

31 May 2023

Annual progress report for 2022 by Storebrand Asset Management on implementation of the Sustainable Blue Economy Finance Principles

As a signatory of the [Sustainable Blue Economy Finance \(SBE\) Principles](#), Storebrand Asset Management is required to report annually on our implementation of the SBE Principles. The [reporting framework by UNEP FI](#) does not require SBE signatories to produce an additional report, but allows them to reference or link to the required information already in the public domain. The report for 2022 follows this format, summarizing progress in this document and citing other public policies and reports where more information can be found.

- **Actions taken during 2022**

New Policy on Nature

Storebrand adopted a new [Policy on Nature](#) in late 2022. This policy is a supporting document to the Storebrand Group [Sustainable Investment Policy](#), detailing how Storebrand can contribute to reversing nature loss. The policy applies to all natural ecosystems, including oceans and freshwater ecosystems, and the main action elements are: 1) Impact assessment and target setting 2) Engagement with relevant stakeholders, 3) Risk management: Increasing our positive and reducing our negative impact on nature and 4) Reporting: nature-related financial disclosure. All these elements are relevant for the SBE. However, the immediate impact of the Policy on Nature on implementation of the SBE in 2022 was the decision to exclude companies involved in the following activities:

- **Mining operations that conduct direct marine or riverine tailings disposal:** With the aim to protecting coastal and marine environments from mining waste and to reduce marine pollution, from land-based activities, Storebrand will not invest in mining operations that conduct marine or riverine tailings disposal.
- **Deep-sea mining:** The deep sea contains many of the world's most pristine, biodiverse, and poorly studied ecosystems, which provide a broad range of critical ecosystem services. Following the precautionary principle, Storebrand will not invest in companies involved in deep-sea mining until we have more scientific knowledge on the impacts of these activities. Significant challenges must be overcome before the sector can be recognized as environmentally and economically sustainable.
- **Companies that operate in ecologically sensitive areas:** Companies that derive more than 5 % of their revenues from Arctic drilling will be put on our observation list and closely monitored and engaged with based on our existing ownership. Some of the most iconic species in the world are endemic to the Arctic, and their habitats are under pressure by rapid climate change. The remote location and extreme weather conditions, combined with

the lack of adequate infrastructure for responding to oil spills or other accidents, create an unacceptable risk of irreversible impacts of oil and gas operations in the Arctic. We will maintain a close dialogue with companies that derive more than 5 % of their revenues from Arctic where we inform them of our expectations of measures and results. We expect the companies to show improvement within a pre-determined time. Depending on the outcome, the companies will either be excluded from our investment universe, or they will be removed from the observation list. We will expand to other ecologically sensitive areas as data improves.

For more information, see page 8 of the [Policy on Nature](#) and pages 7 and 36 of our [Sustainable Investment Review for 2022 Q4](#).

Assessment of impacts and dependencies on nature

As part of our commitment to the Finance for Biodiversity initiative, our new Policy on nature commits us to assess the impacts and dependencies of our investments on nature, biodiversity and ecosystem services. As a first initial step, in 2022 we did a [high-level screening of direct nature-related impacts and dependencies for our portfolio of equity and bonds](#) using the measurement tool ENCORE. ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure), helps global banks, investors and insurance firms assess the risks that environmental degradation, such as the pollution of oceans, causes for financial institutions.

Storebrand 's highest exposure to impact-related risks stems from the solid waste impact driver, followed by water pollutants, soil pollutants, water use, non-GHG air pollutants and GHG emissions.

While a more refined analysis of more granular data is needed to adequately assess the impacts and dependencies of our investment portfolio on nature, the initial screening has provided valuable insights for the development of our engagement strategy on nature and biodiversity.

More information can be found [here](#) and on page 18 of our [Sustainable Insights Review for Q3 2022](#).

Launching new engagement initiative on nature and biodiversity

Storebrand is a part of Nature Action 100, a new global investor engagement initiative that was soft-launched during the COP15 conference in Montreal this past December. The initiative, positioned to complement the United Nations Convention on Biological Diversity's Global Biodiversity Framework, aims to drive greater corporate ambition and action on tackling nature loss and biodiversity decline.

More information can be found on page 11 of our [Sustainable Investment Review for 2022 Q4](#).

- **Short- and long-term plans**

Assessment of impacts and dependencies on nature

As mentioned above, more refined analysis is required to assess the impact and dependencies of our investment portfolio on nature. Our aim is to carry out more granular assessment on the company level, to allow portfolio managers to understand the nature-related risk exposure of companies,

including companies with impacts and dependencies on ocean resources. We are currently in the process of reviewing available data offerings for this purpose. Unfortunately, most currently available data sets on nature and biodiversity do not include company specific data for marine areas. However, it is expected that data quality will improve with time.

Company engagement on nature, biodiversity, climate and oceans

Storebrand continues to use active ownership to induce companies in our portfolio to align their activities with international climate and nature targets as well as the SBE. Our engagement strategy includes both individual and collaborative engagements on issues relevant to the SBE:

The investors of the Nature Action 100 will focus on companies in key sectors that are considered to be systemically important to the goal of reversing nature and biodiversity loss by 2030. We will identify the private sector actions necessary to protect and restore nature; and conduct investor-company engagements to make these actions happen.

As part of our direct engagements on climate and nature risk, as well as human rights and Just Transition, we prioritize sectors and companies relevant to the ocean economy, including shipping, offshore oil and gas, and offshore wind.

- **Alignment with global agreements**

Storebrand will always seek to align its investments with scientific consensus on climate and nature. This means that Storebrand supports the commitments outlined in the Paris Climate Agreement and the Kunming-Montreal Global Biodiversity Framework, and that statements and reports from the Intergovernmental Panel on Climate Change (IPCC) and the Intergovernmental Panel on Biodiversity and Ecosystem Services (IPBES) will provide the scientific basis for our subsequent investment decision making. If there is scientific uncertainty with regards to the negative effects of specific activities on climate and nature, Storebrand will adopt the precautionary principle. (See [Climate Policy](#) page 4 and [Nature Policy](#) page 7)

- **Targets relevant to the SBE**

Storebrand has not set any specific SBE targets, but we are integrating the relevant sectors in impact assessment, target setting and active ownership related to climate and nature.

We have made a commitment to assess impact and set targets on biodiversity by 2025. This will complement [our existing targets](#) such as net-zero target by 2050, 32% reduction in portfolio carbon intensity by 2025 (baseline year 2018) and a financing target of 15% of our AUM in Solutions companies by 2025. We are currently assessing our biodiversity impact using best available tools and will set further targets in line with international agreements such as the Global Biodiversity Framework under the Convention on Biological Diversity with the aim to support a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes. We are committed to disclose our biodiversity footprint and align this reporting with the TNFD recommendations, once this is available. (See [Policy on Nature](#), page 5)

- **Governance overview**

Storebrand's [Sustainable Investment Policy](#) gives an overview of the governance structures, strategies, policies and practices that govern our work on sustainable investments, including our efforts to align with the SBE principles. An internal task force has been set up to coordinate implementation of our climate and nature policies, under the [oversight of Storebrand Group Management. Progress is reported to the Board twice a year.](#)