governments must take to protect these rights.

In this panel, Machado-Helland emphasized the importance of policy commitments and due diligence processes based on the UN Guiding Principles and OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. She stressed the need for companies to verify states' own processes, ensuring that they have consulted and obtained consent from all affected communities; and guaranteeing just and fair redress as a way to avoid contributing to violations committed by the states, before accepting any concessions or permits to operate. Companies should also conduct their own due diligence identifying indigenous lands and resources as well as engage with rights holders for a proper FPIC process.

Takeaways

Our reflection on the comprehensive dialogue at the UN Forum, is that there is a welcome interest in the role that investors can play towards ensuring that human rights are respected by companies and protected by governments. However, business trends in many areas — such as in the arms industry and in land acquisition — mean that investors are likely to face significant pressure now and in the near future, to ensure that companies they are invested in, meet their responsibilities on human rights due diligence. Investors also have a big role to play in engaging governments, to ensure that adequate standards and safeguards are in place.

References

[1] Stockholm International Peace Research Institute, Dec 2024: "World's top arms producers see revenues rise on the back of wars and regional tensions"

https://www.sipri.org/media/press-release/2024/worlds-top-arms-producers-see-revenues-rise-back-wars-and-regional-tensions

Human Rights Due Diligence in the Arms Industry

Photo: iStock/onurdongel

Battle tanks, seen here in production, are an example of products that are often not covered by emerging human rights due diligence regulation, which increases exposure to human rights risks

How Storebrand approaches the challenges of risk mitigation in a complex, relatively opaque sector

As a representative of the financial sector and a responsible investor, Storebrand bears the responsibility to ensure the implementation of human rights due diligence within the arms industry. We manage investments in 4,500 companies, on behalf of pension clients, to diversify risk and secure their futures. In this situation, the responsibility that we bear is independent of the states' ability or willingness to fulfil their own human rights obligations.

Several types of risks

In addition, as investors we consider it part of our fiduciary duty to mitigate risks that we consider to be material. There are direct human rights-related financial risks associated with the arms industry. These can include legal liabilities such as fines, cancellations, lawsuits, and civil litigation. Moreover, these companies can face risks to their reputation and brand value. Finally, as an investor with a longer-term perspective, we also view the potential systemic instability caused by misuse of weapons, as a risk of significant importance.

Given the current gaps in weapons export licensing regimes and the lack of adherence to international humanitarian law, coupled with the high incidence of armed conflict globally, our role is crucial.

Emerging human rights due diligence regulations often fail to apply to the arms industry, thus increasing the exposure to human rights risks within Storebrand's portfolios and funds. As an investor, Storebrand must mitigate these risks as part of its fiduciary duty. Moreover, Storebrand recognizes its enhanced responsibility, alongside other stakeholders and actors, to push companies towards conducting thorough human rights due diligence and improving corporate behaviour.

Our approach
At Storebrand, we utilize two types of screening processes: one is based on the nature of the products made by the entities we may invest in, while the other is based on the conduct of the entities themselves.

Product-based screening targets controversial weapons, including anti-personnel mines, cluster munitions, chemical and nuclear weapons. This screening also encompasses weapons not banned by treaties, such as white phosphorus and lethal autonomous weapon systems, given that they cannot uphold international humanitarian law.

Additionally, we conduct a conduct-based screening, which is not limited to the aerospace and defense sector. The dual-use nature of many products complicates this process. The primary challenge is the lack of sufficient information. This makes conduct-based screening more difficult than product-based screening, necessitating assistance from ESG data providers to analyze risks. With investments in over 4,500 companies, Storebrand requires extensive data.

However, data providers mostly focus on the countries that are under arms embargoes, an approach which provides some alerts regarding potential problems. This has led to some exclusions in the past, but it does not cover all companies.

Often, we lack direct information linking weapons to violations and victims on the ground — yet this is a crucial foundation for undertaking discussions with companies about their conduct. Exports to high-risk countries also pose a challenge: we are partly dependent on civil society to provide information, enabling investors to fulfil their due diligence responsibilities.

After conducting product-based and conduct-based screenings, if there is suspicion that a company might be involved in armed conflict, we engage directly with the company. A significant challenge is that many companies operate under export license regimes and argue that state approvals ensure compliance with all laws and regulations, including international humanitarian law. These companies are often not at liberty to disclose information on defense contracts, citing national

> Often, we lack direct information linking weapons to violations and victims on the ground — yet this is a crucial foundation for undertaking discussions with companies about their conduct.

> Currently, we do not classify the defense sector as sustainable and maintain strict exclusions for controversial weapons for all of our funds.

security concerns. Regarding emerging technologies, the issue is even more complex, as they are not always clearly defined in searchable categories. We observe that artificial intelligence is increasingly used for military purposes, such as enhanced targeting and spyware. The lack of multi-lateral regulation for these technologies, which might serve as weapons or components, compounds the problem. There are often no licensing and export regimes in place for them, nor a framework to evaluate whether these technology companies' conduct aligns with responsible business practices. Consequently, we have had to exclude some companies due to these concerns.

Storebrand has been rigorously assessing the sustainability of the defense industry. Currently, we do not classify the defense sector as sustainable and maintain strict exclusions for controversial weapons for all of our funds, and restrictions on conventional weapons (and military contracts) across nearly half of our funds. This approach reflects our commitment to ethical investment practices, and results in a significant portion of our portfolio being weapon-free.

Legitimate but extremely high risks
We do acknowledge that there can be a legitimate need to manufacture and deploy conventional weapons for legitimate defense purposes — and as such, we do not impose blanket exclusions on all weapons across all of our funds. However, we do remain vigilant in mitigating the potential misuse of these weapons through diligent evaluation processes. The results of Storebrand's due diligence are clear: 41 entities have been excluded for involvement with controversial weapons, while 66 have been excluded for involvement with conventional weapons/military contracts. Among the companies that remain invested are 15 companies within the aerospace and defense sectors, where there are ongoing engagements on compliance with the companies' ethical standards.

The global context of rising conflict and hostilities among nations states, and between nation states and non-state actors, does significantly impact our work, requiring that we focus on international humanitarian law, rather than political considerations.

Respecting international humanitarian law is a shared responsibility. From the investor perspective, it is crucial that the business we invest in, stay up to date with these laws, to clearly understand the actions they need to take, in order to stay in compliance. Specialized community-based ("grassroots") organizations can also contribute significantly. Cooperation is essential. Investors and civil society, particularly grassroots organizations, must collaborate closely. Storebrand encourages grassroots organizations to reach out or contact the Principles for Responsible Investment (PRI). We are actively discussing conflict-affected areas and welcome engagement from grassroots groups.

Tulia Machado-Helland

On the relevance of human rights to managing portfolio risk in an increasingly conflict-filled and tech-driven global landscape

At the close of the year, we sat down with Storebrand Head of Human Rights and Senior Sustainability Analyst, Tulia Machado. In the interview, Tulia shares the story of growing up in the early years of the new Spanish democracy, with parents who were democracy activists, and learning the value of human rights early on. She sheds light on the challenges of working in the field of human rights and explains why it is a crucial area of risk management, now and the years ahead.

Growing up in the new Spanish democracy, I learned from my parents, up close and daily, the value of human rights

You are Head of Human Rights and are responsible for human rights at Storebrand Asset Management. Can you tell us what issues are included in your field of work?

Well, I work within the Sustainable Investment Team, where we have people with competencies in a variety of fields. I focus on all aspects of human rights, including labour law, Indigenous Peoples' rights and digital rights, as well as international humanitarian law, to name a few areas.

Practically speaking, how do you work with asset management?

My work includes developing our policies and procedures, conducting human rights due diligence of our portfolios, pre-screening of companies for portfolio construction, based on our policies. In addition, I evaluate the ongoing information we receive from our data and information providers and apply our proprietary method of human rights assessment.

We also conduct dialogues with companies, on various issues related to human rights, to influence them towards improving their corporate behaviour. If the dialogues don't yield results, we present our recommendations for action to our investment committee, which may then consider divesting from the company, as a last resort.

You've got an interesting background: a law doctorate, a Texas State Attorney license and a master's degree in international relations and development. How was your interest and commitment to the issues you work with today, shaped by your professional and personal background?

My interest in the issues I work with today has been shaped by both my professional and personal experiences. My parents were both democracy activists, and I was born at the very end of a military dictatorship – General Franco's rule in Spain. So, growing up in the new Spanish democracy, I learned from my parents, up close and daily, the value of human rights. This later led to me studying law with a focus on human rights.

So, you got introduced to these issues really early on in your life. And where did you take that next? Did you work with human rights before you joined Storebrand?

Yes, in Texas, I also worked with providing legal assistance to asylum seekers. This increased my awareness of issues surrounding these people's rights, and I learned a lot about their personal background - their histories. Many of these people had fled conflicts and natural or economic catastrophes. So that also really connected the dots for me, between human rights and other aspects of sustainability.

It seems that the number of major conflicts in the world is on the rise right now, and we read about it every day in the news. How does it affect your work?

Yes, data from the United Nations shows that the number of armed conflicts has increased around the world in recent years. Many products and services, including weapons but also in many other categories, are still being supplied to states that use them to commit a variety of human rights violations, including potential war crimes and crimes against humanity.

This means that we must strengthen our human rights due diligence work – and we are therefore conducting more and more dialogues with companies in Conflict Affected and High-Risk Areas (CAHRA), and are also faced with more decisions about divestment of those companies that may not be willing to change their behaviour.

With conflicts increasing around the world, more and more investors now understand that this is a risk they need to take into account in their portfolios

It's one of the areas of risk that many major companies are least prepared for

The work with CAHRA companies is something that we have been doing since 2009. But for some, this is new. With conflicts increasing around the world, more and more investors now understand that this is a risk they need to take into account in their portfolios. This has resulted in several cooperative initiatives for investors having been now created in this area. We are pleased to be part of these initiatives, as they increase our opportunities to be involved and influence — and thus contribute to raising the bar when it comes to corporate behaviour.

Can climate or nature solutions lead to unintended human rights problems - or even escalate into conflict?

Other types of conflicts, which are non-armed ones, but can also become violent, are linked to the transition to net-zero emissions. There is a rush for resources, and this is resulting in pressure on Indigenous Peoples and their territories.

In recent years, we have had extensive engagement and escalations with companies in the wind power sector. Renewable energy is obviously a significant need, but naturally it should not come at the cost of people's right to their habitats and their way of life.

Many sustainability issues are characterized by a focus on ESG focus data-driven reporting, but how are activities related to human rights measured, how do you measure the results of our efforts on these issues?

Managing this risk is not just about quantitative analysis: it's also about qualitative analysis. Negative impacts on human rights are not as easy to measure as carbon dioxide emissions into the air. This does not mean that the problem does not exist or has real consequences, such as the forced displacement of communities or the impact on our children's health through social media. Such analyses require human rights expertise, either in-house or from external experts, to ensure that we have an accurate assessment of these risks in line with the UNGP[1], the Norwegian Transparency Act and EU regulations.

Even when there is data, it's still very different from environmental issues for example, because even "just" one person killed is still one too many.

What are the biggest misconceptions investors have about how to manage human rights risks in asset management?

It's a more common risk than many people realize – look at Apple, for example, which has been sued for its involvement in mining in The Democratic Republic of Congo, and the controversy surrounding Tesla over the right to join a trade union, which is also a human right. CSDDD[2] and CSRD[3] now also makes this a relevant risk for many large companies operating in the EU. Ensuring compliance with human rights is no longer a "nice to have" — it's a "must have".

What should investors know about the current state of human rights when it comes to their investments?

Yet, it's one of the areas of risk that many major companies are least prepared for. However, many of them are now making great efforts to familiarize themselves with, and become more competent in managing, these risks, as well as the increased regulatory risk.

The technology sector is evolving rapidly and is a central part of many investors' portfolios. At the same time, it is a sector that is involved in many controversial activities related to human rights that have to do with, for example, privacy, manipulation, disinformation, censorship, oppression and labour law. How does one navigate this dilemma?

First and foremost, investors need to educate themselves about new technologies in order to understand their potential implications for human rights and society. Then they can make a better assessment of the risks they are exposed to by investing in these companies and enable a dialogue with the companies to reduce these risks.

There are emerging regulations from the EU that can serve as a guide for investors. There are also guidelines from civil society and UN agencies.

However, all of this can be quite overwhelming. We have therefore, together with other investors, engaged in several initiatives where dialogues are conducted with the technology sector on these issues with the aim of achieving stronger impact and increased knowledge exchange. Within these initiatives, collaborations have also been initiated with experts in these complex issues as well as civil society.

Definitions

[1]UNPG (United Nations Guiding Principles Reporting Framework) is the world's first comprehensive guidance for companies regarding their reporting on how they respect human rights.

[2] CS3D (Corporate sustainability Due Diligence Directive) aims to foster sustainable and responsible corporate behaviour in companies' operations and across their global value chains.

[3] CSRD (Corporate Sustainability Reporting Directive) introduces a mandatory set of rules on European sustainability reporting.

[4] Just transition is defined by The International Labour Organization (ILO) as: "Greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind". A just climate transition, is one that; involves a range of measures to secure workers' rights and decent work when industries and labour markets adjust; and become climate-friendly and environmentally sustainable.

[5] PRI Advance is a Principles of Responsible Insurance (PRI)-led collaborative initiative where institutional investors aim to protect and enhance risk-adjusted returns by advancing progress on human rights through investor stewardship.

Storebrand Asset Management is involved in, and works with, several different initiatives in your area. Which initiatives do you think will have the greatest impact on human rights issues?
We have been involved in many human rights initiatives and their focus areas cover a wide range of issues. The Investor Alliance for Human Rights has a strong focus on forced labour but also on other issues such as digital rights and CAHRA, PRI Advance[5] focuses on Just Transition[4], CAHRA and Indigenous Peoples and workers' rights in the supply chain, to name a few examples.

Another example is the Platform on Living Wages Financials, which focuses on living wages and living incomes in the textile, food and agriculture sectors. The World Benchmarking Alliance (WBA) focuses on AI ethics and just transition for oil and gas companies. We are also part of the Largest Technology Companies in the World initiative, which is led by the Swedish Council on Ethics and focuses on many of the digital rights we discussed above.

My view is that all these initiatives are making progress. Some more than others, depending on the sector and the companies' openness to having a dialogue with investors. However, I wouldn't say that any one of these initiatives would have more impact than the others. Each plays its own important role, in different ways and within different areas.

These are really tough issues you work with, and after listening to your answers and gaining a deeper understanding, it feels quite dark. Where do you get your drive and energy to work with these questions, which I can imagine sometimes become quite a burden?
The situation looks absolutely bleak, yet it's also uplifting to be able to contribute to solving these massive challenges.

It is also rewarding to see the increasing number of investors working on social issues. A few years ago, there were extremely few of us in the financial sector working on these matters, but today there are many cooperation initiatives linked to human rights. Civil society organisations have also begun to see the value in joining forces with investors, as we often have a common goal, even if we do not use the same methods to achieve it. Working with like-minded investors and civil society organizations and seeing the progress that is being made among the companies gives me energy.

What will you have on the agenda for next year? Are there any particular issues that will be the focus?
Unfortunately, in 2025 we believe that armed conflicts will continue to exist on a significant scale. As asset managers we will need to continue to focus on CAHRA and continue in the same direction as in recent years to ensure robust supply chains and a just transition.

Technology development is advancing extremely rapidly, for example with the revolution in AI and the development of the digital world with tools for virtual reality. Yet, there are few or no safety nets in place to ensure that human rights are protected. All of this is happening in a sector that makes up a significant part of our portfolios and has historically been a driver of growth in financial markets. This means that we need to invest even more time and effort in these matters.

Finally, is there anything that people can do on a personal level if they want to help or get involved in this area?
It is possible to use your power as a consumer to pressure companies – this worked, for example, with Nike and the so-called "sweatshop cases" in the 1990s. You can also interact with brands and express your opinion, engage in NGO campaigns, or simply boycott brands that act in a way that they do not believe supports human rights.

It's also important to be cautious about buying products that appear to be too "cheap to be true" because it's usually an indication of poor working conditions, or perhaps worse, forced labour.

People with pensions can express their opinions by asking their pension managers not to invest in companies that don't respect human rights.

If you want to help even more concretely, I'd suggest that you register as a member of – and help volunteer for – one of the many civil society organizations that work for human rights.

Continued gap in living wages

Our work on living wages in the PLWF platform was marked by improvements to our assessment methodology, amidst mixed progress from the companies assessed

Key findings

- **No evidence of living income targets, gaps being closed in a structural and substantial way.**
- **Recognition of living income in formal policies has improved Food Agri companies.**
- **Some companies still fall short of paying living wages to their own employees and data on living wage gaps is insufficient.**
- **Overall scores of both Food Agri and Retail companies have remained consistent, despite a stricter application of the PLWF's methodology.**
- **Cocoa companies are starting to measure the living wage and income gap, encouraged by national initiatives such as IDH's Dutch Initiative for Sustainable Cocoa (DISCO) and international equivalents.**
- **Companies appear to hold back on additional disclosure around human rights/living wages due to the upcoming European regulation (CSRD/CSDDD). We note that details on companies' living wages or human rights roadmaps and commitments are not provided prior to legally mandated requirements.**
- **We see a slight increase in the number of Food Agri companies implementing grievance mechanisms.**

What's needed for 2025

- More timebound targets, income/wage gap calculations, higher farmgate prices paid.
- The food retail sector must take responsibility on the topic of living income/wages in policies and targets.
- More food retail compianies need to adopt a centralized policy on living wage for employees to ensure it is consistently applied across subsidiaries and its global operations.
- Ambitious action from the in-scope companies to improve their performance against the PLWF metodology.
- The role of collaboration with civil society organisations should continue to underpin strong Living Wage policies, with key expert groups like IDH, FLA, CNV, and sector initiatives like DISCO, Bonsucro, and maybe also RSPO.
- CSRD and CSDDD will be relevant, even for companies outside the EU. It has a positive effect also on the living wage agenda, as companies must start reporting on it, including on how they address the issue.
- Companies across the Food Agri group must develop adequate access to grievance mechanisms and improve disclosure on remedy. They need to open these mechanisms to external stakeholders such as farm-level workers and track its use to ensure effectiveness.

In the fourth quarter of 2024 we completed another milestone with the completion of another year-long phase of our ongoing engagement with companies on living wages within the PLWF collaborative platform. This initiative forms part of our engagement theme for 2024-2026 focusing on human rights.

This engagement involved assessing companies on their status of development towards achieving living wages. The work was carried out within two investor working groups in the PLWF, each addressing different industry sectors: one focused on the Apparel and Garment sector; and the other focusing on the Food Agri and Food retail sectors of which Storebrand is part.

In 2024 the Food Agri and the Food Retail working group[1] assessed a total of 22 companies, consisting of 8 retail companies and 14 food agri companies. Our work together was marked by a further development of our assessment methodology, aimed at improving our understanding of companies' situation.

Overview of key findings
The 2024 assessment uncovered both unfulfilled potential and continued challenges, in terms of companies' development along the roadmap towards achieving living wages and incomes, internally and in their supply chains.

In 2023 the Food Agri Working Group's **methodology was adjusted**. Last year, many companies still performed well against this updated and more stringent methodology – particularly the larger companies that could benefit from their scale and enhanced disclosure. In 2024 however, as a result of the stricter application of our assessment methodology, some companies have in some cases performed worse.

While some companies have set targets for living incomes, the sector has not achieved structural progress overall. On average, companies only achieved 30-40% of the indicators in the 2024 assessment. In the Food Agri sector, the average score achieved by the companies was 14 of 37 points, while in the retail sector the average score achieved was 10 of 34 points. Olam Food and Ingredients (Ofi) has reached the highest category within the Food Agri sector.

In the 2024 assessment, the majority of companies in the sectors fall within the early-to-mid stage categories of our classification, which we have classified as Embryonic and Developing. Classification in these stages indicates that these companies have either not yet recognised the importance of living wage/income in their public disclosures; or do not have formal processes to tackle it within their own operations or within the supply chain.

The assessment did show some bright spots, such as progress by companies such as Lindt and Ofi, which stepped forward in terms of setting specific targets for living incomes and utilising supply chain collaborations to achieve measurable progress. This was reflected in the Food Agri categorization, in which J.M. Smucker Company & Orkla progressed from the Embryonic to the Developing category, and Ofi (Olam) progressed from the Maturing to the Advanced category.

In the 2024 assessment cycle, we also observed that upcoming corporate sustainability regulation in the European Union resulted in more limited disclosure and/or willingness to engage with our investor group, as companies prepared for 2025 due diligence disclosures and looked to align reporting to regulatory expectations.

For the extensive and full details of the assessment, result please read the full report published by PLWF.

Rising standards
As the regulations on human rights due diligence, as well as the guidance, standards, and tools for living wages and incomes are now rapidly maturing, our expectations of companies on this issue are now also increasing. Clear roadmaps for businesses are available, with tools and if needed, further guidance and support. The bar has risen and it's no longer acceptable for businesses to consider living wages an issue on which they can comfortably provide general commitments and no action. We therefore expect to see:

- More transparency, better, and more concrete data on processes & progress
- Living income and living wages gap calculations
- Time bound targets for closing the gaps
- Comprehensive reporting on progress in percentage of wage / income gaps reduced, and scale of workers included
- Systematically include the voice of rightsholders in strategy and program development
- Set up structural complaint & grievance mechanisms for internal and external stakeholders and provide evidence of remediation

Expectations for 2025
For the upcoming year, we believe we can expect that companies will be able to improve their performance on this theme, by making meaningful progress towards closing the living wage gap. One reason is the emergence of new regulations requiring companies to meet specific living wage standards and report on their compliance, a mechanism which typically serves as a powerful catalyst for changes in companies' behaviour.

One such example is the EU Deforestation Regulation (EUDR), which requires companies trading in cattle, cocoa, coffee, oil palm, rubber, soy and wood, as well as products derived from these commodities, to conduct extensive due diligence on the value chain. The implementation of the EUDR has been delayed, but it is likely to become material in the near future. In addition, the upcoming EU Corporate Sustainability Due Diligence Directive, and other laws specifically requiring companies to report on living wages, such as the Norwegian Transparency Act and the German Supply Chain Due Diligence Act, should further push companies in this direction.

We therefore believe it is crucial that new EU human rights due diligence regulation explicitly requires to assess the risk of poverty wages / incomes in own operations and or supply chains.

During 2025, we plan to continue our work on the living wages theme, in collaboration within the PLWF platform and as part of the Food Agri and Food Retail working group. We will continue to focus on the companies within the cocoa sector, as well as Orkla, which is the sole Norwegian company being currently assessed by the initiative.

References

[1] Working Group Members (as per December 2024): a.s.r., Achmea IM, APG, ING, LGIM, MN, NN Group, PGGM, Storebrand, VGZ

Food Agri 2024 Results

Total Score	Category 2024	Category 2023
Ofi (Olam)	Advanced	Maturing
Unilever	Maturing	Advanced
Nestle	Maturing	Maturing
Lindt & Sprüngli	Maturing	Developing
Hershey	Maturing	Maturing
Barry Callebaut	Developing	Developing
Mondelez	Developing	Developing
Coca Cola	Developing	Developing
Starbucks	Developing	Developing
The J.M. Smucker Company	Developing	Embryonic
Orkla	Developing	Embryonic
Carlsberg	Embryonic	Embryonic
Kraft Heinz	Embryonic	Embryonic
Ajinomoto	Embryonic	Embryonic

Food Retail 2024 Results

Tesco PLC	Maturing
Carrefour S.A.	Maturing
Koninklijke Ahold Delhaize N.V.	Developing
Casino Guichard-Perrachon S.A.	Developing
Metro A.G.	Developing
Loblav Companies Ldt.	Developing
Walmart	Embryonic
Dollar General	Embryonic

Read the PLWF 2024 Annual Report to learn more and see the full data and details

Storebrand supports strong EU Deforestation Regulation

Public sector engagement and statements following setback in EUDR

After a period of political debate and uncertainty about the future of the EU Deforestation Regulation, the European Parliament in December voted in favour of adopting a one-year delay to implementation of the regulation. The legal framework requiring companies to prove that they do not buy commodities produced on recently deforested lands, had been due to come into force from January 2025, but has now been pushed back to January 1st 2026, to allow companies and member countries more time to become compliant.

The delay was proposed by the European Commission, which had come under pressure from some member states, non-EU countries and industrial lobbying groups that claimed they would not be able to comply with the original timeline. Seizing upon this opportunity, the dominant EPP political bloc in the EU Parliament proposed a series of amendments to the regulation, which would have weakened it considerably.

Storebrand Asset Management and RBC BlueBay Asset Management, co-chairs of the Investor Policy Dialogue on Deforestation (IPDD), responded forcefully by issuing a **public statement** urging the European Parliament to reject the delay and amendments. They emphasized the urgency of action, citing the financial and reputational risks of deforestation and highlighting the critical role of robust regulations in holding all supply chain participants accountable.

"We are particularly concerned by recent suggested amendments that would extend the delay in the EUDR's introduction and undermine the content of the legislation," said Jan-Erik Saugestad, CEO of Storebrand Asset Management.

The Investor Policy Dialogue on Deforestation (IPDD) is an initiative led by institutional investors seeking to collectively engage with governments to take action to curb deforestation. The IPDD was launched in 2020 and currently has the support of 82 financial institutions from 21 countries, representing approximately US$ 11 trillion in assets under management.

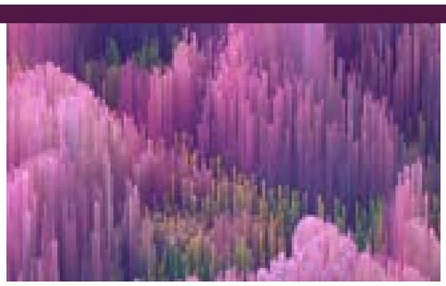
Storebrand also signed an investor letter of support for the EUDR, directed to members of the EU Parliament, the European Commission and EU members state representatives to the European Council.

After so-called "trilogue negotiations" between these three EU institutions, the 12-month delay was approved, but the other amendments were rejected.

While Storebrand was disappointed with the delay, we will continue to urge EU policymakers to ensure that this period is used to improve traceability, implementation and compliance regimes.

Storebrand considers the EUDR to be a landmark in driving traceability of commodity supply chains, which is needed for companies and financial institutions to address financial, reputational, operational, legal and regulatory risks arising from deforestation.

Storebrand supports investor letter to Alphabet Inc.



Investors engage jointly seeking follow up action on assessing human rights impact of AI technology

In the fourth quarter of 2024, Storebrand gave its support to a joint investor letter to Alphabet Inc, the conglomerate parent holding company of subsidiaries such as Google, Isomorphic Labs, Waymo and Calico. Together, the signatories of the investor letter are requesting that Alphabet should conduct and disclose the results of a Human Rights Impact Assessment (HRIA) on the company's AI-driven targeted advertising technology.

The joint investor letter, organized by **SHARE**, was sent as a follow-on to three-year long engagement with Alphabet Inc, regarding AI-driven targeted advertising and the risks that such technology could pose to the company, its users, and its shareholders.

The lengthy engagement has included a **shareholder proposal submitted by SHARE and several co-filers** at the **Alphabet Inc 2024 Annual Meeting of Stockholders**: "Proposal Number 13: Stockholder Proposal Regarding a Human Rights Assessment of AI-Driven Targeted Ad Policies". The proposal, which articulated a clear investor and business case for the actions sought, received the backing of roughly half (over 48 per cent of votes) of independent shareholders, making it the second most supported proposal on the ballot at the June annual meeting. However, since then, there has been no visible indication that Alphabet has either taken steps on the specific actions proposed or addressed shareholder concerns on the issues raised.

With the submission of the letter, the signatories aim to jointly demonstrate to Alphabet Inc the continued breadth and depth of investor concern on these specific issues, and to generate steps by the company towards addressing them.

This action is part of our ongoing engagement theme that focuses on human rights, and specifically within that arena, the topics of digital rights and artificial intelligence.

New PRI report now available

Principles of Responsible Investment 2024 assessment of Storebrand Asset Management

Every year, Storebrand submits a comprehensive report to the UN-backed Principles of Responsible Investment on our responsible investment frameworks and practices. This is part of our commitment as a signatory to the PRI. Storebrand ASA has been a signatory of the Principles for Responsible Investment (PRI) since 2006. From 2019 Storebrand Asset Management has been a PRI signatory in its own right.

PRI produces assessment reports based on each signatory's disclosures, to provide feedback and support learning and development. From 2023 to 2024, Storebrand improved our scores in two out of eight modules: Policy, Governance and Strategy and Confidence-Building Measures. For the remaining six modules, we maintained a high score. Each module is scored from 0-100.

Signatories that choose to publish PRI's Assessment Report must also disclose their full Transparency Report, which the assessment is based on. Both reports should be read in conjunction, as the Assessment Report only lists score per module and indicator, whereas the Transparency Reports provides full disclosure of the basis for PRI's assessment.

Summary of scores
The following are Storebrand Asset Management's scores for each of the 8 modules we were assessed on:

Indicator	2023 Score/ 100	2024 Score/ 100
Policy Governance and Strategy	92	94
Direct – Listed Equity – Passive Equity	100	100
Direct – Listed Equity – Active Quantitative	100	100
Direct – Listed Equity – Active Fundamental	100	100
Direct – Fixed Income – SSA	94	94
Direct – Fixed Income – Corporate	95	95
Direct – Fixed Income – Private Debt	90	90
Confidence Building Measures	90	100

See the reports on the Storebrand website
PRI 2024 Assessment Report Storebrand Asset Management
PRI 2024 Transparency report Storebrand Asset Management

Upcoming changes to our engagement data reporting

Fewer total engagements, more activities and more granular detail on both categories of data

During the course of the fourth quarter of 2024, we conducted a review of the way we report engagement data. Based on our findings, in future periods, we will now make two sets of changes to how we report engagement data.

Filtering out signatory-only activities from main engagement data

The engagements that we carry out, and have reported analysis of until now, fall into four categories:

- **"Internal":** engagements aimed at achieving objectives set by Storebrand, with the engagement activity led by our own team/Storebrand's sustainability analysts.
- **"Collaborative (leading role)":** engagements aimed at achieving objective mutually set by Storebrand and partners (such as other investors, collaborative organizations or other experts), with Storebrand's team taking a **lead** role in the engagement activities of the collaborative effort.
- **"Collaborative (non-leading role)":** engagements aimed at achieving objective mutually set by Storebrand and partners (such as other investors, collaborative organizations or other experts), with Storebrand's team in a **supporting** role in the engagement activities of the collaborative effort.
- **"Signatory only":** engagements such as letters and joint declarations, in which Storebrand's contribution lies in its commitment of public and formal support/endorsement to the collaborative effort, but where we are not actively taking part in the company calls for example.

Following our review, we found that the large number of "signatory only" engagements that we have been involved in, could make it more difficult to accurately understand both the scale and the analysis of our activities within the engagements that fall in the other three categories. We identified the need to more clearly distinguish between the different levels of our involvement — from actively participating in company calls and directly engaging with companies ourselves, to supporting other leading investors in their engagement efforts, to simply endorsing initiatives by signing a letter or providing capital support.

As a result, in our future data reporting, we will narrow down the focus by:

- Separating the "Signatory only" category and communicating it separately.
- Reporting a narrowed down set of engagement totals and analysis drawn from only the **"Internal"**, **"Collaborative (leading role)"** and **"Collaborative (non-leading role)"** categories.

To illustrate the impact this change will have, here is an example of how it would apply to our reported data for Q4 2024: of our total of 1083 engagements, we would no longer include the 676 engagements from the "Signatory only" category. Instead, we would report on and analyse 165 "Internal" engagements, 109 "Collaborative (leading role)" engagements; and 131 "Collaborative (non-leading role)" categories.

Clarity and more transparency

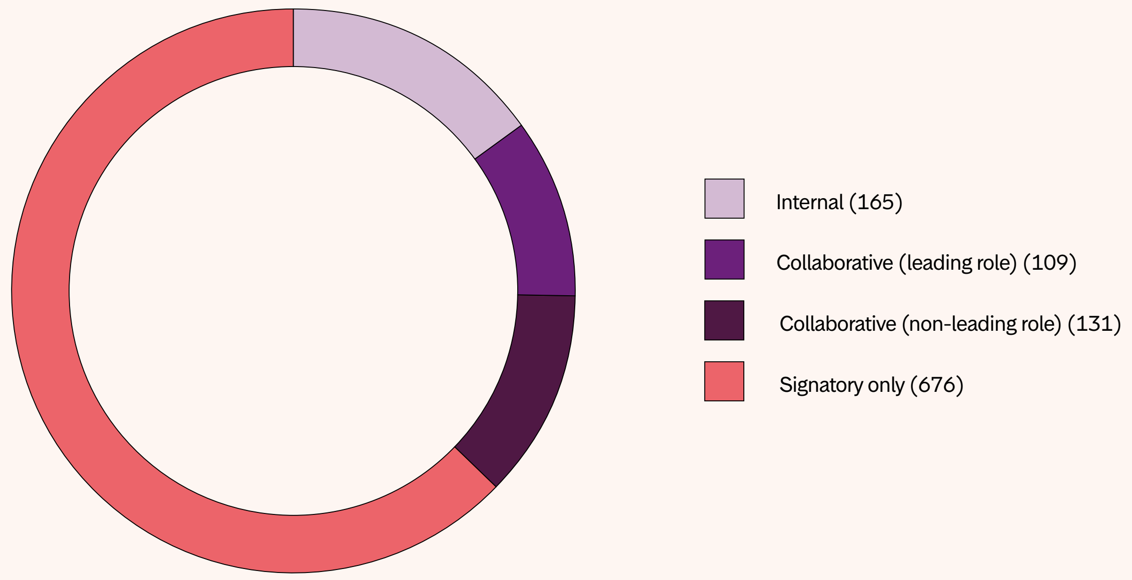
Overall, we believe these changes to how we approach reporting on our engagements will provide a clearer and more transparent representation of our work. The data reported will more accurately reflect the scope and intensity of our work, as well as the instances where our sustainability analysts are in direct contact with companies.

Our goal is to maintain transparency by clearly differentiating between engagements where we are actively involved and those where we are providing indirect support. Although the total number of engagements reported will now be slightly lower, we will continue to include both figures to provide a comprehensive view of our efforts: those where we are directly involved and those where we serve as signatories supporting broader initiatives.

That said, we also recognize the importance of signing and supporting initiatives, even when we are not directly engaging with companies. Lending our name and capital to such efforts can add credibility and weight to critical issues, while allowing us to support other investors leading engagements with targeted companies.

The changes will begin when we report our audited full-year numbers for 2024, in which we will present, side by side, the engagement data in the older format, as well as the recalibrated data. Then from Q1 2025 and onwards, we will report data only in the new format.

Overview of engagement formats Q4 2024



Engagement data
Q4 2024

All engagement data presented here, represents unreviewed, unaudited year-to-date totals of engagements conducted, during the period from the beginning of the year until the end of the quarter being reported in.

We use these rolling summaries of year-to-date data, because the nature of engagement activity involves engagement points that are not always predictable. Therefore, our engagement activity would not be properly represented, if we presented isolated snapshots of data limited to the periods within each quarter of the year.

1000 **Ongoing engagements**
83 **Completed engagements**
1083 **Total engagements**

Engagement summary Q4 2024

During the fourth quarter, while our number of ongoing engagements remained fairly stable, at just over a thousand, we completed 83 of the engagements in the period, a significant rise from nine of them completed during Q3. The mix of engagements was also roughly, the same, with 95 per cent of the total being proactive (pre-planned) and 84 per cent involving collaborations with other stakeholders. We conducted a total of 285 activities linked to engagements during the quarter, most of these involving digital meetings and emails. This was a significant increase from 196 in the previous quarter.

Where we engaged

Top countries engaged in

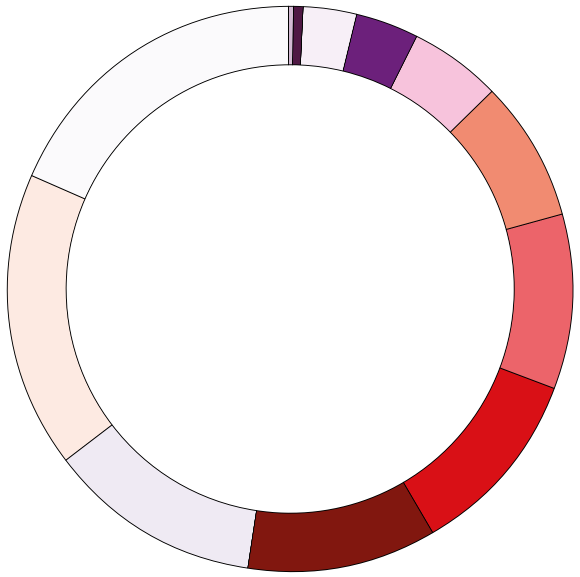
Country	Number of engagements
United States	283
Norway	67
Japan	66
Germany	52
France	44
United Kingdom	42
Sweden	33
China	32
Switzerland	26
Brazil	22
Cayman Islands	22

Sectors engaged in

Sectors	Number of engagements
Consumer Staples	154
Communicaion Services	113
Consumer Discretionary	99
Industrials	99
Information Technology	92
Energy	73
Utilities	49
Financial	33
Healthcare	29
Real Estate	5
None/Other	2
Other	169

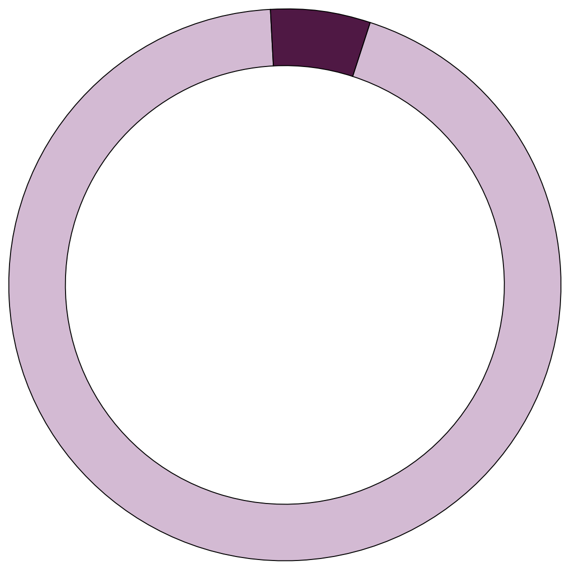
We conducted a total of 285 activities linked to engagements during the quarter.

Sectors engaged in



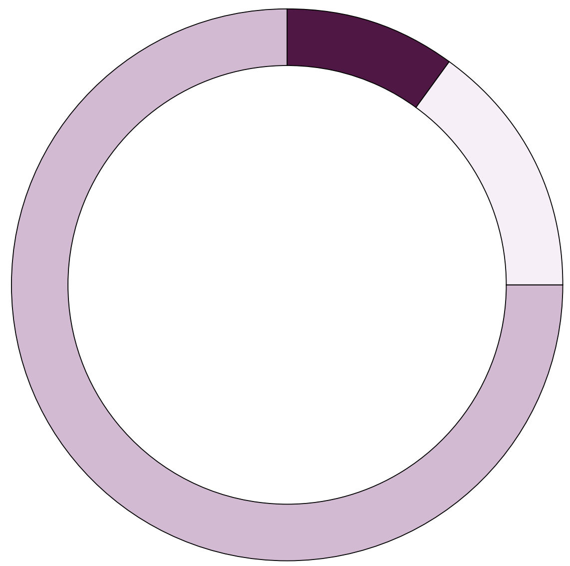
0.22 % None/Other
0.55 % Real Estate
3.16 % Healthcare
3.60 % Financial
5.34 % Utilities
7.96 % Energy
10.03 % Information Technology
10.8 % Industrials
10.8 % Consumer Discretionary
12.32% Communication Services
16.79 % Consumer Staples
18.43 % Other

Reasons for engagement



5 % Reactive
95 % Proactive

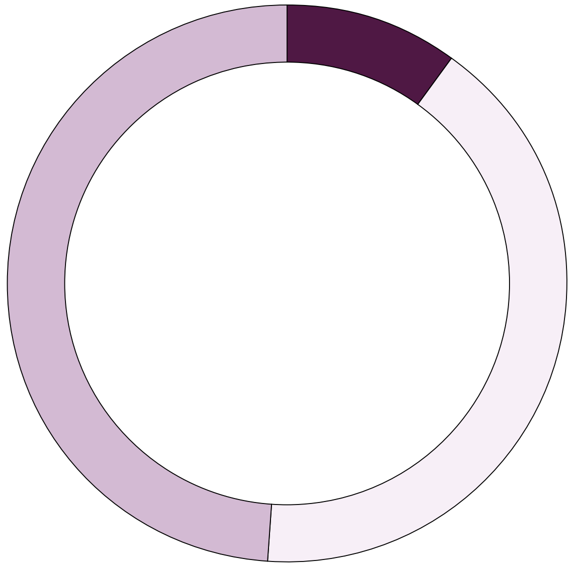
Format of engagements



14% Internal
10% Collaborative (leading role)
75% Collaborative (non leading role)

Where we engaged

ESG categorizations of engagements



10 % Governance
41 % Social
49 % Environmental

SDGs impacted by engagements

1. No poverty	33
2. Zero hunger	31
3. Good Health and Well-being	213
4. Quality Education	141
5. Gender Equality	198
6. Clean Water and Sanitation	1
7. Affordable and Clean Energy	1
8. Decent Work and Economic Growth	282
9. Industry, Innovation and Infrastructure	3
10. Reduced Inequality	259
11. Sustainable Cities and Communities	16
12. Responsible Consumption and Production	45
13. Climate Action	470
14. Life Below Water	34
15. Life on Land	285
16. Peace and Justice Strong Institutions	256

We take the viewpoint that all our engagement activities contribute to SDG 17, meaningful partnerships for goals.

Engagement activity type: How did we contact companies?

E-mail	144
Digital Meeting	57
Letter	15
Meeting	12
Stakeholder Dialogue	7
Shareholder Resolution	4
Conference	2
Shareholder Voting	2
Shareholder Question	1
Phone call	1
Site visit	0
Other	4

Engagement contacts: Who did we contact at companies?

Investor Relations (IR)	130
Corporate Social Responsibility (CSR)	62
Sustainability department	49
Senior management	16
Operational management	12
Corporate secretary	8
Compliance	5
Chief Executive Officer (CEO)	2
Treasury	2
Board	1
Chief Financial Officer (CFO)	0
Human Resources	0
Finance & accounting	0
Nomination commitee	0
Other	35

Learn more about our engagement process and see engagement data in real time at our active ownership web page

Voting key figures

Q4 2024 only

Voting summary Q4 2024

As is typically the case each year, the number of votes that we cast in the fourth quarter of 2024 was low compared to the second quarter of the year, when most of our high-priority company meetings were held.

Most of the meetings that we voted at in Q4 were in the US and Australian markets, with China in third place.

In the environmental category, we supported proposals asking for climate transition plans and emissions reduction targets aligned with a Net Zero 2050 pathway. For example, we supported shareholder proposals at the annual meetings of three Australian banks, asking for enhanced disclosure on how the companies are managing climate related risks related to their lending activities. We also supported a proposal on nature-related risk, asking Woolworths Group Ltd to assess and disclose the impacts that the farmed seafood the company procures may have on endangered species.

Several of our votes in the social category during this fourth quarter were on risks related to artificial intelligence (AI). We supported several such proposals at the annual meeting of Microsoft Corporation, including proposals requesting reporting on risks related to AI-generated misinformation and disinformation, and on AI data sourcing accountability. We also supported shareholder proposals asking Microsoft for improved disclosure on the company's management of risks of operating in countries with high human rights concerns, and risks related to weapons development.

All our votes and voting rationales are publicly disclosed on our Proxy Voting Dashboard, five days ahead of company meetings.

To learn about our voting guidelines and see a live presentation of more voting data, visit our proxy voting dashboard.

General voting data

	Voted	Votable	Percentage voted
Number of general meetings voted	155	630	24.60 %
Number of items voted	1161	3770	38.80 %
Number of votes on shareholder proposals	39	139	28.05 %

Top countries voted in

	Voted meetings	Votable meetings	Percentage voted
USA	35	48	72.9 %
Australia	31	52	59.6 %
China	19	248	7.7 %
Norway	8	16	50 %
Cayman Islands	5	18	27.8 %
India	5	48	10.4 %
United Kingdom	5	12	41.7 %
Mexico	4	10	40 %
Bermuda	3	10	30 %
Hong Kong	3	8	37.5 %
Japan	3	8	37.5 %
Netherlands	3	5	60 %
South Korea	3	9	33.3 %
Denmark	2	3	66.7 %
France	2	3	66.7 %
Ireland	2	3	66.7 %
Jersey	2	4	50 %
Malaysia	2	11	18.2 %
Poland	2	9	22.2 %
South Africa	2	17	11.8 %
Taiwan	2	4	50 %

Percentages rounded off to nearest decimal

All voting data presented here represents quarterly totals, documenting the voting activity we conducted during Q4 2024 (the period 01/10/2024 to 31/12/2024).

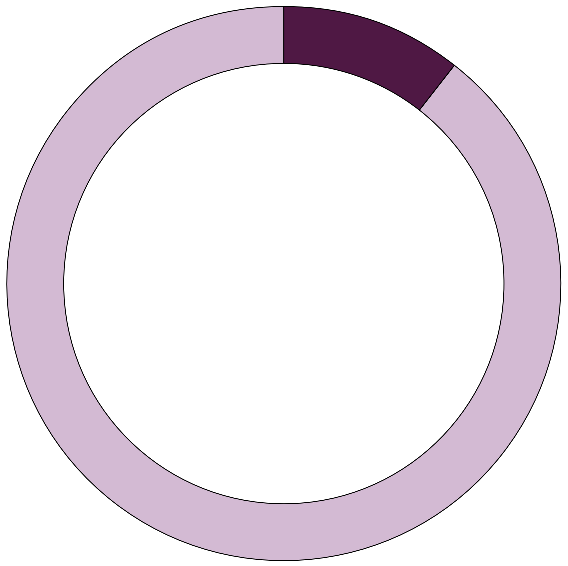
Proposals overview

	Number of proposals	With management	% with management	With ISS Sustainability policy	% with Policy	ESG Flag
Audit Related	61	59	97 %	61	100 %	G
Capitalization	85	78	92 %	84	99 %	G
Company Articles	39	33	85 %	39	100 %	G
Compensation	194	162	84 %	194	100 %	G
Corporate Governance	2	0	0 %	2	100 %	G
Director Election	593	539	91 %	593	100 %	G
Director Related	41	33	80 %	40	98 %	G
E&S Blended	1	1	100 %	1	100 %	ES
Environmental	8	1	13 %	8	100 %	E
Miscellaneous	12	12	100 %	12	100 %	G
Non-Routine Business	13	13	100 %	13	100 %	G
Routine Business	95	90	95 %	94	99 %	G
Social	17	7	41 %	17	100 %	S
Strategic	19	19	100 %	19	100 %	G
Takeover Related	14	14	100 %	14	100 %	G

Details of Environmental and Social Proposals

Proposal category	ESG Pillar	Proponent	Number of proposals voted	Number voted with management	% voted with management
Environmental - Report on Environmental Policies	E	Shareholder	1	0	0 %
Environmental - Community -Environment Impact	E	Shareholder	1	1	100 %
Environmental - Report on Climate Change	E	Shareholder	5	0	0 %
Environmental - GHG Emissions	E	Shareholder	1	0	0 %
E&S Blended - Accept/Approve Corporate Social Responsibility Report	E, S	Mgmt.	1	1	100 %
Social - Approve Charitable Donations	S	Mgmt.	2	2	100 %
Social - Approve Political Donations	S	Mgmt.	2	2	100 %
Social - Black Economic Empowerment(BEE) Transactions(South Africa)	S	Mgmt.	2	2	100 %
Social - Operations in High Risk Countries	S	Shareholder	1	0	0 %
Social - Miscellaneous Proposal - Social	S	Shareholder	4	1	25 %
Social - Weapons - Related	S	Shareholder	1	0	0 %
Social - Political Contributions Disclosure	S	Shareholder	1	0	0 %
Social - Report on EEO	S	Shareholder	2	0	0 %
Social - Gender Pay Gap	S	Shareholder	1	0	0 %
Social - Animal Welfare	S	Shareholder	1	0	0 %
Environmental - Report on Environmental Policies	E	Shareholder	1	0	0 %

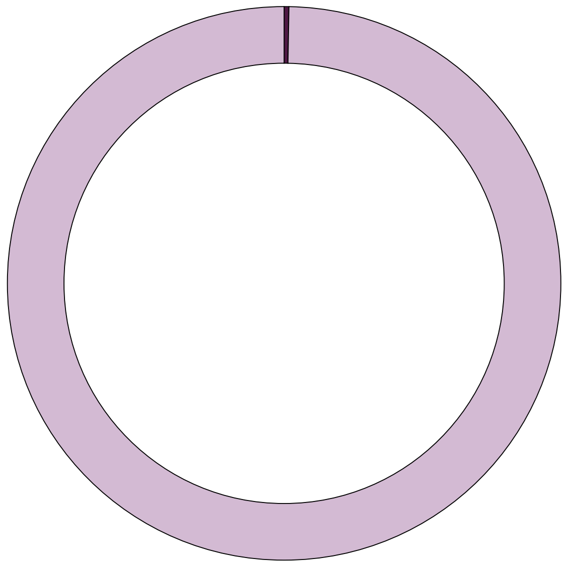
Voting choices compared to management recommendations



11.5 % Votes against management

88.5 % Votes with management

Voting choices compared to ISS recommendations



0.3 % Votes against ISS Sustainability Policy

99.7% Votes with ISS Sustainability Policy

Exclusion key figures Q4 2024

Companies excluded by Storebrand, as of December 31, 2024

Storebrand Exclusion List

This list details exclusions that apply to all our products, based on our extensive exclusion process that involves both internal and external data, and evaluations conducted by subject matter experts. Excluded companies are removed from Storebrand's investment universe, which is an investment ecosystem that consists of over 4000 companies.

Category	Total excluded
Environment	23
Corruption and Financial Crime	9
Human Rights and International Law	65
Tobacco	28
Controversial weapons	41
Climate – Coal	125
Climate - Oil sands	14
Climate – Lobbying	4
Arctic drilling	0
Deep-sea mining	1
Marine/riverine tailings disposal	4
Deforestation	14
Cannabis	–
State-controlled companies	23
Total	333*
Observation list	2

Storebrand exclusion list extra criteria

Storebrand's extra criteria build upon the Storebrand Standard for sustainable investments.
The extra criteria will only apply to selected funds and saving profiles. Get more information on the methodology behind these exclusions, on our website.

Category	Total excluded
Alcohol	80
Adult entertainment	–
Weapons	66
Gambling	38
Fossil fuels	495
Total number companies excluded	667*

*Some companies are excluded on the basis of several criteria. Storebrand also does not invest in companies that have been excluded by Norges Bank (the central bank of Norway) from the Government Pension Fund — Global. We also exclude government bonds and state-owned entities from 33 countries that are systematically corrupt, systematically suppress basic social and political rights, or that are subject to EU sanctions and UN Security Council sanctions.

Learn more about how we manage exclusions in the updated **Storebrand Exclusion Policy** on our website

PDD Holdings Inc. excluded

Holding company owner of retail platform Temu excluded based on risk of violations of human rights

During the fourth quarter of 2024, we excluded the multinational commerce group PDD Holdings Inc from our portfolios, due to risks related to product safety and forced labour.

PDD Holdings operates several e-commerce platforms such as its wholly-owned subsidiary Temu. Temu, which operates one of the most popular internet retail platforms in the world, offers shoppers in countries around the world a large range of products, including clothing, toys and gadgets, at low prices. For shoppers outside of China, the products sold are often shipped directly to them from China by sellers on the Temu platform.

Summary of the case
Our concerns with the company were based on two main risks:

- risks related to product safety that are considered very severe and systematic, as many types of products in different parts of the world have been found to be dangerous
- risk of links to forced labour in Xinjiang, as the company sources products from the region

The product safety problems uncovered in products sold on the Temu platform spanned many categories, from toys to household products, building materials and more. Regarding product safety, although Temu claims it follows relevant regulations and checks sellers carefully to ensure quality, several cases have been documented in which products sold on its platform include illegal and/or toxic chemicals known to be severely harmful to people, or defects that may cause electric shocks or catch fire. For instance, studies have uncovered evidence that many toys sold through Temu do not meet EU safety standards, constituting a significant risk of causing severe damage to the health of children.

In addition to product safety, we also assessed allegations of Temu not providing sufficient information about the many merchants operating on the platform, in addition to using manipulative designs and obscuring the facts around why and how individual products are recommended to users.

Temu was also found to have a high potential risk for involvement in forced labour. The company does not conduct audits or reports on non-compliance with relevant legislation on forced labour, such as the United States UFLPA (Uyghur Forced Labor Protection Act). Furthermore, the company has admitted that it "does not expressly prohibit third-party sellers from selling products based on their origin in the Xinjiang Autonomous Region".

Furthermore, Temu appears to have further risks looming in the arena of digital human rights. In October 2024, the European Commission opened a formal investigation of the company, based on potential breaches of the Digital Services Act, such as in the area of addictive service design.

More specifically, the investigation will focus on the following areas:

The systems Temu has in place to limit the sale of non-compliant products in the European Union. Among others, it concerns systems designed to limit the reappearance of previously suspended rogue traders, known to have been selling non-compliant products in the past, as well as systems to limit the reappearance of non-compliant goods.

The risks linked to the addictive design of the service, including game-like reward programmes, and the systems Temu has in place to mitigate the risks stemming from such addictive design, which could have negative consequences to a person's physical and mental well-being.

Expectations gap and lack of response
Given the issues assessed Storebrand's expectations would be for the company to address the issues meaningfully.

Regarding product safety, we expect the company to ensure the safety of the products it sells, by requiring providers to disclose ingredients and safety certificates, as well as testing them itself to ensure compliance. We would expect that non-compliant suppliers should be suspended until they can show evidence of having become compliant.

On the issue of risk of forced labour, we would expect PDD Holdings and Temu to map its supply chain, to identify risks connected to product safety and forced labour. Once identified, we expect the company to terminate contracts with suppliers operating in Xinjiang to mitigate its exposure to forced labour.

Despite our having contacted PDD Holdings/Temu on several occasions to engage them regarding our findings of concern, they failed to respond to our inquiries.

Following our formal assessment and the non-responsiveness of the company to dialogue, we excluded the company from investment during the fourth quarter of 2024.

↓ Bees, which enable pollination to sustain natural ecosystems, are at severe risk from Sumitomo's clothianidin pesticide.

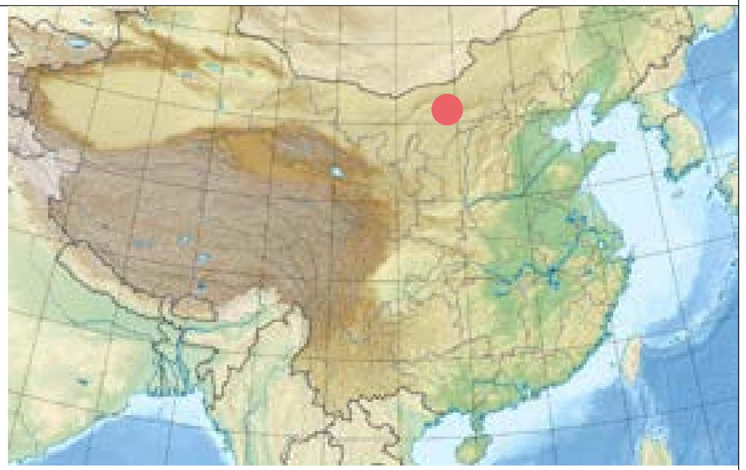
Sumitomo Chemical Co., Ltd. excluded

Based on our application of the precautionary principle regarding significant harm to nature

Sumitomo Chemical Co., Ltd. has developed and is currently producing and marketing clothianidin, a neonicotinoid pesticide, which the European Food Safety Authority (EFSA) considers to pose risks to bees by exposing them to harmful levels of the pesticide. Bees and other pollinators are critical to ecosystems, as well as food production and human livelihoods. Following an extensive risk assessment, the European Commission also indicated that the continued production of neonicotinoids is at odds with the precautionary principle — a core principle of Storebrand's Nature Policy.

Despite some remediation efforts by Sumitomo, including product stewardship measures and ongoing studies, the company continues to contest the findings from major regulatory bodies. The company's position — that its neonicotinoid products do not pose significant risks, if applied correctly — stands at odds with the findings of the EFSA and the UN's recommendations for greater pollinator protection. Moreover, the company's risk mitigation measures have yet to demonstrate effectiveness on a global basis, and public concern over neonicotinoids remains high.

→ Location of Baogang Tailings Dam in China



Credit: Uwe Dedering/Wikimedia

Exclusions in Mongolia

Inner Mongolia Baotou Steel Union Co. Ltd and China Northern Rare Earth (Group) High-Tech Co., Ltd involved in severe environmental damage

Effective during the fourth quarter of 2024, we excluded Inner Mongolia Baotou Steel Union Co. Ltd and China Northern Rare Earth (Group) High-Tech Co., Ltd, from our investment universe. Both exclusions were due to the companies' involvement in severe environmental damage linked to the mismanagement of rare earth tailings. These companies' operations have caused extensive pollution and posed significant health risks to local communities in Inner Mongolia, China.

Summary of the Case
Inner Mongolia Baotou Steel Union and China Northern Rare Earth are subsidiaries of the state-owned Baotou Iron and Steel Group, which operates the Bayan Obo Mining Area—the world's largest rare earth element deposit. Both companies have been linked to a massive tailings dam located near Baotou city, where toxic and radioactive waste from mining operations is dumped. The tailings dam, which spans over 11 square kilometers, has caused extensive contamination of land and water in the surrounding area.

The environmental impact includes severe soil and water pollution, leading to long-term damage to ecosystems and biodiversity. Local communities have suffered from heightened health risks, including increased cancer rates and physical deformities in residents and livestock. In addition, contamination of local food sources has been reported, further exacerbating the health crisis in affected areas.

The Companies' Response
Despite repeated efforts to engage with the companies, Inner Mongolia Baotou Steel Union and China Northern Rare Earth have not responded to inquiries from Storebrand or our external ESG data providers.

Basis for Exclusion
Storebrand's Exclusion Policy prohibits investment in companies responsible for serious and systematic environmental damage. The evidence shows that both Inner Mongolia Baotou Steel Union and China Northern Rare Earth have failed to implement adequate tailings management practices, resulting in severe contamination over a prolonged period. Moreover, there is no indication of improvement, and it is highly likely that the unsafe management of hazardous waste will continue.

Given that attempts to engage in dialogue with the companies have been unsuccessful, there is little prospect of change through active ownership. Storebrand has therefore concluded that exclusion is the most appropriate action in this case.

Bolloré SE and Compagnie de l'Odet SE excluded

Both companies linked to serious and systematic breaches of human rights in plantation operations

Effective during the fourth quarter of 2024, we excluded the companies Bolloré SE and Compagnie de l'Odet SE (Cie de l'Odet) from our investment universe. This decision follows our assessment that found these companies to be linked to serious and systematic breaches of human rights through their ownership ties to Socapalm, a company operating oil palm plantations in Cameroon.

Summary of the Case
Bolloré SE, and by extension its parent company, Cie de l'Odet, have significant ownership stakes in Socfin, a multinational firm that operates plantations across Africa and Asia. Through Socfin's subsidiary, Socfinaf, Bolloré holds indirect ownership of Socapalm, which operates plantations in Cameroon where numerous human rights abuses have been reported.

Storebrand's assessment followed a recommendation from the Council on Ethics ("the Council") for Norway's Government Pension Fund Global (GPFG) that Bolloré be excluded from the GPFG. While Norges Bank Investment Management, (NBIM), which manages the GPFG, opted against exclusion in favour of active ownership dialogue, the severity of the Council's findings led Storebrand to carry out its own exclusion assessment.

The Council found evidence to support allegations of serious violations at Socapalm's plantations, including extensive sexual harassment, exploitation, and cases of rape by supervisors and security guards. Many of these abuses affect women working on or passing through the plantations. Furthermore, the Council found that more than half of the workers at these plantations are employed on precarious terms as contract or day labourers without formal employment contracts. These workers are paid below the legal minimum wage, have their wages deducted for social benefits they do not receive, and can be dismissed at will.

Additionally, Socapalm's plantation expansion has led to encroachment on local community lands, depriving residents of their means of livelihood. Women from these communities have reported frequent harassment when accessing their farms through plantation areas. The Council on Ethics' investigation highlights that such abuses have been systemic for many years across Socfin's plantations in countries such as Liberia, Sierra Leone, Ghana, and Cambodia, beyond the specific case in Cameroon.

Response from the companies
Storebrand reached out to Bolloré to seek clarification on the Council's findings and to understand what steps the company would take to address the reported human rights abuses. The company responded that, as a minority (34.75 per cent) shareholder, it does not hold operational control over Socfin and that Socfin's operations are therefore not covered by Bolloré's human rights responsibility.

Palm oil, a ubiquitous ingredient in food and industrial products, is grown on plantations where many workers face severe conditions, including abuses of human rights.

Photo: iStock/Getty Images

Changes to our extended exclusion criteria

Effective Q4 2024, we changed the way we process data inputs to, and make decisions on, Storebrand's Extended Exclusion criteria: MOS (Market oriented screening).

Context for changes
In certain markets, such as in Sweden, industry standards and expectations for exclusions based on international norms and conventions may be different than those enshrined in Storebrand's Exclusion Policy. Therefore, for many years, we have carved out an extended set of exclusion criteria, which we defined as MOS (Market Oriented Screening), criteria, and which applied to a subset of our funds.

Our MOS criteria resulted in exclusion, from those funds, of companies that are in breach of the UN Global Compact, as flagged by external data providers; namely ISS ESG (Norms Screen) and Sustainalytics (Global Standards Screen). The MOS screening has been applied to all our Swedish domiciled funds, as well as our Art. 9 funds [1], thereby automatically excluding companies that have been red flagged by one of these data providers for human rights, environmental damage or corruption.

But in recent years, we have seen industry practice in Sweden changing, with more of a focus on engagement and active ownership, and a more nuanced understanding of information and recommendations coming from data providers. This has led us to re-evaluate our decision to automatically exclude all companies red-flagged by these data providers.

New process
We will continue to screen red-flagged companies, but these companies will be brought into our own evaluation and analysis for potential exclusion following a thorough assessment conducted by our in-house expert team as we have been doing over the years in accordance with our Exclusion policy.

Thus, eventual exclusions will no longer be automatically effected as a result of red flags by data providers. Rather, they will now be taken as part of Storebrand's Exclusion Policy — and thereby apply to all funds and markets. An exclusion will be made if the merits of the case flagged by the data providers warrants it in accordance with our Exclusion Policy, if we are unable to come into a constructive engagement with the company to influence a change in practices, and/or if escalation measures (such as voting and co-filing shareholder resolutions) do not prove successful. The screening and automatic exclusion of red-flagged companies by the data providers will however continue to apply to our Art. 9 funds as specified in our SFDR methodology. This change will only be applicable to our Art. 8 funds. [2]

Immediate impacts
As part of this change in Q4 2024, we have carried out a thorough evaluation and assessment of all companies that have been excluded under this criterion that have otherwise not already been excluded under the Storebrand Exclusion Policy, which applies to all funds and markets. This has resulted in certain companies becoming eligible for investment while others have been completely excluded from our investment universe.

It is important to underline that this does not mean that companies that are now eligible for investment are "cleared", but rather that we either disagree with the data providers assessment or methodology for concluding the company is in non-compliance with UN Global Compact, or that we have a strategy for active ownership and escalation which we are applying toward the company to secure that they meet our sustainability requirements. Following the Storebrand Exclusion Policy means that we do not invest in companies in breach of international norms and standards, based on UN Global Compact or OECD guidelines, and this will continue to be the case. We conduct an active and continuous dialogue with several of these companies. Our ambition is to make independent judgments based on our own analysis, in-house expertise and experience, rather than relying solely on the recommendations provided by our various third-party data providers. This approach allows us to have a more direct impact and take greater responsibility for our investment decisions.

Extended exclusion criteria, which applied to a subset of our funds are now:

- included in our Storebrand Exclusion policy
- applicable to all our funds
- reviewed on a case-by-case basis

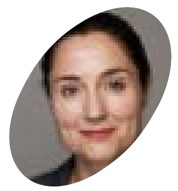
References

[1] Art. 9:
Funds that are marketed as meeting the criteria for Article 9 of the EU Sustainable Finance Disclosure Regulation (SFDR): financial products with a primary sustainable investment objective.

[2] Art. 8:
Funds that are marketed as meeting the criteria for Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR): financial products that promote environmental or social characteristics alongside financial objectives.

Kamil Zabielski
Head of Sustainable Investment

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



Tulia Machado-Helland
Head of Human Rights and Senior Sustainability Analyst

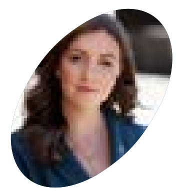
Machado-Helland, who joined our sustainable investments team in 2008, specializes in human rights, labour rights, Indigenous peoples' rights and international humanitarian law. She is responsible for Storebrand's active ownership strategy and company engagement, and engages with companies mainly on social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

Emine Isciel
Head of Climate and Environment

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

Vemund Olsen
Senior Sustainability Analyst

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



Victoria Lidén
Senior Sustainability Analyst

Lidén, who joined our sustainable investments team in 2021, is based in Stockholm and works with ESG analysis and active owner-ship, with a focus on the Swedish/Nordic market. On behalf of Storebrand Fonder AB, she is also a member of corporate board nomination committees. Prior to joining Storebrand, Victoria has 7 years of experience in sustainability within the financial industry. She holds a B.Sc. in Business Administration and Economics from Stockholm University, including studies at National University of Singapore. In addition, she has studied sustainable development at CSR Sweden and Stockholm Resilience Centre.

Frédéric Landré
Sustainability Analyst

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

SanJin Damjanovic
Group Management Trainee

Damjanovic has experience in the banking and consultancy industry. He has a B.Sc in Business Administration from BI Norwegian Business School, and an M.Sc. in Economics and Business administration from the Norwegian School of Economics (NHH) with a major in financial economics and focus on sustainable finance and impact investing in private markets. He also has a CEMS Master's degree in International Management from the Norwegian School of Economics and the London School of Economics and Political Science (LSE). Prior to joining Storebrand, Sanjin worked as an intern and part-time employee at DNB Asset Management with Responsible Investments.

A trainee's perspective on pioneering sustainability at Storebrand

Sanjin Damjanovic

As Storebrand reintroduces its corporate management trainee program, Sanjin Damjanovic, one of the first participants, embarks on an 18-month journey to shape the future of sustainable finance. In this interview, he shares insights into life at Storebrand, the evolving challenges of sustainable investments, and the exciting opportunities to drive meaningful change.

Welcome Sanjin. We see that you recently won the 2024 Young Alumni award from BI, your former university. How did that happen?

I'm really grateful and proud to be an alumnus of such a wonderful institution where I completed my bachelor's degree. Receiving this prize has been a journey with many milestones. This is my first prize from BI as an alumnus, in addition to two previous awards I received for academic achievements while I was a student there. At BI, I was fortunate to be deeply involved in various aspects of campus life - I loved being a student there and dedicated a lot of effort to my studies. Also, I prioritized giving back to the institution, by actively participating in the student union, serving as the National President for all campuses, and sitting on the Board of Trustees for BI, in addition to some more activities here and there through the years. I cherish the memories from my time at BI and hope to carry these experiences with me into the future.

And how it been so far in your time with Storebrand group's corporate management trainee program?

I'm thrilled to share my experiences with the newly reintroduced trainee program at Storebrand. The program has been exceptionally well-structured, giving us a complete overview of various business aspects. Over the next 18 months, I will complete two rotations at Storebrand Asset Management and one rotation at the Storebrand Group's CFO office, each lasting six months, before returning to Storebrand Asset Management.

The cohort of trainees is incredibly talented and engaging, and I feel honoured to be part of such a distinguished group. This is the first time that Storebrand has reintroduced the trainee program since 2012, and I am extremely grateful to be part of this first batch to start things up again.

Storebrand is a remarkable organization, filled with dedicated and skilled professionals in every department. The culture here is full of support and kindness, with everyone willing to lend a helping hand. This experience has undoubtedly been a fantastic start to my career, and I am excited about the journey ahead.

You're working in the Storebrand Asset Management Sustainable Investments team, as your first rotation experience in the program? What's your role in the team?

I'm incredibly grateful for the warm welcome I've received from the Sustainable Investment team. They've given me a priceless opportunity to learn from some of the best professionals in the field of sustainability. It's an honour to work alongside such dedicated and knowledgeable individuals.

As a trainee, my role has been to support various projects and topics, contributing wherever I can. My first project involved assisting with data for the integrated TCFD-TNFD report, which was published before the COP16 global nature and biodiversity conference, and working with geospatial data.

Also, I have had the pleasure of contributing to research on human rights and working on a project related to green bonds. Right now, I am working on an exciting project focused on sustainable seafood. The team has also been kind enough to invite me to engagement meetings on various topics, further enriching my experience.

Working with this team has given me a clear understanding of why SAM is a leader in sustainable investments. Their expertise and commitment to sustainability are truly inspiring.

At first glance, what stands out to you as the biggest challenges and opportunities in this area?

The dynamic nature of sustainability is what makes it so fascinating. However, the sustainable investments industry has faced significant challenges and backlash in recent years. Despite these hurdles, it is crucial to continue our efforts in this field.

Sustainability is constantly evolving, with new regulations from the EU placing pressure on companies and investors to enhance their reporting. Data remains limited, and we are continually seeking innovative ways to interpret it. Beyond environmental issues like climate change and biodiversity, which can have disastrous impacts on companies, social issues are also paramount in today's world. Conflicts around the globe, the rise of AI, and digital rights are all critical concerns which need to be focused on.

While these challenges are complex, they also present immense opportunities to find new solutions and drive positive change. As a new graduate in this field, these multifaceted issues make my work exciting. Being part of Storebrand Asset Management, with its long history of addressing these challenges since the mid-1990s, gives me confidence in our ability to make a meaningful impact.

What perspectives or insights do you hope to contribute to the Sustainable Investments team?

The team I am working with is exceptionally talented and skilled. As a new graduate with a financial background, I am particularly interested in exploring how we can bridge these two areas of sustainability and finance tighter. My goal is to find innovative ways to quantitatively integrate sustainability into portfolio management. This could involve leveraging new data sources or developing novel methods to enhance our approach. By combining financial acumen with sustainability principles, I hope to contribute to creating more robust and impactful investment strategies.

In what ways do you think this particular rotation in the corporate management trainee program will prepare you for addressing the evolving needs of clients and the company?

The investment industry is constantly evolving, as are the needs of both our company and our clients. For the company, it is about innovating and developing new ways to enhance our work. Being a sustainability pioneer means taking bold steps, especially in uncertain times. I am committed to supporting Storebrand on this journey and contributing to our continued leadership in sustainability. For our clients, it is about being a Nordic powerhouse and a trusted local partner. We aim to provide cutting-edge solutions that meet their evolving needs, ensuring they can navigate the complexities of sustainability with confidence. By staying ahead of industry trends and maintaining a strong client focus, we can deliver exceptional value and drive positive change.

↑ Sanjin receiving the BI 2024 Young Alumni Award, for his outstanding engagement, leadership, and voluntary contributions to society.

BI Young Alumni Award

The BI Norwegian Business School's Young Alumni Award annually recognizes select recent alumni that have demonstrated the values derived from a business school education by making a significant impact on their industry and having a professional accomplishment on the national or international level. Sanjin Damjanovic was one the four award winners for 2024.

Roundup

In the media

Norge når ikke målene i naturavtalen heller

Dagens Næringsliv, 21 October 2024

In down-to-earth and practical opinion piece, Storebrand Asset Management CEO Jan Erik Saugestad sets the spotlight on how nature loss isn't getting the attention it should in Norway. Noting that the country is behind target to meet its national commitments on nature, he emphasises that major changes are needed to ensure that nature is in condition to support the life and business activities that investors, and society as a whole, depend on.

Thiel's Palantir dumped by Norwegian investor over work for Israel

Reuters, 25 October 2024

The global news agency Reuters reports on Storebrand's decision to exclude technology company Palantir over concerns about its provision of goods and services used to implement Israel's occupation of Palestinian territories.

Norway's Storebrand exits Palantir over IOF human rights violations

Al Mayadeen, October 25, 2024

Lebanese-based, pan-Arabian news channel Al Maydeen reports on Storebrand's decision to exclude technology company Palantir over activities related to Israel's occupation of Palestinian territories (oPt). The report dives into the context of use of AI and digital tools in the oPt, along with linked harms.

Storebrand trennt sich von Palantir: Sorge um ethische Standards

InvestmentWeek, 25 October 2024

German financial and business news media InvestmentWeek reports on Storebrand's decision to exclude technology company Palantir over involvement in occupied Palestinian territories (oPt), noting a "growing sensitivity of large investors with regard to ethical and legal responsibilities."

COP16: Nature Action 100 releases inaugural corporate assessments

IPE, 28 October 2024

The Nature Action 100 investor initiative in which Storebrand plays a key role, released its first benchmark assessment of corporate action on nature, revealing the results, the COP16 UN Biodiversity Conference in Columbia. Emine Isciel, head of climate and environment at Storebrand Asset Management, and member of NA 100 Steering Group, is quoted commenting on the significance of the results, and its importance in driving momentum on investor action to support the biodiversity plan.

Foundation urges financial leaders to protect and restore biodiversity

AMWatch, 30 October 2024

The asset management media AMWatch reports that Storebrand Asset Management CEO Jan Erik Saugestad met with national ministers of finance and leading financial institutions, at a closed-door event during the COP16 conference in Cali, Colombia. AM Watch notes: "Saugestad stressed that public and private financial activities that currently impact nature negatively must shift to support ecosystem restoration and biodiversity conservation, through comprehensive transition across real economy sectors."

Some European firms retreat from Israel-linked finance amid war pressure

Reuters, 5 November 2024

In a feature, Reuters' scans the European finance landscape for ongoing changes linked to Israel's war kin the occupied Palestinian territories (oPt), citing Storebrand's annual investment review among other sources, they suggest that some of the potential wider effects can be seen in Storebrand's actions to divest from companies potentially involved in violations of human rights in the conflict.

Þurfi að horfa til lengri tíma / Tækifæri í innviðafjárfestingum

Morgunbladid, 29 November 2024 and 30 November 2024

The leading Icelandic newspaper sits down with Storebrand Chief Investment Officer Dagfin Norum in a two-part interview. Among the topics explored, were the logic behind sustainable investment, the role of alternative investments in institutional investing; and the potential impact of regulatory frameworks on landscape of opportunities in infrastructure investments.

A Far from Passive Approach to Paris-alignment

ESG Investor, 29 November 2024

An extensive interview in which Senior Portfolio Manager Henrik Wold Nilsen examines the need to distinguish between active and passive investment strategies, when it comes to sustainable investment.

Norwegian investors scrutinize Palantir after alleged human rights violations

AMWatch, 29 November 2024

The asset management sector media specialist AMWatch continued its series of stories in the wake of Storebrand's exclusion of the tech company Palantir from investment. This time around the publication follows up with a roundup of reactions by other Norwegian asset managers, and features Storebrand's further statements detailing the changes currently occurring in how conflict-affected and high-risk areas are assessed for risk.

ACIR to review student divestment proposals

Yale Daily News, 2 December 2024

A news report by the official newspaper of Yale University, one of the largest private institutional asset owners in the US. The story centres around the university's Advisory Committee on Investor Responsibility, conducting its annual review of student divestment proposals. Storebrand's recent divestment from the data analytics and AI provider Palantir, was mentioned as a primary source in one of the three divestment proposals reviewed. The need for updated ethical investment frameworks, to better respond to emergent technologies such as AI, is also noted.

Events calendar

Looking ahead

OECD High-Level Policy Forum: New Frontiers for Social Policy: Investing in the Future

Paris, France
13 February, 2025

The OECD Social Policy Forum assembles ministers, other high-level policy makers, and stakeholders from civil society and academia. Together they will explore issues such as: the main barriers to long-term financial sustainability of social protection systems in the face of population ageing; government reforms social systems; how technology can be mobilized to improve service delivery of social programmes; employment and social challenges; and embedding social protection tools should be embedded in strategies for just transition. The event should provide some early signals as to how technology and private sector solutions could play a role in this agenda across countries.

UN CBD COP 6 Resumed Discussions

Rome, Italy
25–27 February 2025

The UN Biodiversity Conference (CBD COP16), reconvenes from 25-27 February, 2025 in Rome, Italy, at the headquarters of the Food and Agriculture Organization of the United Nations (FAO). Here, the Parties (member countries signed up to the convention) will seek consensus on completing the COP16 agenda. Storebrand is co-chairing the Finance for Biodiversity (FfB) Public Policy Workstream with Federated Hermes, which will represent the coalition at this meeting, where FfB will participate in the negotiations. The outcomes from this session can provide investors with indications of the policy commitments each country is making, in terms of resource mobilization, financial mechanism, and **KMGBF (Kunming-Montreal Global Biodiversity Framework)** *monitoring and planning.*

LGC Investment Seminar 2025

Camden Park, Cheshire, UK
27–28 March, 2025

An annual event that gathers Local Government Pension Schemes (LGPS) in the UK to share insights on grappling with their challenges in a rapidly changing environment. This year Storebrand's Lauren Juliff will be running a workshop on climate and sustainability integration. The workshop this year, "The Future of Paris-aligned Investing" will look at the future of Paris aligned portfolios and ask: What does a Trump presidency mean for Paris-aligned portfolios? How do we move beyond Scope 1 and scope 2 emissions intensity to a better understanding of portfolio climate risk? Does portfolio decarbonisation even make sense anymore?

International Summit on Future of Energy Security

London, UK
24–25 April, 2025

Convened by the IEA and hosted by the UK government, the assess the energy security landscape and solutions to its short- and long-term challenges. The event will provide useful updates on trends redefining the global energy landscape. Updates will include changes in energy demand, supply and trade; adoption of clean and efficient energy solutions; availability of minerals and metals required for clean energy technologies –and the allocation of investment during the transition from fossil fuels.

4th International Conference on Financing for Development (FfD4)

Seville, Spain
30 June–3 July, 2025

The conference will address new and emerging issues, and the urgent need to fully implement the Sustainable Development Goals, and support reform of the international financial architecture. FfD4 will assess the progress made in the implementation of the Monterrey Consensus, the Doha Declaration and the Addis Ababa Action agenda. The event will provide indications of the policy and investment priorities ahead in sustainable development, as well as likely directions for development finance.

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Storebrand Asset Management is part of the Storebrand Group, managing NOK 1100 billion of assets for Nordic and international clients.

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