

## Website Product Disclosure, an article 8 fund<sup>1</sup>

### Storebrand Eiendomsfond Norge KS

Last updated 08.11.2023

#### a) **Summary (The Summary has been translated into the languages in which the fund is marketed)**

**English:** Storebrand Eiendomsfond Norge KS promotes, among other characteristics, environmental and social characteristics. The Fund's investments in commercial properties aim to 1) contribute to the environmental objective of climate change mitigation in the strive to align with a 1,5 degree emission pathway, and 2) promote the social objective of health and wellbeing among tenants, users, suppliers and neighbors. Sustainability risks are considered in investment decisions. Based on assessments and risk integration practices, sustainability risk to the Fund's returns is considered limited. ESG due diligence in the acquisition process supports the post investment ESG optimization (monitoring, assessment and implementation of improvement measures) according to the building life cycle. Status and progress on selected environmental/social promotion indicators and adverse impacts will be tracked and reported. No specific index is designated as a reference benchmark to attain the environmental or social characteristics promoted. The Fund however will use the Global ESG Benchmark for Real Assets, GRESB, as an indicator for comparison of overall ESG performance.

**Norwegian:** Storebrand Eiendomsfond Norge KS (Fondet) fremmer blant annet miljømessige og sosiale egenskaper. Fondets investeringer i næringseiendom tar sikte på å 1) bidra til miljømålet begrensning av klimaendringer i streben etter å nå 1,5 graders målet for global oppvarming, og 2) fremme det sosiale målet om helse og velvære blant leietakere, brukere, leverandører og naboer. Bærekraftsrisiko vurderes i investeringsbeslutninger. Basert på risikovurderinger og praksis for integrering av bærekraftsrisiko i investeringsprosessene vurderes fondets avkastning i begrenset grad å bli påvirket av bærekraftsrisiko. ESG due diligence (DD) i kjøpsprosesser støtter ESG-optimalisering etter investeringen (overvåking, evaluering og implementering av forbedringstiltak) i henhold til eiendommenes livssyklus. Status og progresjon på utvalgte indikatorer og negative effekter vil bli målt og rapportert. Ingen spesifikk indeks er utpekt som en benchmark for å oppnå de miljømessige eller sosiale egenskapene som fremmes. Fondet vil imidlertid bruke Global ESG Benchmark for Real Assets, GRESB, som en indikator for sammenligning av samlet ESG-prestasjon.

#### b) **No sustainable investment objective**

This financial product promotes environmental or social characteristics, but it does not have as its objective sustainable investment.

#### c) **Environmental or social characteristics of the financial product**

- a. Environmental: The portfolio will strive to be aligned with the 1,5 degree emission pathway and science based targets, among others seeking means of reduced emissions through reduction in the consumption of energy and material resources, and promotion of renewable energy.
- b. Social: Promotion of healthy buildings and neighborhoods that support health, safety, well-being and productivity among tenants, users, suppliers and neighbors.

The indicators used to measure promoted characteristics are Environmental indicators: Carbon efficiency and Energy efficiency; Social indicator: Tenant satisfaction; and Combined environmental and social indicator: Building sustainability certification – share of investments certified.

#### d) **Investment strategy**

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<sup>1</sup> According to SFDR Sustainable finance disclosure regulation, [EUR-Lex - 32019R2088 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/eli/reg/2019/2088/oj)

The Fund invests in unleveraged and fully developed real estate in Norway with long contractual, index-regulated revenue streams. ESG factors are emphasized both pre and post investment. The Fund will follow a Core /Core Plus strategy with the following characteristics of segments and geography:

- Offices (including parking) in Greater Oslo and major Norwegian cities
  - Commercial property in South Norway
  - Warehouse with attractive logistics location
  - Hotels in Oslo and major Norwegian cities
- a. Pre investment, step one is a negative screening on investments that do not live up to the SAM sustainable investment policy, or that hold an ESG standard that cannot be improved properly to promote selected characteristics within acceptable effort or means. In step two, an asset-level environmental and/or social risk assessment is conducted as a standard part of the overall due diligence process, along with i.a judicial, financial and technical assessments. The Fund shall to a greatest possible extent consist of properties with high environmental standard, and that hold a third-party environmental certification.
- b. Post investment sustainability is integrated in management and development of standing investments in order to best attain the E/S characteristics. This phase covers portfolio and property management, monitoring, communication, development and continuous improvement processes, including:
- i. Asset-level monitoring of E/S characteristics and principal adverse impacts in order to establish baseline and follow-up development.
  - ii. Based on environmental and social risk assessments include improvement strategies for the properties' environmental and social performance in property business plans and day-to-day optimization of building operation.
  - iii. Annual reporting to and sustainability rating by GRESB (Global sustainability benchmark for real assets) and other relevant international ESG leadership standards.
  - iv. Regular communication to investors and public disclosure on ESG performance
- c. Policy to assess good governance practices: The Fund invests directly in properties through Special Purpose Vehicles (SPVs). As the SPVs have no administration, the Fund Manager itself runs the companies. Thus the good governance practices of the companies lie with the Fund Manager. Investments and management of investments are to follow the Storebrand sustainability policy, meaning among others that certain tenants, suppliers or business partners may be excluded from the investments. The Fund Manager is to comply with Storebrand's Code of Conduct, and holds 1st line governance practices in transactions and property management. Internal control includes incident reporting, with 2nd line compliance officer auditing and reporting quarterly, and in case of severe incidents they are reported to the boards of both the Fund and the Fund Manager. Risk based external audits are ordered by the Storebrand Group. Policies are continuously developed, 1st line personnel do annual mandatory courses and risk assessments covering i.a. Anti-Money Laundering, -Corruption, GDPR.

**e) Proportion of investments**

The planned asset allocation is 100 % in alignment with the promotion of the E/S characteristics.

**f) Monitoring of environmental or social characteristics**

For the investments that the Fund holds or will make, the information in most cases can be made directly available to the property management after acquisition and ESG due diligence. Through the installation and /or reading of meters (for energy and carbon efficiency), through annual tenant satisfaction surveys and through implementing in-use environmental certification, the environmental and social characteristics promoted by the Fund will be monitored throughout the lifecycle of the Fund. Internal control mechanisms: At appropriate frequencies, based on the level of detail of the topics, and the relevant level of the management organization, results and progress are reported and assessed. Controls are part of the environmental management system as well as second line compliance checks. External control mechanisms: Progress is reported annually through the annual report which is adopted by the Fund board. This, and more brief quarterly updates, are also reported to investors.

**g) Methodologies**

The monitoring and measuring means described under paragraph f) above give ground for observation of the indicator development. A positive year-by-year development, or the stabilization at a good performance level, will indicate that the Fund performs well on the chosen E/S characteristics.

**h) Data sources and processing**

The data monitoring described above shows the data are produced directly as part of activities in property management. First-hand source insight, using approved meters with automatic readings and monitoring systems, using third party tenant satisfaction surveys, building certifications and emissions accounting, safeguards data quality before and after the limited processing to present results. Apart from exceptions where tenant energy consumption is not available, nor the respective parts of GHG emissions, there will be no estimation of data.

**i) Limitations to methodologies and data**

There are no material limitations to the methodologies and to the data sources referred above. The alignment with the promoted characteristics is not likely compromised by lack of data quality, as indicator data are directly produced and assessed by third parties based on physical features or surveys (in particular Energy Performance Certificates, tenant satisfaction, Building sustainability certification). While meter readings are automatic, possible data errors from single meters are sought for in control procedures before reporting, and will have minor effect on the total figures of the Fund.

**j) Due diligence**

Asset-level ESG and other thematic due diligences will be carried out by external advisors as a standard procedure in pre investment phase. The internal investment committee will assess the compiled findings before investment decision or a corresponding board recommendation is made.

**k) Engagement policies**

The investment strategy comprises an active ownership policy in the post investment phase. This is a prerequisite for, and directly linked to, the promotion of the chosen E/S characteristics, and producing a positive development in the indicators. A generally high sustainability focus, characterized by third party certified environmental management systems of main actors and suppliers as well as of the buildings and the property management, and also the scrutinizing GRESB benchmarking described below, constitutes a framework that prevents sustainability-related controversies in property management.

**l) Index designated as reference benchmark**

No specific index is designated as a reference benchmark to attain the environmental or social characteristics promoted by the Fund.

While not having a designated index as reference benchmark, the Fund will use the Global ESG Benchmark for Real Assets, GRESB, as an indicator for comparison of overall ESG performance with reference to best practice criteria of the GRESB framework, and on the specific environmental/social characteristics that the Fund promotes. The GRESB assessment is an annual investor-driven global ESG benchmark and reporting framework that measures absolute and relative quality within ESG areas material to the asset class, and corresponding to the E/S characteristics promoted by the Fund. More information in [Real Estate Assessments - GRESB](#).