Storebrand

UK Stewardship Code

Storebrand Asset Management Stewardship Activities and Outcomes for the Reporting Year 2024

30.04.2025

Contents

About this Report

The Storebrand Asset Management Stewardship Code submission for 2024 has been written during the FRC consultation.

It follows the guidance of the FRC for interim reporting and builds on our 2023 submission[1]. The scope and reporting entity for 2024 is therefore the same as 2023 – any changes throughout the year have been flagged in this submission.

In total, **NOK1,286bn [GBP90.4bn]**[2] is invested in the Storebrand branded products, which are managed by Storebrand Asset Management (SAM). These funds, which follow a common stewardship strategy directed by the Storebrand Risk and Ownership Team in collaboration with portfolio managers, are the scope of this report.

SAM is a subsidiary of the ultimate parent entity Storebrand ASA. In addition to the Storebrand branded funds managed, SAM has three autonomous and separate investment and advisory entities (Cubera, AIP, and Capital Investment). These entities are outside the scope of this report as they have independent strategies for portfolio management and stewardship. None of the NOK1,286bn in scope for this report is managed by Cubera, AIP or Capital Investment.

The Storebrand Risk and Ownership Team, which sits in SAM, is responsible for stewardship actions relating to SAM's systematically and passively managed funds and for working in cooperation with SAM Portfolio Managers on SAM's actively managed funds. This team also has a group-wide responsibility to manage common sustainable investment policies and actions for SAM.

SKAGEN integration

SKAGEN AS has been a part of the Storebrand Group since 2017 and has previously operated under exemptions as a separate management company and subsidiary of SAM. SKAGEN was therefore

Legal Structure of the Storebrand Group

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1 SAM_UKStewardshipCode_2023Submission.pdf

2 Converted using exchange rate of 14.2249 as at 31 December 2024 Source: Exchange rates (norges-bank.no)

considered out of scope for the Stewardship Code 2023 reporting period. SKAGEN AS has now been dissolved through a parent-subsidiary merger of SKAGEN AS and SAM, whereby SAM became manager of SKAGEN mutual funds. Under the new structure, SKAGEN's business consists of managing SKAGEN mutual funds under an outsourcing agreement with SAM. Data for SKAGEN funds are therefore now in scope and included in SAMs Stewardship Code reporting and PAI statement for 2024.

New investment entity under Storebrand offering: AIP

In June 2024, Storebrand took a major step in increasing its ownership in Danish infrastructure fund manager AIP Management, a move which is intended to further our commitment to this asset class that is highly relevant to investments in the transition towards sustainable societies. AIP has a strong track record and sustainable investing is at the core of AIP's investment strategy.

AIP is founded by PKA and headquartered in Copenhagen with total commitments from investors of €8 billion (NOK 90 billion). Storebrand Group's life insurance companies are anchor investors, the Storebrand Group has entered into an agreement to acquire an additional 50% of the shares in Danish infrastructure fund manager AIP Management P/S ("AIP") to reach a direct ownership of 60%.

Stewardship independence: AIP will continue to be led by its current Partners, retaining its independence and operating under the AIP brand, as part of the Storebrand Asset Management multi-boutique offering. The owners, which continue to include the Danish pension funds PKA and PenSam as well as the Partners in AIP, will build upon the strong partnership to further develop and strengthen the AIP platform. AIP is therefore out of scope for the SAM Stewardship Code reporting entity.

Introduction: Standing Firm on Sustainability

Following more than a decade of powerful growth and mainstream acceptance, sustainable investing is currently facing perhaps its greatest test. Environmental, Social and Governance (ESG) has always faced resistance – usually on the grounds that politicians are best placed to tackle its issues while investors should concentrate on profit maximisation – but this has recently reached a crescendo.

The opposition is greatest in the US, where investors have historically focused on ESG's upside potential but now face mounting political, legal and financial threats to curb their sustainability activities. Companies have also come under the spotlight, with many scaling back or cancelling diversity, equity and inclusion (DEI) commitments and targets.

These developments have themselves met resistance, placing sustainable investing at a crossroads and raising important questions about its future. For Storebrand, which created an ESG team in 1995, the debate underlines the nuances of the issues involved but also reaffirms our approach and commitments to investing sustainably.

Climate commitment climbdown
One of the clearest signs of the ESG backlash is the exodus of major asset managers from climate-focused investment coalitions. The retreat, which began in late 2022, culminated in January when the Net Zero Asset Managers (NZAM) initiative suspended its activities. Climate Action 100+, an investor alliance pushing the world's biggest polluters to reduce emissions, announced the departure of several large members from its initiative a month later.

We have some sympathy with the US investors who withdrew from these coalitions given the rising pressure they face. The use of ESG metrics has become a major battleground, particularly in Republican-led states where policymakers argue that sustainable investing prioritises political and social goals over financial returns, potentially violating fiduciary duties. Several have introduced legislation restricting public pension funds from considering ESG factors in investment decisions and some have withdrawn mandates on sustainability grounds. In addition, US investors have faced growing legal challenges. These claim that industry-wide climate commitments violate antitrust laws, and several states have filed lawsuits against asset managers for disadvantaging fossil fuel companies in pursuit of environmental goals.

Others are less understanding to their predicament. In February, a group managing a combined US$1.5 trillion called on asset managers to strengthen their climate stewardship and engagement activities or risk deselection – a threat that has recently seen several billion dollars of assets switched from those who have withdrawn from climate coalitions into others seen to offer greater alignment with the asset owners' "stewardship approach" and "responsible investment standards". This illustrates the complexities of the challenges we all face.

DEI and performance headwinds
The backlash has spread beyond climate-related issues with US companies also scaling back DEI programmes in the face of political and legal pressure. Donald Trump issued a series of executive orders cutting federal initiatives that promote equal opportunities, for example, soon after his inauguration. Large corporations, including big tech and Wall Street banks, have reversed commitments or targets, while others face lawsuits from government agencies and shareholders alleging that their policies are discriminatory or have led to financial underperformance. As with the climate coalitions, however, some

businesses have doubled down on their DEI initiatives.

The headwinds have weighed on investor sentiment, which has been a contributing factor in the recent underperformance of sustainable investment strategies, both relative to previous periods and the broader market. Outflows from US ESG funds reached $19.6 billion last year, up from $13.3 billion in 2023, according to Morningstar[3]. Meanwhile, the S&P Global Clean Energy Transition Index, a barometer for global clean energy-related companies, is down 65% from its January 2021 peak, although returns have been positive year-to-date[4].

Our house view unchanged

As many investors and corporates retreat from ESG commitments in the face of mounting opposition – not only in the US – sustainability faces an uncertain future. Regulatory scrutiny has also intensified significantly in recent years and although this is largely for the right reasons, it is causing some investors to take a more cautious approach to mitigate compliance and reputational risks.

The question is whether this retreat represents a temporary shift driven by cyclical factors or a more permanent recalibration of ESG's ability to meet the real-world issues we face? If we accept the scientific consensus – and in light of recent climate catastrophes – it is important to retain momentum.

Storebrand was an early signatory of both NZAM and Climate Action 100+initiatives, as well as being part of many other international investor coalitions. We make our own decisions on climate issues – and all others related to ESG factors – but it is vital that these industry alliances have a committed membership in order to be successful and benefit society.

Our position is unchanged. First, we maintain our investment principles and believe that tackling the underlying risks associated with ESG, such as climate change, biodiversity loss, social inequalities and the safeguarding of institutions and legal rights, is more important than ever. Second, we continue to uphold our fiduciary duty and integrate ESG in our investment process in order to ensure effective risk management and returns for our clients. Third, we will continue to engage with companies to help them improve, and challenge governments to ensure that the playing field for investors and corporates is aligned with sustainable development goals and pledges.

Climate and nature risk remains one of the greatest threats facing humanity that stretches far beyond political and market cycles – it requires long-term holistic action. We recently strengthened our own climate policy and call on policymakers, corporates and the investment community to stand firm on their own climate and biodiversity commitments.

The current lack of political leadership is unfortunate, but we recognise that these issues are complex and contentious – 'nothing worth having comes easy' to paraphrase Roosevelt's famous quote. We are among the long-term asset managers that see sustainability as an important factor in delivering their fiduciary duty and remain steadfast on both our approach and commitment.

Jan Erik Saugestad
CEO of Storebrand Asset Management

[3] *US Sustainable Fund Landscape 2024 in review, Morningstar.*

[4] *As at 21/03/2025.*

Principle 1

Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

There have been no material changes to our purpose, investment beliefs and strategy in 2024. Therefore, the core text for this principle remains the same as 2023 but has been updated where necessary.

The Storebrand Group has roots dating back to 1767 and is a leading player in the Nordic market for long-term savings, pensions, banking and insurance. Storebrand Asset Management (SAM) was established in 1981 to manage the assets of its parent Storebrand ASA. Since its inception it has acquired external mandates and incorporated autonomous boutiques to form an asset management group.

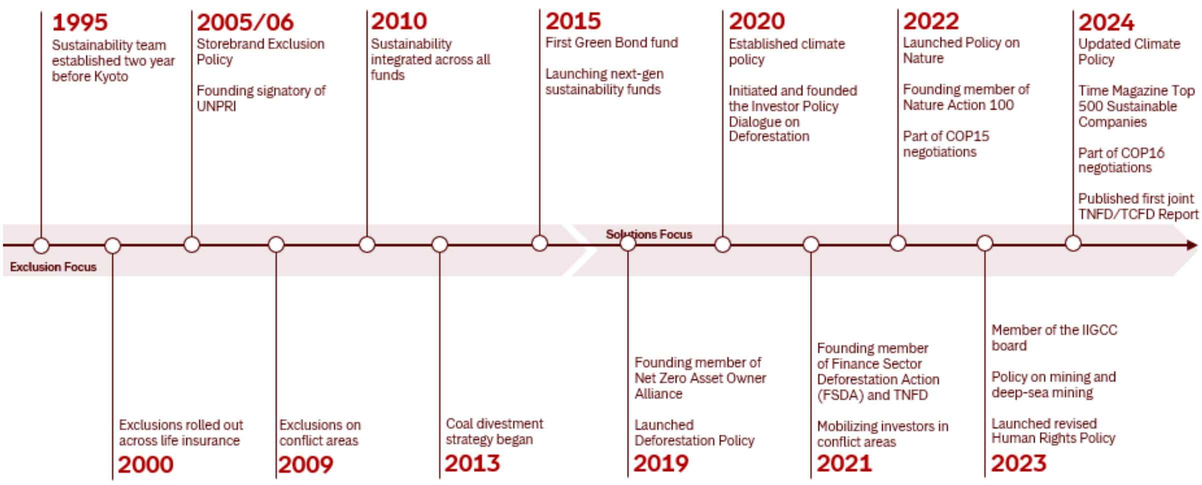
Our Purpose and Vision

As a fiduciary, our main goal is to ensure the best possible risk-adjusted returns for our clients.

At the same time, we acknowledge that, delivering the best possible risk-adjusted returns means protecting the ability of future generations to meet their own needs. We are inspired by the 1987 Brundtland Report from the World Commission on Environment and Development (WCED), which was sponsored by the UN and chaired by former Norwegian Prime Minister Gro Harlem Brundtland. Under Brundtland, the WCED defined sustainable development and developed long term solutions linking environmental and social issues with economic growth. Owing to our Norwegian legacy, sustainability has been a key consideration for Storebrand from day one.

Storebrand was an early integrator of sustainability, creating its separate

Figure 1: Storebrand's Sustainable Investing Journey



sustainability team in 1995 to ensure the incorporation of long-term environmental and social sustainability principles into our practices at every step of our investment process. While our sustainability focus began with excluding companies and products harmful to society and the environment, it has evolved to become more sophisticated and incorporate the consideration of ESG risks into our analyses and portfolio construction processes over time.

In addition to being sustainability pioneers with some important exclusion strategies, Storebrand has demonstrated leadership in being a founding member of the **UNPRI** and **Net Zero Asset Owner Alliance**, being early to integrate sustainability across all funds under management in the Storebrand Group, launching the first Green Bond Fund and being early to launch specific and dedicated deforestation, climate change & lobbying, and nature policies.

Time Magazine and the data provider **Statista** have assessed the most sustainable companies of 2024, creating a top 500 list from its review of more than 5000 of the world’s largest companies. Storebrand Group is ranked 41st of the 500, which is the highest of the Norwegian companies assessed.

In January 2024 Storebrand ASA made it into the **CDP's A List Europe** for its leadership in environmental transparency and action. Alongside 178 other European companies, Storebrand ASA was deemed worthy of distinction for its activities related to climate. Globally, CDP evaluates more than 21 thousand companies on their environmental impact.

In December 2024, 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.

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

As you can see in Figure 1 above, our sustainability practice has evolved over time to fuse our solutions focus, investing to address environmental and social problems that we are facing, with an exclusion focus where necessary.

Our **investment beliefs** are based on the assumption that the companies which contribute to solving our societal problems in a sustainable way will also be the most profitable in the long run. Storebrand Asset Management’s Sustainable Investment Policy aims to help ensure our clients' future returns.

We believe companies that understand and utilise sustainability in their business strategies will outperform their counterparts over the longer term.

Investing sustainably is thus essential in order to achieve the best possible risk-adjusted returns for unit holders, which is our ultimate goal.

Providing the best possible risk-adjusted long-term returns to our clients obligates an utmost care for the environment and society - not compromising the ability of future generations to meet their own needs. We call this, **value beyond return**, and it helps our clients build a future to look forward to. **Storebrand's vision involves creating a future that our clients can look forward to.**

This vision gives purpose to our business strategy and, as a result, SAM has been working with sustainable investments for over 30 years.

Our Business Strategy

Storebrand AM has a strong position in the Nordic markets. In our two biggest markets, Sweden and Norway, we were ranked first for sustainable investment offerings in surveys of institutional clients by Prospera in 2024. In addition, we were recognised by Morningstar as "Best Asset Manager" in Denmark at its Danish Awards for Investing Excellence 2024, based on the risk-adjusted performance of our funds; and in Finland as "Best Europe Equity Fund" in its Finnish Morningstar Awards, for demonstrated superior risk-adjusted returns, consistency in performance, and excellence in long-term-oriented portfolio management.

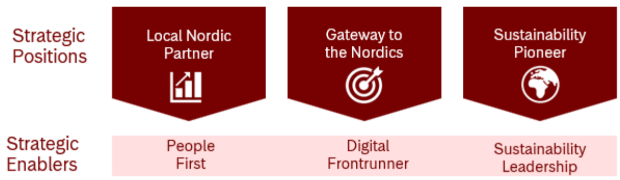
Our position as a sustainability pioneer has been central to our international success in recent years. We have sought to, and continue to, grow our international business through offering clients a 'Gateway to the Nordics', leading with our approach to sustainable investing.

The majority of our international growth has come from sustainability-focused clients that seek integration of environmental and social factors in their investment strategies, either through systematic or active investment strategies. Our fossil-free fund range has been particularly successful in the growth of our international business beyond the Nordics.

We aim to build on this strong Nordic foundation and use our position and experience as a sustainability pioneer to become a **world leader in sustainability**.

SAM's business strategy is structured around three long-term strategic positions, underpinned by three foundational enablers, as illustrated in Figure 2.

Figure 2: Long term strategic positions and enablers



Our position as a sustainability pioneer has been central to our international success in recent years. We have sought to grow our international business through offering clients a 'Gateway to the Nordics', leading with our approach to sustainable investing. The majority of our international growth has come from sustainability focused clients seeking integration of environmental and social factors, either through systematic or active investment strategies. Our fossil-free fund range has been particularly successful in the UK, mimicking the growth of our Swedish fossil-free business.

Our experience is that international clients appreciate the holistic approach to sustainable investments offered by SAM. All products, whether systematically managed or active, integrate the Storebrand exclusion criteria and we apply a top-down approach to engagement on key sustainability themes. Stewardship is undertaken by SAM on behalf of the full AUM, and not a sub-set of 'ESG' themed funds. For example, clients invested in our systematically managed climate-aware equity fund range, the Storebrand Plus Funds, benefit from the SAM firm-wide stewardship initiatives on human rights and other social and environmental issues.

Further, we assess sustainability related risk exposures across all of our AUM and seek to establish engagement initiatives, either at a policy or corporate level, to act as responsible stewards on behalf of our clients.

For example, in January 2024, Storebrand Asset Management became an inaugural **Taskforce on Nature-related Financial Disclosures (TNFD)** Early Adopter. This involved Storebrand making its first disclosures aligned with the TNFD Recommendations in its corporate reporting for the financial year 2024[5]. Also, having supported an initiative to improve data quality on deforestation throughout 2023, we were able to improve our portfolio screening methodology in 2024 by using the **Forest IQ database**[6].

Our Approach to Sustainable Investing

We take an integrated approach to sustainable investing, combining our sustainability strategy with our investment beliefs. To this end, we adhere to a four-pronged approach:

1. **Solutions-driven investment**: contributing to positive influence by allocating more capital to equity investments in solution companies, green bonds, bond investments in solutions, and investments in certified green real estate and green infrastructure.
2. **Active ownership**: engagement, including voting, on many dimensions and with many stakeholders, to enable or influence the companies we invest in, to reduce their negative impact on climate or society.
3. **Exclusion:** screening out and/or exiting investments that are not likely to be aligned with our sustainability principles.
4. **Portfolio Integration:** ESG analysis is used as a risk management tool in portfolio construction. We use ESG data to tilt systematic portfolios and

[5] Climate and Nature Disclosure

[6] Deforestation risk screening 2024 - www.storebrand.com

manage active strategies with explicit sustainability related objectives.

Solutions-driven investment

Solutions-driven investment is defined as investments in companies that help achieve the UN Sustainable Development Goals through products, services and operations, without causing significant harm to society or the environment.

We identify companies contributing to sustainable development through their products or services. We include company equity and debt investments in our calculations and estimate their solution exposure (ranging from 25% to 100%) using both external datasets and internal proprietary research. Exposure estimates at a company level are aggregated to estimate total portfolio solutions exposure.

Our solution exposure estimate is focused on revenues but we are mindful that smaller companies in a start-up phase may represent great opportunities – and we apply the "do no significant harm" principle.

Our solutions definition also encapsulates green bonds, infrastructure, certified Real Estate and impact-focused Private Equity.

Storebrand Exclusion List Q4 2024

Exclusion category:	
Conduct-based exclusion - Environment	23
Conduct-based exclusion - Corruption and Financial Crime	9
Conduct-based exclusion - 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	0
State-controlled companies	23
Total number of companies	**333***
No. of companies on observation list	2

*Companies may be excluded on the basis of several criteria

Taking this approach enables us to be a driving force for sustainable investments, contributing to positive change and development, while reducing financially material risks. It also allows us to set ambitious sustainability related commitments across our business, with clear means of addressing sustainability risks and opportunities towards achieving our goals.

Our commitments:

SAM has an ambitious set of sustainability goals in the composition of our investment portfolio, from the near term through to 2050 (Figure 3). These targets were updated in 2024 as part of our new Climate Policy[7] and are fundamental to our fiduciary duty in delivering strong long-term returns to

[7] Discover Storebrand's climate policy for investments - www.storebrand.com

our clients. The significance of these commitments to our business means that they must be ambitious but achievable within the nature of our activities. Our previous interim climate targets were set to 2025, we met those targets, increased the ambition and set new interim targets for 2030, while maintaining the ultimate 2050 net zero goal.

Further, around half of our AUM is managed on behalf of companies in the Storebrand Group, which has verified Science Based Targets (covering all AUM)[8] and is a founding member of the **Net Zero Asset Owners Alliance (NZAOA)**. The commitments are therefore designed in collaboration across Storebrand Group companies to ensure relevance.

Our sustainability experts in the SAM Risk and Ownership Team develop proposals for our commitments. They base these on an assessment of our assets under management (asset mix etc) and scientific pathways for net zero 2050, without overreliance on negative emissions technologies. This proposal is discussed with, and approved by, the CIOs of each business area in asset management. This group-wide commitment is fundamental to our business offering. Strategic and operational implementation of sustainability shall be anchored in, and followed up by, the management and the boards of the Storebrand Group and its subsidiaries. The boards of directors of subsidiaries have overall responsibility for ensuring that the company works with and reports on sustainability in accordance with national laws, legislation, and regulations from the

Figure 3 – Sustainability Commitments and Target Dates

Category	Commitment	2025	2027	2030	2050
Solutions	20% of AUM in solutions			○	
Emissions	Reduce portfolio emissions by 60%			○	
	Net Zero Emissions				○
	Infrastructure: 90% aligned with net zero pathways Real Estate: 71% reduction of GHG intensity for commercial buildings & 64% for residential buildings			○ ○	
Engagement	Increase from top 20 to top 30-50 emitters + climate laggards (new Paris-misaligned exclusion criteria)			○	
Science-based Targets	42% of portfolio SBTi aligned		○		
Biodiversity	Nature risk assessed and biodiversity targets set	○			
Deforestation	Zero commodity deforestation	○			
Human rights	Substantial alignment with UN guiding principles			○	
Living Wages	Living wages acknowledged in target sectors			○	

[8] Storebrand's Science Based Targets

EU, as well as obligations and ambitions Storebrand has undertaken. As part of the annual strategy process, the boards will consider the company's sustainability strategy.

Our sustainability commitments and targets underpin and inform our investment strategy and require that our product design and engagement approach integrate environmental and societal concerns for long term economic benefit. This is evidenced by our engagement themes (Principle 9), voting activity (Principle 12), leadership on industry developments (Principle 10) and investment outcomes (Principle 7).

At present, 16 percent of our assets are invested in solution companies that contribute to the UN's Sustainable Development Goals, green bonds and certified green property investments (as defined above). In addition, just over 50[9] per cent of assets under management at the end of 2024 was invested in funds covered by our fossil fuel exclusion criterion and 31% of our investments were in companies that have validated, science-based targets.

Our culture and code of conduct

The Storebrand Group recognises that corporate culture is central to enabling and improving our stewardship activities. This culture applies to SAM within the Storebrand Group. The two most important aspects of our culture in this vein include emphasis on trust and transparency and on open communication allowing top-down and bottom-up synergy of ideas.

Trust and transparency

Our business, indeed the financial sector in general, is dependent on trust from customers, authorities, shareholders and society at large. In order to gain our clients' confidence, we must display professionalism, skill and high ethical standards at all levels. This applies both to the Group's business operations and the way in which every one of us acts, with due diligence and accountability.

All companies in the Storebrand Group use e-learning tools for employee training in ethics, anti-corruption, anti-money laundering and anti-terror financing, as well as privacy and digital trust. These employee courses are mandatory each year to ensure responsible business practices are maintained in line with our Group **Code of Conduct**[10]. In addition to the guidelines and internal rules that oversee employee and management behaviour, we value trust as a soft commodity, as the mutual feeling of security in the fairness, benefit, and sustainability of a business relationship. We acknowledge that trust is difficult to establish and sustain, and very easy to undermine.

Open Communication and Challenge

SAM prides itself on an open corporate culture. Openness is a prerequisite for motivation, trust, and safety. All employees should be able to safely raise both small and

[9] 50.15% as at 31.12.24

[10] Ethics and Code of Conduct

large issues with management and colleagues.

This aspect of our culture is evidenced in the way we undertake policy engagement and express ourselves externally. SAM's leadership team has been outspoken on sustainability issues, both domestically and internationally, and has been prepared to challenge policy makers.

Our CEO **Jan Erik Saugestad** has been an important figure in the financial sector's engagement on deforestation and nature and biodiversity risks.

During Q4 2024, Saugestad attended **COP16** in Colombia as part of Storebrand's role in the **Finance for Biodiversity Foundation** (FfB)'s public policy advocacy group. This activity is further described in Principle 10. Prior to the conference he urged governments around the world to submit updated National Biodiversity Strategy and Action Plans (NBSAPs) detailing how they intend to achieve the goals and targets agreed at COP15 with a focus on: include aligning public and private finance flows (Target 14), ensuring that companies disclose nature-related impacts (Target 15), reducing harmful incentives and subsidies (Target 18) and mobilising private sector financing to bridge the US$ 200 billion gap required to address the biodiversity crisis (Target 19).

This kind of activity from our leadership team instils a sense of purpose and exemplifies our corporate culture.

Finally, we believe that being a good steward starts at home. We work purposefully to reduce the environmental impact of our own operations, through investments, through procurement and property management. Our campus has been Eco Lighthouse certified since 2009. Moreover, at the Storebrand Group level, the sustainability team sets and follows targets on energy and water consumption, waste production and sorting rate in the office premises to ensure that we further reduce our footprint. We also track employee carbon footprint stemming from business trips, and we have an internal carbon price on flights taken for business, which is charged to employees' departments, and followed up by managers in a report that serves as a management tool for travel prioritisation. This has been integrated into overarching business management processes.

Priority will be given to financing and raising capital for the Group through the issuance of bonds, including green bonds and sustainability-linked bonds. The Group's framework for green bonds is under consideration to be updated. The Group have also set targets for our supply chain, where our ambition is for suppliers to reach net-zero emissions from their own operations by 2050.

Diversity and Inclusion

We always strive to be an organisation characterised by inclusion and belonging. All Storebrand employees shall be treated equally, regardless of age, gender, disability, cultural background, religious beliefs, or sexual orientation, both in the recruitment processes and throughout their employment. We have zero tolerance for harassment, discrimination, and gender-based violence. Our goal is greater diversity and better gender balance in senior positions in all parts of the Group. Measures include nominating an increased proportion of women to leadership development programs and in recruitment processes for management positions. For the Board of Storebrand ASA, the requirement is that the gender balance should be 50/50 between men and women. SAM nominates 50/50 to all leadership/training programmes as well as all internships and trainee programmes.

Storebrand's approach to diversity and inclusion is rooted in the Group's Code of Conduct, as well as the Diversity Policy, which is reviewed by ASA's Board of Directors. The daily work is led by Executive Vice President People, Brand and Communications. Consultation with representatives from the entire organisation, including the Working Environment Committee (AMU) and the Diversity Committee, will ensure support and anchoring of the work. The policies are based on recognised standards such as the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. The documents must support an organisational culture that is inclusive and adapted to individual needs. They address discrimination based on gender, age, ethnicity, disabilities, sexual orientation, religion, political opinions, or other matters protected by relevant laws and standards. In 2024, we continued our partnership with the **Women in Finance Charter**, which we signed in 2021. Companies that sign commit to set internal goals for gender balance at the management level and among specialist positions have a dedicated manager responsible for following up on such plans, publishing status and follow-up regularly, and ensuring coherence between goal achievement and compensation. Storebrand has participated in the tripartite **Inclusive Working Life (IA)** program since 2002. The program hypothesises that work promotes good health and well-being and that early, active intervention can prevent absenteeism. The Group's managers have established routines for inclusive follow-up of employees in the event of illness.

As of 2024, female executives make up 37 per cent across all company levels, and 50 per cent of the corporate executive team consists of women. According to Finance Norway's Gender Equality Indicators for the Financial Industry 2023, 35 per cent of managers in the financial industry are women, while the proportion of female CEOs is 27 per cent. We are on the right track, but still see potential for improvement. Storebrand won the SHE Index award in both 2023 and 2024. The **SHE Index**[11] (**Social Human Equity)** is a voluntary measurement of how companies perform on gender balance, gender equality policies and diversity and inclusion. Storebrand ASA has been selected by the data provider Equileap as the world's second-best company in gender equality. Equileap's report evaluates 3795 different companies in 27 countries based on gender balance in management and overall the organisation, gender pay gap,

[11] SHE Index

parental leave policies, and freedom from violence, abuse, and sexual harassment. While the average point is 54 for Norwegian companies, Storebrand scored 79 and came right after Australian Transurban on the list.

In addition, we track belonging and engagement through pulse surveys. The goal is to have a score above 8 out of 10, as an indicator of an inclusive culture.

In 2024, 75% of the employees responded to the module on diversity and equality. Overall, Storebrand received a high score of 8.4 out of 10, which is up 0.1 from 2023.

Storebrand has contributed data to Equality Check's survey to provide better insight into how queer people experience working life in Norway. The survey makes a valuable contribution to strengthening Storebrand's culture of diversity and inclusion.

The Storebrand Group demonstrates tolerance for employees' and other stakeholders' attitudes and opinions. No one shall discriminate or harass their colleagues, partners, customers or other stakeholders. All those who feel discriminated or harassed shall be taken seriously. In connection with service assignments, for example on business trips, employees shall not behave in a manner that can violate human dignity.

Principle 2

Signatories' governance, resources and incentives support stewardship.

There have been no material changes to our governance, resources and incentives in 2024. Therefore, the core text for this principle remains the same as 2023 but has been updated where necessary.

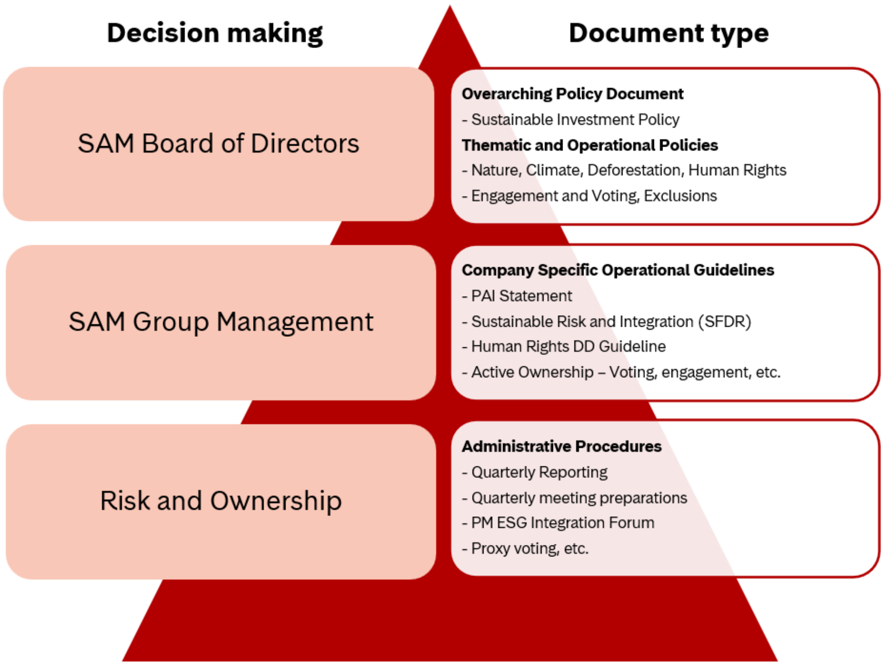
Governance

Figure 4 illustrates the responsibilities of the SAM management team, and the Board, with regards to sustainable investment policies and decision making, including stewardship.

The Board of Storebrand ASA is responsible for the strategy for sustainability work in the Group. The Storebrand Group CEO shall ensure that asset owners and the asset manager have ambitions for sustainable investments in line with this strategy. An extensive description of the Storebrand Group's interaction with group companies in relation to governance and control of sustainability is provided on page 35 of the Annual Report 2024[12].

The CEO of SAM is responsible for ensuring that these ambitions are reflected in the Sustainable Investment Policy. Storebrand Asset Management's Sustainable Investment Policy is approved annually by the SAM Board of Directors. The Sustainable Investment Policy, and the Thematic and

Figure 4: SAM Sustainable Investing Policy Governance Framework



[12] 2024-annual-report-storebrand-asa.pdf

Operational Policies, are drafted by the SAM Risk and Ownership Team, with input from the SAM CIOs and the Head of Sustainability at Storebrand ASA. They are approved by the SAM Board of Directors and are applicable to all assets managed on behalf of the Storebrand Group.

Asset owners may implement more ambitious strategies regarding ESG in their investment mandates given to SAM, but all investment entities in the Storebrand Group must abide by the Sustainable Investment Policy and the underlying Thematic and Operational Policies. Each entity is individually responsible for implementation of those policies within their own businesses and according to their distinct investment approaches.

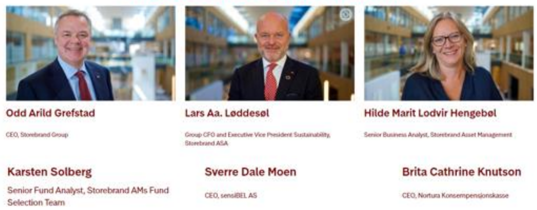
Storebrand Asset Management (SAM) is governed by SAM Group Management, consisting of 11 people responsible for leading its key business areas and leaders from independent investment entities, as shown in Figure 5. This team is responsible for SAM's Company Specific Operational Guidelines for sustainable investing, voting and engagement, in line with the **Sustainable Investment Policy** and Thematic and Operational Policies, consisting of the following:

- **Nature Policy**
- **Climate Policy**
- **Deforestation Policy**
- **Human Rights Policy**
- **Engagement and Voting Policy**
- **Exclusion Policy**

Figure 5: SAM Group Management Team

The SAM Group Management team reports semi-annually to the SAM Board of Directors, which includes the CEO of Storebrand ASA, **Odd Arild Grefstad**.

Figure 6: SAM Board of Directors



SAM's business unit goals and targets are reviewed four times a year by the management group and semi-annually by the Board of Directors in order to align investment strategy and culture with stewardship responsibilities and our long-term sustainable investment goals.

SAM's objectives are strategically linked to the Storebrand Group level objectives in that we deliver investment products to meet the sustainability commitments of the Group. We are aligned in our Group-wide commitments to net zero emissions by 2050, as outlined in Principle 1.

The overall ambitions and principles for the Group's work in sustainable finance and sustainable investments are determined by the Board of Directors. An overarching strategic goal in recent years has been to strengthen sustainability as a competitive advantage. Each business entity within the Storebrand Group has its own strategy for sustainability work which is adopted by its respective board, with Asset Management distinct from Insurance and Banking. The strategies are aggregated in a Group strategy, approved annually at Group level by the Board of Directors.

The SAM Board is responsible for ensuring that the Asset Management Group works with, and reports on, sustainability in compliance with national laws, regulations, and regulations of the European Union. It also is responsible for overseeing that the self-imposed obligations and aspirations, such as those described in Figure 3, are met. The Board determines the responsibilities and tasks of the CEO with regards to sustainability and approves the organisation of responsibilities and tasks of SAM Group Management.

The Board follows up on the company's sustainability work through business area reports, as well as status, risk and compliance reporting from independent control functions and internal audit.

Responsibility for corporate governance of SAM's funds lies with the SAM Board of Directors. The daily execution is delegated to the portfolio managers of each fund, along with the SAM Risk and Ownership Team (whose responsibilities are described below), and activities are reported back to the Board. The Board annually evaluates the execution of corporate governance and seeks to identify areas for improvement.

As part of the annual assessment the Board has in recent years identified areas for improvement to ensure good practices for management and controls of sustainability reporting. For example - due to the regulatory developments within sustainable investments, the Board determined to prioritise management and control of the Sustainable Investment Policy. This led to the formalisation of responsibilities outlined in the Sustainable Investment Policy Governance Framework in Figure 4 above, whereby the Board of Storebrand ASA is responsible for the strategy for sustainability work in the Group. The Storebrand Group CEO shall ensure that asset owners and the asset manager have ambitions for sustainable investments in line with this strategy and the CEO of SAM is responsible for ensuring that these ambitions are reflected in the Sustainable Investment Policy.

The SAM Board has appointed two committees to support its role:

1. **Management and Control Committee**

   Assists the Board by reviewing, evaluating and, where necessary, proposing appropriate measures with respect to SAM's governance, overall controls, and risk management.

2. **Compensation Committee**

   Assists the Board by monitoring the remuneration of executive personnel and proposes guidelines for fixing executive personnel remuneration, which is presented to the General Meeting annually. In addition, the Committee safeguards the areas required by the Compensation Regulations in Norway and Sweden.

SAM's Group Management team dedicates resources to integrate ESG risks into our analysis of companies and management of investment portfolios.

Our method for the exclusion of companies is defined by the **Storebrand Exclusion Policy**[13], which applies to all assets managed by SAM. The exclusion process is extensive, involving external data screens and in-depth evaluations conducted by our sustainability analysts. The exclusion process is governed by the **Sustainable Investment Committee**, which meets once a quarter to decide on recommendations from the Risk and Ownership Team for norm-based exclusions and whether companies should be included on Storebrand's observation list, excluded or reintroduced to the investment universe. The Exclusion Policy and the process for excluding companies are described in detail under Principle 11. The **Sustainable Investment Committee** consists of senior managers from across the Storebrand Group.

Sustainable Investment Committee Membership, 31/12/2024

Name	Position
Frederic Ottesen (Chair)	Head of Distribution, Private Markets, Storebrand Forsikring AS
Jenny Rundbladh	CEO, SPP Pension & Försäkring AB
Monika Rappe	Leader for SPP Tech, SPP Pension & Försäkring AB
Gunnar Heiberg	Chief Legal Counsel, Storebrand ASA
Vivi Måhede Gevelt	Executive Vice President Corporate Markets and CEO, Storebrand Livsforsikring AS
Jan Erik Saugestad	CEO, Storebrand Asset Management AS
Camilla Leikvoll	Executive Vice President, Retail and Senior Vice President, Storebrand Bank ASA

The key focus of the Sustainable Investment Committee is analysing and reviewing cases for norm-based exclusion. Companies that are placed on the observation list require engagement and the committee must assess when active ownership has not yielded the desired result.

When companies are flagged due to breaches of our sustainability standards, such as environmental and human rights incidences, we will always attempt to engage before excluding a company. Cases that are recommended to the Committee by the Risk and Ownership Team are made on an anonymous basis (i.e. the name of the company is omitted) so as to facilitate a decision by the Committee based on the merits of the case. Recommendations for exclusion are made following engagement and escalation efforts.

Some changes were made in 2024 to the Sustainable Investment Committee mandate to streamline the process. The Committee is to handle cases related to the norm-based

[13] Storebrand-Exclusion Policy.pdf

exclusion criteria that are of a serious nature and can be precedence setting for potential future exclusion cases. Cases that are objectively well documented and have clear precedence in previous exclusions are decided by the Risk and Ownership Team after being raised through the Investment Office (comprising of the CIOs and CEO in SAM, and the Head of Risk and Ownership). If the Investment Office is of the view that the case is not documented well enough or that it may be precedence setting, the case will be taken up to the Sustainable Investment Committee for decision. This change makes stewardship more effective by improving the efficiency and transparency of decision making, ensuring breaches of our policies are addressed promptly.

Product based exclusions are based on product and revenues screening where engagement is not usually required due to the nature of the exclusion (e.g. our coal criteria or tobacco), however some exceptions to this may arise if there is inconsistency in data between ESG data providers or data lags which warrant confirmation of facts with the company and other external sources. Examples to show how we assess cases of for exclusion are provided under Principle 11.

During 2023, to support the implementation of our sustainability commitments, we set up an internal taskforce to coordinate and drive the implementation of our Climate and Nature Policies. Although we have been targeting climate risk holistically for many years, the dedicated policies were launched in 2020 and 2022, respectively. During 2023, SAM Group Management decided that the prominence and strategic importance of our targets related to climate and nature demanded the creation of a taskforce to ensure action is taken, progress is documented and accountability is clear. The taskforce is led by SAM Chief Investment Officers: **Dagfin Norum** (Fixed Income) and **Bård Bringedal** (Equities) and is supported by the Risk and Ownership team, with input from investment teams across the Group as necessary. The taskforce ensures effective coordination across the investment teams towards meeting our targets, it meets regularly (bi-monthly as a minimum) with the aim of integrating climate and nature related risks and opportunities in investment decisions. The CIOs are responsible for reporting regularly to SAM Group Executive Management and twice annually to the Board on progress made towards our goals. During 2024, the functions and decision making of the internal taskforce have been operationally transferred to the **Investment Office**, comprising of the CIOs and CEO of SAM, and the Head of Risk and Ownership.

The initial output from this taskforce was the publication of our first **Progress Report on Climate and Nature** in September 2023, with reporting planned annually to document our progress towards our commitments[14]. During 2024 we published our first joint **Climate and Nature Report**[15]. 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

[14] Progress Report Nature and Climate 2023

[15] Climate and Nature Disclosure 2024

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.

The nature and climate policies will continue to be overseen by the SAM Group Management Team. Responsibility for implementation and assessment of nature and climate-related risks and opportunities lies with portfolio managers and the Risk and Ownership Team. They report regularly on specific indicators and explain how we are managing the investment-related risks and opportunities associated with these indicators.

The following indicators are reported to the SAM Board twice a year:

- Progress on reduced emissions, based on the short-term targets that the company has set.
- Progress on investments in capital flows towards low-carbon, climate-resilient and transition companies.
- Progress on nature-related commitments.
- Progress on engagement with sectors that contribute heavily to climate change and/or nature loss.

Resources

The Risk and Ownership Team

The SAM Risk and Ownership team is a group of six sustainability specialists led by **Kamil Zabielski**. They are senior industry figures with backgrounds, and deep expertise, in a range of topics from deforestation and nature risk to human rights and social risks. Zabielski reports directly into the SAM Group Management Team.

Kamil Zabielski

Head of Sustainable Investment

Zabielski, who joined our Risk and Ownership 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 specialisations 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 Risk and Ownership team in 2008, specialises in human rights, labour rights, Indigenous peoples' rights and international humanitarian law. She is responsible for SAM'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 Risk and Ownership 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 multilateral 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 Risk and Ownership 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 organisations in Colombia. He has an M. Phil in Human Rights Law from the University of Oslo.

Victoria Lidén

Senior Sustainability Analyst

Lidén, who joined our Risk and Ownership team in 2021, is based in Stockholm and works on ESG analysis and active ownership, 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 had 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 Risk and Ownership team in 2023, has extensive experience in analysing issuers' ESG profiles and green frameworks. Prior to joining Storebrand, Landré was with the London Stock Exchange Group, where he worked on 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.

Stewardship Resources and Responsibilities

The **Risk and Ownership Team** is responsible for setting SAM's framework and principles for active ownership and commitments. Their subject matter experts are a key resource for the SAM in sustainable investment policy design, governance and implementation. They are responsible for managing the SAM stewardship and exclusion activity, alongside the SAM portfolio managers, and for overseeing implementation of portfolio sustainability screens.

The Risk and Ownership team selects the priority engagement themes for SAM, focusing on strategic long-term areas requiring proactive involvement. The themes are designed to run for a minimum two-year period, after which they will be reviewed, but reflect the strategic sustainability goals of the organisation and address material systemic issues for investors. The themes are also driven by our key areas of expertise and competence and our position as both a Nordic sustainable finance leader and international sustainability pioneer. Our engagement themes were updated during 2023 and the themes for the period 2024-2026 are outlined in Principle 9.

The Risk and Ownership team prioritises proactive cases for engagement based on the themes and our involvement in industry initiatives but must also address reactively cases involving investee companies that conflict with our sustainable investment principles. The team receives information about potential cases of interest, primarily from data suppliers, but can also take up cases for analysis based on news items and/or raised by clients or by other parts of the group (managers, communications, etc.).

Examples of reactive engagement:

1. An example of a reactive engagement is our response to a recent case involving the German-based automotive and weapons manufacturer **Rheinmetall AG**. Rheinmetall, is the largest German military equipment supplier and the fifth largest in Europe.

We conduct a quarterly screening process for all conduct and product-based exclusions. Our data providers flag when companies are in breach of, for example, the controversial weapons screen. The Risk and Ownership team then checks the source and documentation and discusses the case with portfolio managers to see whether they have any comments or relevant information to consider. In Q4 2023, Rheinmetall AG was flagged under our controversial weapons screening, based on our exclusion criteria regarding involvement in the production of white phosphorus weapons. The company has a policy not to produce or distribute phosphorus weapons which also applies to its subsidiary companies. However, it had recently acquired a company that produces such items, triggering the alert. SAM engaged with the company, and received confirmation that the recently acquired company, **Expal Systems**, was to phase out the production and distribution of this product in the first half of 2024, in line with Rheinmetall AG's policy. The company was therefore placed on our observation list, in which trading up is frozen, until the subsidiary phases out the production and distribution of this product. During Q3 2024 Rheinmetall was removed from our observation list after confirming they had terminated production of phosphorous weapons.

2. During 2024, we continued to see a rise in harms and violations of human rights associated with Conflict Affected and High-Risk Areas (CAHRA). The escalation of the conflict in Israel and **Occupied Palestinian Territories** continued to present an urgent issue for reaction by sustainable investors. At SAM, we have an ongoing approach to identify and assess companies linked to the occupation of Palestinian territories. This process is a continuation of enhanced human rights due diligence that we have conducted on this issue since 2009 and is managed by our Head of Human Rights, Tulia Machado-Helland. Tulia has previously relied on a screening tool from our data provider, which in turn sourced data from the UN Human Rights Council. Based on these ongoing processes, we have been engaging with, and divesting from, many companies and publishing updates for our clients. However, during 2022, our existing provider discontinued their product due to concerns about 'anti-Israel bias' raised by political groups in the US. We have therefore evaluated the effectiveness of our processes in supporting stewardship and taken the following actions:

- Throughout 2023 we engaged with our data provider to encourage them to reinstate the product and raised our concerns due to political interference.

- Our initial strategy proved ineffective – our engagement attempts were unsuccessful as data provider did not reinstate product and our OPT portfolio screening process had become an increasingly demanding task. Our team had to manually screen against all UN and NGO lists, evaluate the links to occupation, contact relevant companies to establish facts and consider exclusions.
- During 2024 we actively sought to improve the process to support our stewardship activity in this area, leading to implementation of a new strategy
- In 2024 we joined an investor project to develop and pilot a process for identifying, analysing, prioritising, and managing portfolio risk linked to business operations and relationships in CAHRA. This project is explained in detail under Principle 10.

SAM manages **NOK 1,002bn** of its assets (almost 80%) in systematically and passively managed portfolios. Due to the nature of these types of strategies, which invest in hundreds of companies and are managed by quantitative investment specialists, stewardship is managed from a top-down perspective by the Risk and Ownership Team. This ensures that our clients invested in passive or systematically managed funds experience good quality stewardship of their assets, in line with our organisational sustainable investing principles. We do not carve out a separate range of 'ESG' or 'sustainable' funds for priority engagement on environmental or social issues. We engage on behalf of our total AUM to achieve our stated firm-wide sustainability goals.

Portfolio managers, primarily those managing active strategies, will also independently engage with investee companies on a range of issues, and within our corporate governance and sustainable investment policy guidelines. All company dialogue, whether managed centrally by the Risk and Ownership team or independently by a portfolio manager, is logged and tracked in our engagement management platform, **Esgaia** (more information provided under 'Systems' below). This supports effective stewardship as it ensures coordination and information flow between the Risk and Ownership Team and the portfolio management teams. Engagement activity and progress on engagement milestones are tracked in Esgaia for effective follow up. Further, all emails and documents related to stewardship activity are logged and archived in the system, where a real-time record of engagement activity is maintained. This enables strong governance of our stewardship processes and effective client reporting on stewardship activity and outcomes. Esgaia feeds anonymised data into our internal sustainability reporting tool, **PowerBI**, which can be used by client facing teams to create fund-specific reports as required.

The Risk and Ownership team discusses progress on engagements in their weekly team meetings. This includes: engagement strategy, alternative methods for achieving or improving engagement, and whether an engagement requires escalation. This ensures the Head of Sustainable Investment can monitor and oversee engagement progress, assess effectiveness of strategy, review targets and follow up specific cases with portfolio managers.

Collaboration and coordination across the different resources within the organisation is key to ensure effective stewardship.

All portfolio managers within SAM are responsible for integrating ESG according to their mandates, and work in close collaboration with the Risk and Ownership Team. The approach to ESG integration may vary depending on asset class and strategy but we take a **Whole Portfolio Approach** to stewardship as illustrated in Principle 7. During 2023 the Risk and Ownership Team developed a tool in Bloomberg for all issuer-specific sustainability information to be available in one place for portfolio managers. For example: exclusion data, engagements, SFDR data (PAI flags), solutions, controversies, ESG ratings and more. This ensures PMs are aware of any ongoing work being conducted by the Risk and Ownership Team on an issuer before an investment, for example if we have an ongoing dialogue with the issuer.

During 2024, recognising that communication across organisations can always be improved, a member of our Risk and Ownership Team began setting up a **Portfolio Manager Integration Forum** to enhance collaboration with portfolio managers on issuer/sector-specific or thematic research. Initial engagement revolved around integrating portfolio managers into the internal stewardship monitoring system. This will improve tracking of ESG related engagements conducted by PMs. Further work on the PM Integration Forum will continue in 2025, coordinated by the Risk and Ownership Team.

Additional Sustainability Resources:

All employees at SAM have sustainability in their action plans to varying degrees and all portfolios are subject to a certain level of sustainability criteria. Many of our portfolio managers have sustainability related mandates and specialisms. We have highlighted below some additional sustainability resources that engage in stewardship activity, both at a company level and a policy level:

Our **quantitative equity team**, of four portfolio managers, has deep insights into the use and impacts of ESG data and policy in portfolio construction, due to their expertise and many years' experience of ESG data integration. This also feeds into our policy engagements and participation in industry initiatives.

The quant team is responsible for updating and developing the **Storebrand Sustainability Score** and also manages the Storebrand ESG Plus fund range, which has a climate focus and higher level of ESG integration.

Henrik Wold Nilsen, Senior Portfolio Manager

Henrik is the Lead Portfolio Manager of the Storebrand ESG Plus Fund range. He joined Storebrand in 2010 and is a climate specialist and Senior Portfolio Manager. Henrik has a long-term interest in the environment, specifically climate science. He believes that climate change is a significant financial risk that investors should seek to mitigate and being responsible for the design and management of the Global ESG Plus strategy, he is devoted to providing a sustainable investment solution which reflects the best available climate science. He therefore monitors developments in climate science closely and incorporates these into his management of the strategy. Prior to joining Storebrand, Henrik held a post-doctoral position in Freiburg in connection with research lab CERN, Geneva. He has a Masters in theoretical high energy physics from the University of Bergen and a Doctorate in experimental high energy physics from the University of Freiburg.

Henrik is supported by a climate and sustainability product lead in the UK, Lauren Juliff. Lauren is focused on ensuring we can assist clients in meeting their sustainable investment goals, and that we develop and deliver communication and reporting tools to help them document their progress and meet their regulatory requirements. Lauren works closely with Henrik to research, and develop communications related to, the use of climate data in portfolio construction, as well as discussing the impacts of this data and related regulatory requirements on our clients' portfolios. Lauren and Henrik have together engaged in policy development related to climate reporting and regulation. During 2024, they published three more white papers in their 'Climate Data Discussions' series - more information in Principle 6.

Lauren Juliff, Climate and Sustainability Product Lead, Head of UK Institutional

Lauren joined Storebrand as part of the SKAGEN merger in 2018. She is a climate change specialist and a product specialist on the Storebrand Plus Fund range. Lauren is responsible for working with clients on their sustainability goals, specifically how Storebrand can develop and deliver tools to help clients meet and demonstrate progress on their goals. She joined SKAGEN in 2013 as Head of UK Institutional and has over 20 years' experience working with UK institutional investors. Previously Lauren was Head of DC Business Development at Schroders, she joined the financial services industry with Fidelity International in 2001. Lauren has a BSc (hons) in Mathematics from the University of Leeds and an MSc in Climate Change: Environment, Science and Policy from King's College London.

The Storebrand Global Solutions Team

The **Global Solutions team** is responsible for analysing sustainability data from a solutions perspective, identifying solution companies, and managing our dedicated solutions related equity funds.

Philip Ripman – Head of Solutions

Ripman joined Storebrand Asset Management's sustainable investments team in 2006 and has been Fund Manager for Storebrand Global Solutions since May 2015. The fund focuses on companies with solutions to the challenges presented by the sustainable development goals. Ripman has held a numerous position within the company including Group Head of Sustainability. Through his engagement with Sustainability he has advised several governments and institutions on topics ranging from coal exclusions, environmental impacts of human activities to policy requirements to achieve international climate agreement targets. He holds an MA in Chinese Studies and a Master's in Political Science. Ripman specialises within the areas of politics, climate change, the commercialisation of sustainability and how to integrate the Sustainable Development Goals as investment themes.

Sunniva Bratt Slette – Portfolio Manager

Slette joined Storebrand Asset Management's sustainable investments team in 2017. Her specialty areas are SDG 11 Sustainable Cities and Communities, carbon footprint, green bonds and solution stocks. She has a MSc in Industrial Economics and Technology Management (NTNU, 2016 and Ajou University in South Korea, 2014). Bratt Slette has previously worked for the strategic research area NTNU Sustainability, with particular expertise in climate finance and smart cities (2016 — 2017).

Ellen Grieg Andersen – Portfolio Manager

Ellen joined Storebrand Asset Management as a project Leader Trainee in 2019 and has been Fund Manager for Storebrand Equal Opportunities since November 2021. She has a MA in International Economics with a focus on China (Lund University in Sweden, 2018) and a BSc in International Business in Asia from Copenhagen Business School (2017), including a semester at Fudan University in Shanghai (2016).

Nader Hakimi Fard – Portfolio Manager

Nader joined Storebrand Asset Management as a Portfolio Manager in September 2022. He holds a Master of Science in Business Administration from Linkoping University (2003-2008). He has previously worked as a portfolio manager at Danske Bank (2012-2017) managing Swedish Equity funds. Upon joining the Solutions Investment Team in 2022 Nader was a portfolio manager at Söderberg & Partners (2017-2022).

Systems

SAM invests heavily in systems, processes, research and analysis to ensure our stewardship standards are upheld. As a sustainable investing pioneer, we have progressed rapidly, adapting to new market conditions over the past 30 years. The market for sustainable investment data and analysis has grown markedly over that period and we have gone from creating our own ESG company profiles via direct Q&As, in the days before ESG ratings, to pivoting towards the best available external providers of such data. We seek the best possible data sources for assessing each required sustainability feature. Our expert resources can then put those external data sources to use, objectively and independently, in portfolio construction and sustainability analysis. We continuously monitor the market and challenge our providers, our independence means we can change those providers if better options become available.

At present we use the following service providers:

Esgaia: All company dialogues are tracked and logged in our system, Esgaia, where the results and ongoing progress of engagements are classified according to an internal scale. This system enables easy tracking and provides an overview of which dialogues have been conducted, with which companies, on which themes, and their outcomes.

Specific goals for the engagement process are established before each engagement to ensure clear communication with investment targets and facilitate the measurement of engagement success. ESG analysts in the Risk and Ownership team record the success factor for each engagement process and coordinate with portfolio managers where relevant.

PowerBI: our internal interface for product level sustainability data and engagement. This system is used by client-facing employees to access verified sustainability metrics for clients. It can also be used to create reports on engagement activity at a fund level by topic.

Sustainalytics: we monitor all companies in our investment universe (approx. 4,500) via Sustainalytics (product screen, controversies and global standards screen) to receive their ESG risk rating. This rating corresponds to up to 50 points out of the maximum of 100 points that we give to a company in our proprietary sustainability rating. We also access Sustainalytics Global Standards Screening (GSS) which identifies companies that violate or risk violating international standards under the UN Global Compact. Sustainalytics is also our supplier of taxonomy data.

FTSE Russell: our supplier for data on 'green revenues', where income exposure for products that deliver environmental solutions is classified and measured. We use FTSE Green Revenues data in portfolio construction for some of our products. This data is also integrated into our sustainability rating.

The **Storebrand Sustainability Score** is comprised of two main building blocks: ESG risks and SDG opportunities.

ESG Risks: the score assesses companies' exposure to, and management of, financially material sustainability risks.

SDG opportunities: we analyse sustainability data sources and use internal research on solution companies to find companies whose products and services contribute positively to the achievement of financially relevant SDGs.

The Sustainability Score is relevant across asset classes. The data sources underpinning the scores are external sources from quality-controlled data providers, coupled with internal research. We currently use the following providers:

ESG Risks: Sustainalytics ESG Risk Rating (50%)

SDG Opportunities - Products & Services: FTSE Russell Green Revenue Streams plus internal research (40%)

SDG Opportunities - Operations: Equileap data on Gender Equality (10%)

ISS-ESG: used as the Group's supplier for proxy voting at general meetings internationally. We use ISS-ESG (product, standard and controversy) to conduct ESG screening on exclusions of controversial weapons, tobacco, cannabis, alcohol, pornography, weapons, commercial gaming activities and exposure to fossil fuels. We also use the ISS-ESG Norm Screen which and red flags companies that violate the UN

Global Compact. Further, our Swedish fund range (as well as our Article 9 funds) use the ISS ESG norm screen and product screens as standard enhanced exclusions across all AUM.

Equileap: our supplier for gender equality data which is used in the Storebrand Sustainability rating and for reporting purposes.

S&P Trucost: our primary provider for corporate carbon emissions data. This is used in portfolio construction, for products that use optimisation for decarbonization, and is analysed for fossil fuel exclusions. Carbon footprint data is also a crucial element of our sustainability reporting to clients.

Morningstar Direct: used to analyse and monitor the sustainability of internal and external funds, as well as collect fund holdings for external funds. It is not used for screening rather as a data check and for competitor analysis.

Bloomberg: we use this as an ad hoc supplementary source, rather than for exclusions and ratings. Given ESG Ratings and corporate carbon emissions data, can vary materially according to provider, it is useful to have alternative sources for comparison.

InfluenceMap: used to inform the Storebrand climate policy which states that we will not invest in companies that actively oppose and lobby against the Paris Agreement and climate legislation, in addition to other norms and product criteria. Data on this is taken from InfluenceMap, which evaluates the extent to which a company works against regulations aimed at achieving the Paris Agreement.

Heartland Initiative: provides research and screening of our portfolios in relation to Conflict Affected and High-Risk Areas (CAHRA) for investee companies as well as pre-investment processes to support engagement and divestment processes.

Upright: used as input to the investment process for Storebrand's solutions focused active equity funds, which are centred on renewable energy, smart cities, circular economy and equal opportunities. Upright provides us with data-driven impact scoring across a range of metrics, assisting us in our company research and aim with SDG alignment.

MercerInsight: used for qualitative evaluation of external fund managers to complement our view of how our external managers work with sustainability.

Other: for government bond exclusion we use publicly available sources such as Transparency International and The World Bank Worldwide Governance Indicators (data on corruption), UN Security Council sanctions list and Freedom House (human rights).

Incentives

We believe that we can be the most effective stewards on behalf of asset owners for long-term growth within their investments by focusing on the sustainability of companies.

All SAM fund managers have sustainability within their action plans, to varying degrees depending on which products they manage. In practice, this means that PMs are continuously followed up on the following:

1) To further develop sustainability for commercialisation and customer value creation

2) To concretise the use of ESG in the investment process

3) Integrate by documenting processes and updating materials used for e.g., reporting and customer meetings

4) Some managers also have explicit direction in their mandate to make active decisions for more sustainable investments, e.g. sustainability optimisation, in the Storebrand Plus funds and identifying companies that will be necessary to lead a low carbon transition. The Storebrand Global Solutions strategy invests in companies aligned with the delivery of the UN SDGs.

We are keen to improve the way we align our incentives with sustainability, continuously learning from other industries and organisations to ensure our policies and practices are relevant and applied appropriately.

Remuneration

The SAM Board of Directors decides the structure of the remuneration for senior executives, and the guidelines on remuneration are presented at the Annual General Meeting every year. The remuneration consists of fixed salary, pension scheme and other personnel benefits that are common for a financial group and are determined based on the responsibilities and complexity of the position held. The remuneration is intended to motivate consistent efforts for long-term value creation and resource optimalisation.

Our senior executive-level staff in general do not have variable compensation linked to KPIs. However, integration of ESG in management is given special weight within our overall assessment for remuneration, where compliance with SAM's sustainability standards and policies is the minimum level within all management areas. Furthermore, we place emphasis on the individual team and the individual employee's contribution to further development, in the form of improvements to Storebrand's standards, and in existing and new products.

The Board’s stance is that the total remuneration should be competitive, but not leading within the industry. To this end, regular comparisons are undertaken with similar roles in the wider financial services industry of Norway. Such a view of competitive-but-not-leading salaries is widely shared within the Norwegian financial sector, held by many financial institutions including the Norges Bank Investment Management, the sovereign wealth fund of Norway.

As opposed to its counterparts in the United States and United Kingdom, the financial services industry in Norway, and more widely in Scandinavia, emphasises fixed wages as an instrument in ensuring the best interests of customers, clients, and shareholders, including the long-term value creation through stewardship activities and sustainability integration. For this reason, there is limited use of variable remuneration, in the shape of sustainability bonuses and such. In the case of senior management, there are only fixed salaries.

Storebrand wants to encourage long-term thinking in line with its sustainability beliefs. One way this is encouraged is through incentive schemes for senior executives that coincide with the long-term interests of our business. A significant proportion of gross fixed salary is tied to the purchase of physical Storebrand shares with a three-year lock-in period. Senior executives are also encouraged to own shares in Storebrand ASA beyond the lock-in period.

When making annual individual assessments of employee remuneration, execution of Storebrand's strategy and achievements of operational objectives are taken into account. This strengthens the alignment of interests between owners and the administration further. And since sustainable solutions are a key part of Storebrand's business strategy, they are also a key part of the assessment of employees. While lack of variable remuneration connected to sustainability and stewardship activities might be unusual in the Anglo-American markets, it is a common practice in Scandinavian markets. It might even be considered a positive for stewardship as stewardship activities are delinked from monetary expectations and incentives, and instead integrated into the overall business practice and culture of Storebrand Asset Management.

Our belief is that corporate culture, established business practices and both corporate and personal integrity are more important indicators for securing actions in line with client interest and stewardship. Remuneration is of course also important, and we do use incentive-schemes to direct attention and align personal interest with both client and corporate interest – and stewardship for certain roles. Portfolio Managers and sales teams have certain KPIs linked to these activities in their bonus schemes. However, variable pay throughout Storebrand is otherwise very limited.

Principle 3

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

We have reviewed and updated this Principle for 2024, updating cases where necessary. The core text regarding our approach to managing conflicts and potential conflicts remains the same as 2023.

Storebrand Asset Management has established guidelines for handling conflicts of interest to ensure safeguarding of customers' interests and compliance with relevant provisions laid down in laws and regulations. The document is managed by the Head of Corporate Administration, reviewed and updated annually, and is owned by the CEO. The guidelines are applicable to all employees and the document is made available on our intranet.

The guidelines intend to help SAM organise and manage its activities in a way that minimises potential conflicts of interest, contributes to establishing satisfactory internal control measures to identify and manage conflicts of interest, and to manage conflicts effectively. In addition to complying with legislation and licensing requirements that apply, it is important that all employees have the necessary expertise to identify possible conflicts of interest so that these are handled in accordance with our guidelines.

The guidelines require that conflicts of interest are identified in different business contexts and relationships to prevent negative consequences for the Company's or the Group's customers.

These cover relationships:

1. between Clients, including between different funds/ portfolios and clients

2. between the Company/Group and its customers,

3. between the company's employees/employee representatives and customers, and

4. between legal and operational responsibilities and between roles/functions in the Group.

Certain principles prevail, such as customers/ portfolios shall be treated equally, and the interests of the customers/portfolios shall take precedence in relation to the interests of the company or its associated persons. Further, customers shall receive information about any conflicts of interest that, despite measures, are considered to affect the service the customer receives. Such information shall be provided in a durable medium and a standardised format. Unitholders may, for example, receive such information in fund prospectuses, and active management clients may receive such information in the terms of business or in the management agreement.

The Risk and Ownership Team sets the stewardship and voting strategy for all the

Storebrand products managed by SAM in scope for this report. They engage with companies on behalf of total AUM and in line with our sustainability principles to achieve the firm's climate, nature and social commitments outlined in Figure 5. Similarly, voting is conducted on behalf of the SAM AUM of NOK1,268bn. This single approach to stewardship across the funds is central to SAM's sustainable investment principles. We aim to be consistent across our strategies and do not manage a separate sleeve of sustainability funds – all funds are subject to the Storebrand Exclusion Policy and are covered by the SAM net zero, nature and human rights commitments. Most of our external client assets are managed in pooled funds - our clients choose SAM for our sustainability principles and targets.

We regularly receive voting alerts from our clients, asking that we consider certain information when voting on an upcoming AGM. We will always take these into account and assess the information provided when making voting decisions, but we do not offer funds which contradict one another in terms of voting, and we will always vote in alignment with our engagement and voting policy and sustainability principles. Clients cannot override our policies as that could diminish our ability to meet our sustainability goals.

Where we manage discretionary accounts for internal clients in the Storebrand Group, there is the potential for the asset owner to set different sustainability targets to the asset manager (SAM). At present our commitments and targets are aligned and are designed to meet the NZAOA and NZAMI principles, as described in Principle 1 and Figure 5. Voting and engagement is conducted in unison across all AUM for Storebrand ASA and external clients in the Storebrand branded funds. Any divergence by Storebrand ASA from the SAM commitments may only be in a more ambitious direction and cannot undermine the SAM sustainability commitments. Similarly, we design pooled funds for clients with more ambitious exclusion objectives than the SAM Group and Storebrand ASA. For example, our Swedish business is entirely fossil free in line with our clients' requirements in that market – this approach aims to avoid conflicts as it contributes to our net zero goals but does not undermine the SAM Group policy to engage with higher emitters in our Norwegian domiciled funds for Norwegian clients (e.g. Equinor) and encourage them to align their own businesses with net zero. Additionally, our Swedish funds exclude for such products as alcohol, gambling, defence contracts/conventional weapons, and adult entertainment.

The SAM Head of Sustainable Investments, **Kamil Zabielski**, leads the Risk and Ownership Team, as outlined in Principles 1 and 2. He works within the governance structure outlined in Principle 1 to develop stewardship strategies aligned with the Sustainable Investment Policy and the underlying Thematic and Operational Policies for all Storebrand branded funds. Kamil and the Risk and Ownership Team work with the Storebrand CIOs and the Head of Sustainability at Storebrand ASA to ensure that the stewardship activity across products is aligned with our objectives and to avoid conflicts between products and clients.

The separate investment entities within SAM (Cubera, AIP and Capital Investment) conduct their own engagement and voting in line with their distinct investment approaches. The CIOs of these separate entities are responsible for ensuring their stewardship actions are aligned with the SAM Group Sustainable Investing Policy and the underlying Thematic and Operational policies described in Principle 1. These are autonomous entities and may vote differently to the SAM branded funds based on their independent engagement and escalation objectives. They will also conduct independent company engagements based on their active relationships and investment strategies – however, as part of the SAM Group they have the same overall sustainability objectives which are monitored by the SAM Board of Directors and their leaders sit in the SAM Group Management Team with SAM CIOs. The SAM Group Management Team is responsible for overseeing the compliance of each SAM Group entity with the policies to avoid conflicts of interest between entities when engaging in stewardship.

SAM has further identified the following potential conflicts of interest:

1. Between clients, including between funds/portfolios and clients

    • Differential treatment of funds/portfolios/clients in the event of a shortage of available investment, or in the event of a shortage of buying interest in the market

    • Cross-subsidisation of unitholders: – between clients in the event of uncertain prices for internal trading between funds/portfolios managed by the Company – between unitholders in the event of uncertain prices for instruments in collective portfolios – between unitholders at subscription and redemption

2. Between the Company/Group and its customers

    • Trades in the Group's own products on behalf of funds/portfolios/clients

    • Trading in financial instruments issued by companies in the Storebrand Group on behalf of funds/portfolios/clients

    • Advising or trading in products from which the Company/ Group will benefit financially contrary to the customer's best interest

    • When choosing a counterparty

3. Between the company's employees/employee representatives and customers

    • Employees' own trading/own holdings in financial instruments

    • Remuneration of employees

    • Impartiality among SAM's employees/employee representative

4. Conflicts of interest between different roles/functions within the Group/Group companies

    • Through the organisation of different roles/functions, conflicts of interest may arise.

    • Processes are being carried out to identify these, as well as document how these can be handled.

Clear responsibilities and reporting lines have been established within the Group's legal structure via job descriptions. Where roles/functions provide services to several group companies, this is regulated in intercompany agreements.

SAM has implemented measures to limit the identified potential areas of conflict of interests. These measures are tailored according to asset class within the Real Estate and Manager Selection, in addition to the measures introduced in the asset management activities related to equities and bonds.

For example, we have detailed principles and guidelines to address potential conflicts of interest between customers in the following areas:

- Equal treatment of customers/portfolios/funds
- Subscription and redemption of units
- Order timestamping
- Aggregated orders
- Anonymisation of customers
- Internal trading
- Pricing of financial instruments
- Pricing of funds

We explicitly consider conflicts of interest that may arise as a result of the integration of sustainability risk, as well as conflicts that may arise between legal/operational responsibilities and conflicts of interest between roles/functions in the SAM Group.

The Compliance function in SAM regularly assesses Group management to ensure it adequately identifies, assesses, documents and manages conflicts of interest. This assessment is presented to the Board of Directors at least annually. The register of conflicts of interest is also reviewed by the Compliance function on an annual basis and the administration function provides the Board of Directors with information about their assessment of whether identified conflicts are adequately managed.

Insider information

SAM is dependent on access to information about investee companies in order to assess any challenges companies have with their corporate governance. It is also important to retain flexibility with respect to funds' investments so that one can act in the best interests of the unit holders. SAM has a clear understanding of information provided to us by third parties, and its relation to the rules on inside information, also in relation to the exercise of corporate governance. It is expected that investee companies, and their advisors, also have an awareness of this legislation and do not put SAM in an insider position without consent. If in doubt it should, as far as possible, be clarified by the declarant whether the relevant information is inside information before it is received.

When working with other investors to influence companies, SAM will be acutely aware of conflicts of interests and of being put in an insider position.

Conflicts in relation to stewardship activities

There are a number of potential conflicts of interest that we must be mindful of when undertaking stewardship activities. These conflicts can be both internal - between SAM boutiques and/or between portfolio management teams and the Risk and

Ownership Team - or external - between companies taking part in collaborative engagement initiatives or between SAM and its clients.

Examples –Stewardship Conflicts

We have provided below some examples of stewardship conflicts. Some of these are live examples from the reporting period but due to sensitivities they are anonymised. Other examples relate to potential conflicts, or previous conflicts, which we must remain cognisant of and manage appropriately.

Conflicts in Coalitions

1. There may be a conflict of interest between asset owners and investors taking part in engagement coalitions. This can occur when investors in a coalition ask a company to act on a specific risk and one or several investors in the coalition are themselves also involved in the same risk situation through direct operations (i.e. not equity investments). This can occur when an Asset Owner may be providing other services, such as banking or insurance activities, and is involved in the same specific high-risk situation as the company in question. They may then not be willing to encourage the company to adopt appropriate mitigation measures, in line with what other investors expect.

   This is managed by: having an open discussion about the conflict among investors in the group; having external experts explain the risk to the investor group; and deciding as a group how to proceed with expectations of the company in question.

2. There can be conflicts between investors in coalitions due to varied approaches to escalation and exclusion. Not all investors exclude companies, some rather have a policy to continue engagements, even if the company is not taking appropriate steps to address or mitigate risks. This can create challenges for the investor group strategy, particularly if the company is not responsive to dialogue and the threat of divestment could be used as leverage over the company to take action.

   This can be managed by pre-defining the engagement period. If the dialogue does not yield positive results after a set time, each investor may then follow its own strategy. This may include divestment, escalating via other methods, or continuing the dialogue outside of the investor group.

   Another way to manage this conflict is if the investor group agrees that investors are not required to be invested in the company in question throughout the entire engagement period and are free to divest and drop out of the engagement when they see fit.

3. A conflict can arise when different investors in a coalition have different transparency reporting requirements for engagements. This can create tension on how to achieve progress, where some investors believe that

less transparency will lead to more constructive engagement, and others are of the view that being open and transparent about the challenges and progress made may push the company to go further.

Transparency rules can differ according to the initiative and can conflict with individual investors' own reporting polices and requirements.

This is managed by having clear expectations and criteria for reporting from the establishment of the investor initiative. If the reporting criteria for an investor is more open than the initiative is willing to allow, then investors must decide whether they want to join, whether they want to take it bilaterally, or to propose exceptions / flexibilities for a specific engagement for a particular company (when both the company and the specific investor engaging that company agree to enhanced transparency by publishing progress). This is a situation that we have experienced in the 2024 reporting period.

4. 2024 has presented clear conflicts for global managers related to the nature, membership and management of engagement coalitions. Managers in different jurisdictions experience different challenges to membership of coalitions, both at a policy level and in client demands. Storebrand believes collaborative engagement to be essential for managing long term systemic risks to its portfolio, including but not limited to climate change, nature loss and human rights. We take an active and meaningful role in coalitions related to these risks as a method of fulfilling our fiduciary responsibilities to clients. As outlined in the opening chapter to this report, we stand firm on sustainability and remain committed to our targets and coalitions. However, we recognise that there are conflicts and sensitivities that we must be cognisant of in our engagement with other managers and in varied jurisdictions.

Proxy Voting

Proxy voting providers often have other services (such as controversial screening, third party engagement services, etc.) which may influence their voting recommendations. We do not outsource any of our engagement activities in order to avoid potential conflicts where the same service provider may be issuing voting recommendations.

We may also disagree with the voting recommendations, or believe it is in the best interests of our clients to escalate certain issues through voting. Therefore, in order to identify and manage any potential conflict a member of the Risk and Ownership team is dedicated to leading on, and monitoring, voting activity. With support from portfolio managers, the Risk and Ownership team manually reviews all E&S resolutions against the proxy voter's recommendations to ensure alignment with our own policy and avoid conflicts.

An example from 2024 of voting against ISS recommendations was our decision to vote FOR a proposal requesting Tesla to commit to a moratorium on sourcing minerals from Deep Sea Mining (DSM). DSM is not necessary to support substantial EV deployment, as demonstrated by moratorium commitments from Tesla's peers. DSM should not be permitted until there is sound scientific basis for assessing that ecosystems and biodiversity will not be impacted.

Sensitive Information

We must be careful as to what information we share internally regarding the nature of our dialogues with companies, as some of this can be considered as insider information. To manage this potential conflict, we have Chinese walls to ensure sensitive information is not shared publicly. We also limit internal access to this information. Our internal system for registration and tracking progress of our engagements is only accessible by members of the Risk and Ownership team and the portfolio managers. Externally facing teams such as sales, distribution and communications do not have access to this system.

Further, it can be important to the constructiveness and progression of company dialogues in many instances to keep both the company names and substance of the discussion private for a period of time. In order to balance a need for transparency and client communication with this potential conflict, we provide accessible real time aggregated and anonymised information on, for example: number of engagements, type of engagements (direct or through coalitions), ESG issues for engagement, link to SDGs, relevant PAIs, etc. Detailed information on the nature and substance of the engagements is not shared unless deemed not to be sensitive and that it will not impact the constructiveness of the dialogue. We also produce case studies for client communication on a quarterly basis via our **Quarterly Sustainable Investment Review** [links provided in Bibliography].

Conflicts could arise where portfolio managers have access to the engagement records for a company they may be interested in. For this reason, and to prevent internal influence, the Risk and Ownership team is an independent expert group responsible for decisions regarding whether to continue or change the trajectory of a dialogue.

Potential Conflicts arising from exclusions

Our exclusion process is designed to avoid conflicts of interest where possible. For example, when cases are sent to the Sustainable Investment Committee for a decision regarding whether a company will be excluded, requires further engagement or will go onto the Observation list, they are anonymised. This prevents the committee from being influenced by company names in the decision-making process.

Conflicts example 2024

Conflicts can be contentious for external reporting and disclosure purposes, requiring sensitivity and discretion. For this reason we have anonymised and generalised examples throughout this principle.

During 2024 we experienced a commercial conflict related to our stewardship approach. An external client informed us that they no longer wanted to remain invested in a certain company that is held in our funds, due to the nature of recent controversies surrounding the company. The client approached us and stated that if we did not exclude the company then we risked losing their mandate.

At SAM we have a total portfolio approach to stewardship, and as such clients should have confidence in our strategy and approach, including a process for establishing facts related to flagged controversies and for using our escalation measures to influence the company. Our approach can/may lead to exclusions, but that follows a systematic process and is deemed a last resort after all engagement / escalation possibilities have been exhausted.

To maintain the integrity of our stewardship strategy, we held firm on our approach and remained invested in the company in question to continue escalation measures. This led to the loss of a client mandate, due to a conflict in stewardship strategies.

However, we acknowledge that certain companies are more strategically important to the business and our clients, and this creates a potential conflict for exclusion purposes. Where companies with large exposure are flagged under our exclusion criteria and would lead to substantial tracking error deviations in our 'passive' /systematically managed funds upon exclusion, then we must abide by the same exclusion principles, but we may put more resources into escalating dialogue and exhausting potential escalation measures before exclusion (than we would for example for companies with low exposure in passively managed index funds). For example, by finding alternative collaborative investor initiatives if bi-lateral engagement is not progressing or supporting or co-filing shareholder resolutions on the issue at hand. We have demonstrated over time that we are prepared to escalate dialogue and exclude strategically important companies when they engage in business activities that do not meet our sustainable investing principles – for example large oil and gas companies that are engaging in anti-climate friendly lobbying activity[16].

Exclusions can also create potential conflicts of interest in relation to our supply chain. We do not enter new purchasing agreements with companies on our exclusion list. We acknowledge however that exclusions of strategically important companies delivering critical systems and services to the

[16] Storebrand dumps oil and mining stocks on climate change lobbying (ft.com)

Storebrand Group presents a challenging situation. We aim to maintain integrity and abide by our exclusion principles in such cases but have considered that more time and resources may be required for escalation and engagement dialogues in these circumstances.

Principle 4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

This Principle has been reviewed and updated for 2024. All case studies and examples have been updated. Only text relating to standard procedures and approach remains the same as 2023.

SAM promotes a well-functioning financial system as a global investor by addressing risks **through a mature internal risk management framework and healthy external collaborations**. It is in the best interests of all market participants to have a level playing field in place, where no single entity benefits at the cost of other participants. SAM is an active contributor protecting the integrity and sustainability of the financial markets for our investors, clients, counterparties, and other stakeholders' long-term interests.

As a prominent Nordic investor in global financial markets, representing universal asset owners in many countries, we have the opportunity to contribute to a well-functioning financial system through responsible investment practices. In this section we will describe:

1. How we use Enterprise Risk Management to identify and manage all risks, and promote a well-functioning financial system.
2. How we respond to market-wide and systemic risks and promote a well-functioning financial system through our responsible investment strategy and stewardship approach.

1. Enterprise Risk Management

Our risk management framework is designed to take the appropriate risks to deliver returns to customers and owners. At the same time, the framework will ensure that we protect our customers, owners, employees and other stakeholders from unwanted incidents and losses. The framework covers all risks to which Storebrand may be exposed. Regulatory changes continue to pose enterprise risk for financial services firms, new and forthcoming regulatory changes, both international and domestic, are discussed at length in the Storebrand ASA annual report for 2024 (page 26)[17]. The risks pertinent to SAM in this regard for the 2024 reporting period are as follows:

EU Action Plan on Sustainable Finance:

The taxonomy and associated reporting requirements were implemented in

[17] 2024-annual-report-storebrand-asa.pdf

Norwegian law on 1 January 2023. The companies that are affected by the legislation are obliged to assess how their products and services affect the environment in accordance with the taxonomy's classification system. Large, listed companies must disclose the proportion of their income, expenditure and investments that are linked to sustainable activities in line with the technical criteria set by the EU for each sector. For the financial year 2024, Storebrand is obliged to report on activities related to all six environmental objectives in the taxonomy, to the extent that they are relevant to the Group's activities. In the section "EU taxonomy" in our annual report, we show the proportion of our activities that are linked to economic activities that contribute to achieving the EU's environmental goals. In 2024, the focus has been on obtaining good data, even though it is challenging as long as only a limited number of companies in the value chain are reportable. Storebrand will continue to monitor the development of the taxonomy and adapt reporting and operations to new criteria.

Corporate Sustainability Reporting Directive (CSRD)

- The CSRD was introduced into Norwegian law in 2024 and expands the reporting requirements in the current sections 3-3c of the Accounting Act. Sustainability information must be provided in the annual report and will to a greater extent be equated with financial information. The CSRD contains standards for sustainability reporting (ESRS). The aim of the directive is to establish transparency and ensure a long-term perspective, as well as to ensure harmonisation and standardisation of reporting for users of accounting and sustainability information. The directive requires all listed companies in the EU to carry out an analysis of and report on risks, opportunities and impacts on the environment and society throughout the value chain, so-called double materiality. Storebrand has reported in accordance with CSRD in the 'Sustainability' section of its 2024 annual report.

Overall risks, including climate risk, are described in a risk analysis report addressed by SAM Group Management and the Board twice a year. The risk analysis includes assessments of business and reputation risks related to the Storebrand Group's strategy to uphold a leading sustainability position. Climate risk also is addressed in the annual ORSA-report, which is sent to Norway's Financial Supervisory Authority following approval by the Storebrand Board.

Our risk management processes ensure cost-effective operations, reliable reporting, and compliance with internal and external regulations. Based on our strategic plans, SAM works systematically to identify risks and implement necessary risk-reducing actions to ensure that our objectives are achieved. A governance and control structure has been established for all management processes in the Storebrand Group companies and covers all processes from the signing of client agreements to the execution of the individual trades in the portfolios and funds. Each Portfolio Manager in SAM has mandates assigned to them by the Chief Investment Officers to ensure that the responsibility is as clear as possible and with solid segregation of duties between Portfolio Managers and between the different Front Office teams. A structured and solid control environment is based on culture, awareness, company values, and integrity. SAM's principles governing internal controls and the administration of activities are intended to support internal governance. This is reflected in the clear segregation of duties between teams, sections, and departments.

Principle risk categories

SAM has identified the following principal risk categories relevant to our business and our participation in financial markets:

1. **Business risk** – Unexpected changes in terms and conditions for operating the business, such as social conditions and economic fluctuations. Business risk includes strategic risk, reputational risk and other unexpected changes due to external conditions.

2. **Financial risk** - Risk of changes due to financial market fluctuations or volatility beyond expectations.

3. **Liquidity risk** – Risk of not being able to meet payment obligations in a timely manner.

4. **Operational risk** - Risk of financial loss, reputational damages or sanctions related to breaches of internal or external regulations as a result of ineffective, inadequate or failing internal processes or systems, human error, external events or non-compliance with rules and guidelines.

5. **Compliance risk** - The risk of incurring public sanctions, financial loss, compensation claims and/or loss of reputation due to non-compliance with external and internal regulations.

Many of these risk categories include a wide variety of subcategories, but all of them are relevant to SAM's clients, counterparties and other stakeholders and must be addressed to ensure SAM is a robust and resilient service provider and market participant. Our approach to managing business risks is further described in our annual report[18].

The Storebrand Group conducts an annual materiality analysis. Defining material topics based on environmental, social and corporate governance factors has gained increased importance and has become a requirement for companies. Increased data availability and quality, stakeholder engagement and expectations, and stricter regulations are shaping the need to assess material topics to understand business impacts, risks and opportunities.

The 2023 update of our materiality analysis showed climate change, nature degradation and human rights as systemic risks that can manifest in SAM's principal risk categories of business, financial, liquidity, operational, and compliance risk. This remains the same in 2024. The Storebrand ASA 2024 annual report contains a comprehensive double

[18] 2024-annual-report-storebrand-asa.pdf

materiality assessment, reported in line with the CSRD and mapped according to our activities, business relationships and stakeholders. This process identified climate change as one of the areas where Storebrand has the most significant impact. We have therefore undertaken stress testing against a range of NGFS scenarios, which feeds into our strategy, targets and actions as a firm with the ambition to contribute to achieving the Paris Agreement, in line with internationally recognised climate science.

Enterprise Risk Management offers SAM processes and controls to manage and positively influence these systemic risks at the entity level, which is important and significant given SAM's influence within the Nordic financial system.

For example, we are vocal proponents of sustainability reporting regulations, such as the **Corporate Sustainability Reporting Directive (CSRD)**, and we are committed to improving the environment for enhanced corporate disclosures through initiatives such as **Forest IQ** and the **Taskforce for Nature Related Financial Disclosures (TNFD)**. These actions are key to managing business, operational and compliance risks going forward. Further, as we have highlighted in Principle 1, long term environmental and social sustainability principles are deeply embedded in our beliefs, business strategy and investment process. This is because they are **financial risks** which we must manage in order to achieve the best possible risk adjusted returns for our clients. Our method for managing these risks is further described below.

2. Managing Risks through our Responsible Investment Strategy and Stewardship Approach

As a prominent Nordic asset manager SAM has the opportunity to influence companies and policy makers towards more sustainable development, thus addressing systemic risks and contributing to a well-functioning global financial system. As detailed in Principle 1, we take a four-pronged approach to sustainable investing, encompassing:

1. **Solutions-driven investment**
2. **Active ownership**
3. **Exclusion**
4. **Portfolio integration**

Our Sustainable Investment Policy[19] and the Storebrand Exclusion Policy[20] incorporate our guiding principles on how to perform engagement with, and exclusion of, companies in our investment universe. Our policies and standards are aligned with the PRI. Here we will discuss how SAM addresses the systemic issues of climate change, nature degradation and human rights and contributes to a well-functioning global financial system by using our position as a prominent Nordic asset manager to influence companies and policy makers towards more sustainable development. We

[19] Sustainable Investment Policy.pdf (storebrand.com)

[20] Storebrand-Exclusion Policy.pdf

achieve this through 1) collaboration and policy-based initiatives and 2) integrating sustainability into our asset management processes:

First – Collaborative and policy-based initiatives to address systemic sustainability issues:

While voluntary action by companies is important to achieve progress, the regulatory frameworks for sustainable business, as well as our main engagement themes, are determined by international treaties and national policies. Engaging with policymakers and other stakeholders in a transparent and responsible manner is an essential part of our strategy to promote business practices aligned with the SDGs and global agreements on climate, nature and human rights. This may entail direct engagements with relevant policymakers, standard setters or trade associations, participating in consultation processes, co-signing open letters or presenting investor alliance statements at UN summits.

Where we take part in collaborative initiatives we play an active role, leading on company dialogues, particularly in the Nordics where we have a strong corporate brand and a home advantage. A full list of initiatives we are involved in is provided in the **Appendix**.

We consider policy level engagement an important factor in stimulating change since many sustainability issues are **systemic** and require regulatory input. For example, as described in Principle 10, our CEO **Jan Erik Saugestad** attended **COP16** on behalf of Finance for Biodiversity (FfB), sharing his view on how the finance community can act decisively on nature, emphasising our intention to join forces with like-minded investors for influential action on nature related investment issues. We have contributed to policy dialogue both internationally and domestically. In Q1 our Head of Climate and Environment, Emine Isciel, provided commentary to a report by Norway's Nature Risk Commission – providing recommendations at national level as well as public and private sectors for assessing and managing nature risk. In Q2, Jan Erik Saugestad was appointed the new Chair of NorNAB, the Norwegian Advisory Board for Impact Investing.

During 2024 we have continued our focus on policy level dialogues, collaborating with other asset managers and NGOs. We have addressed issues such as: due diligence law (CSDDD, DD law in Norway); reporting (CSRD, TNFD, TCFD); and nature risk.

Examples of collaborative and policy-based initiatives to address systemic sustainability issues:

1. **Deforestation:** Storebrand established (in 2020) and continues to co-chair the collaborative engagement initiative titled **the Investor Policy Dialogue on Deforestation (IPDD)**. Through IPDD we engage with policy makers in selected countries such as Brazil, Indonesia and consumer countries (EU, UK and China) to promote sustainable land use and forest management and respect for human rights, with an initial focus on tropical forests and natural vegetation.

During 2024 the IPDD responded forcefully to a potential weakening of EU deforestation regulation with a public statement. 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 1st January 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.

The statement issued by SAM and IPDD co-chair RBC BlueBay Asset Management emphasised 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.

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.

2. **Plastic pollution:** In 2024, Storebrand was a signatory to a statement declaring the finance sector's support to governments for an ambitious international legally binding instrument to end plastic pollution. Organised by UNEP FI, PRI, Finance for Biodiversity Foundation, the Business Coalition for a Global Plastics Treaty, the Dutch Association of Investors for Sustainable Development (VBDO) and CDP, the Finance Statement on Plastic Pollution, opened for signatures in February 2024, was concluded and published on April 10th, 2024. 160 investors, banks, insurers and finance-related

initiatives from 29 countries, representing USD 15.5 trillion in combined assets, signed the statement. Through the statement, we are collectively signalling to governments worldwide of the urgency for UN Member States to agree an ambitious plastics treaty. What is sought is a treaty that creates the mandatory framework and the enabling environment for the private finance sector to fully play its role in ending plastic pollution. The statement is part of a response to a surge in the production and consumption of plastic, which in turn has led to a significant increase in plastic waste and pollution, projected to grow to well over 250 million metric tons annually by 2040 under business-as-usual. The plastic pollution crisis contributes to and worsens the triple planetary crisis of climate change, biodiversity loss and pollution. Further, it poses a growing threat to human health and economic stability.

3. **Living Wages:** SAM has been actively involved in the issue of living wages for many years. In 2021, we joined the **Platform Living Wages Financials** (PLWF), based on our recognition that achieving living wages requires detailed and dedicated cross-sector international investor collaborations over the long term. The PLWF brings together a group of approximately 20 investors to collaboratively engage with 52 investee companies on achieving living wages internally and in their supply chains.

   In 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. More detail is provided in Principle 10.

4. **Human rights centred architecture for Artificial Intelligence:** For several years, Storebrand has been working with digital rights as one of its focus areas, including issues such as the ethics of artificial intelligence (AI) technologies. Through this experience, we have found that it is often most productive for investors to engage them through collective initiatives. This is based on the broad, complex and far-reaching range of the issues, along with the scale and influence of the companies that must be engaged in order to have a reasonable chance of making an impact.

   Since September 2022, members of the World Benchmarking Alliance's (WBA's) Ethical AI Collective Impact Coalition have been engaging companies assessed by the WBA's Digital Inclusion Benchmark on ethical AI, focusing initially on companies that did not yet have publicly available ethical AI principles.

   In February 2024, the second phase of the Collective Impact Coalition for Ethical AI was launched, supported by investors representing over US$ $8.5 trillion in assets under management, including SAM. More detail is provided in Principle 10.

Risk assessment and disclosure

Risk assessment and disclosure are core features of our commitments to addressing climate change and nature-related risks. For example, we report annually on our portfolio exposure to deforestation risk and have evolved our approach to deforestation risk disclosure as available tools and methodologies have improved.

We are committed to eliminating commodity-driven deforestation from our investment portfolio, and to assess and disclose our exposure to deforestation risk. This ambition is articulated in our deforestation policy and as part of the Finance Sector Deforestation Action (FSDA) joint commitment. Our work in this area is related to our prioritized engagement themes on nature and climate, spanning the 2024-2026 period.

To effectively assess and disclose exposure to deforestation risks, we leverage the Forest IQ data platform, a comprehensive resource developed by Global Canopy, Stockholm Environment Institute and the Zoological Society of London.

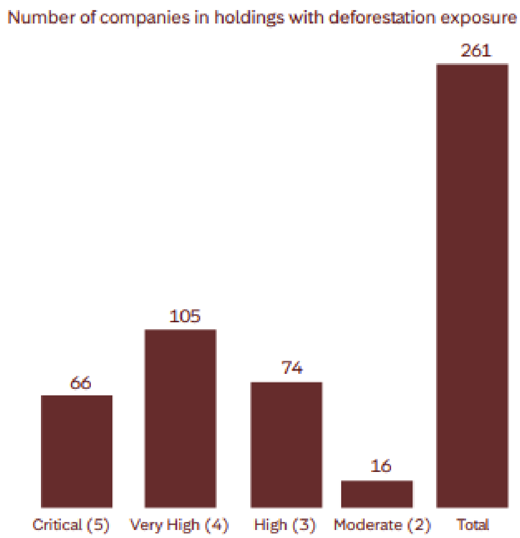
Forest IQ Data Tool Overview

The Forest IQ data platform contains information on more than 2000 companies' exposure to commodity-driven deforestation and their efforts to eliminate deforestation, conversion and associated human rights violations from their operations, supply chains and financial relationships. It includes data from the following datasets: CDP, Deforestation Action Tracker, Forest 500, SEI York, Trase, ZSL SPOTT and RSPO. The forest risk commodities currently covered are palm oil, soy, beef, leather, timber, pulp & paper, natural rubber, cocoa, coffee, gold and coal. While the coverage in number of companies and commodities is expected to continue to grow, Forest IQ already covers most companies and financial institutions in our investment universe with material exposure to commodity-driven deforestation.

Metrics Used in Storebrand AM's Risk Screening

We employ several key metrics based on Forest IQ to evaluate and disclose deforestation risks:

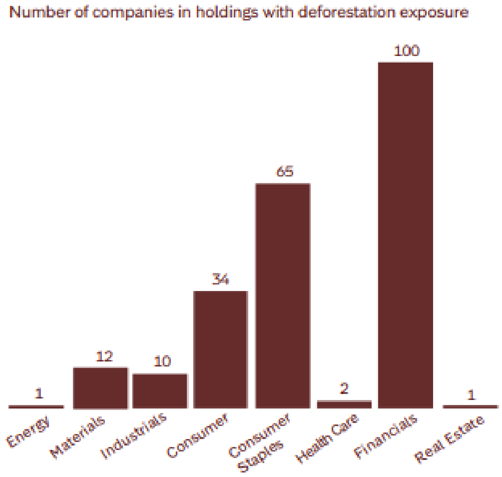
Metric 1 - Number of companies in holdings with deforestation exposure – by category



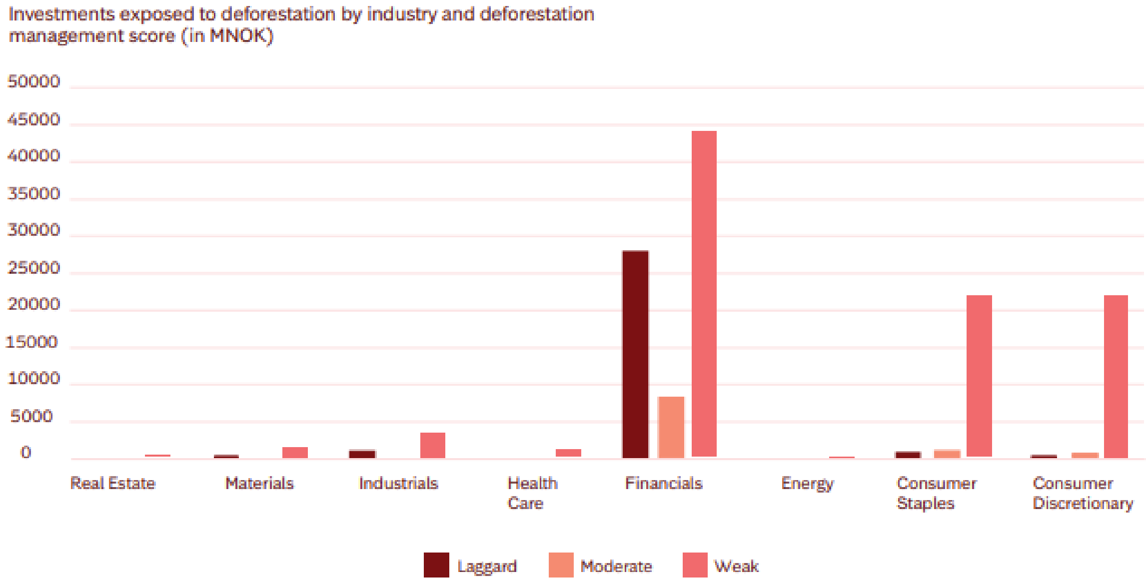
This metric assesses the level of exposure of our portfolio to companies potentially linked to deforestation. Forest IQ places companies in different exposure categories, by estimating volume of commodities sourced or produced with risk of deforestation. (Financial institutions are assessed by estimating the amount of finance provided to companies with exposure to deforestation.)

We report on the number of companies, value of holdings, and percentage share of our total equity and bond investments held in companies that fall in the categories with the following exposure levels: Critical, Very High, High, and Moderate. This provides a picture of how much of our portfolio is potentially exposed to deforestation risks.

Metric 2 - Number of companies in holdings with deforestation exposure – by industry



Metric 3 - Investments exposed to deforestation by industry and deforestation management score (in MNOK)



Metric 2 analyses the distribution of companies identified under Metric 1 across different Global Industry Classification Standard (GICS) sectors. This helps in understanding which sectors in our portfolio are most exposed to deforestation risks.

Metric 3 evaluates how well companies manage deforestation risks, categorising them into five performance tiers: Laggard, Weak, Moderate, Advanced, and Leader. This is done by assessing the quality of their commitments, actions taken and quantifiable progress reporting. For companies identified under Metric 1, we disclose the number of companies and value of holdings distributed across these performance categories. This metric provides insights into the effectiveness of companies' deforestation risk management practices, which helps inform our stewardship efforts.

Developing screening methodology

When we first screened our portfolio for deforestation risk in 2020, we designed an inhouse screening methodology based on the tools Forest 500 and Trase. As Forest IQ includes data from both these tools, in addition to others, we are now able to assess a larger share of companies in our portfolio. While this change in data availability and methodology makes comparisons with earlier iterations difficult, it improves transparency, stewardship efforts and risk management related to deforestation. It should be noted that currently available data do not allow attributing actual deforestation impact to individual companies, but estimates risk exposure and assesses company performance to avoid deforestation, conversion and associated human rights abuses.

We will continue to perform annual deforestation risk assessments and to disclose the results and any further changes to methodology and data sources.

Risk analysis of our portfolios

To improve the factual basis for our active ownership, we continually seek efficient and detailed approaches to enhance our groundwork. This allows us to map and mitigate risks from the companies we invest in. Although data limitations can be challenging, SAM has developed three analyses focused on climate and nature, presented below, aiming to provide actionable insights for further active ownership. The first analysis offers insight into how different climate scenarios may impact our investment portfolios. The second analysis maps the impact of our investments on extractive industries in forests. The third looks at how geospatial asset-location data can be used to understand water risks. These three analyses provide a more granular view of our investments and help us to prioritise active ownership more effectively. These analyses were covered in detail in our integrated TCFD-TNFD report, which was published in conjunction with COP 16.

Contributing to a well-functioning asset management industry

SAM has for many years been a vital asset manager in the Norwegian fund industry and an influential member of the Norwegian Fund and Asset Management Association ("VFF"). The VFF is a forum for asset managers to discuss industry matters and establish industry standards.

Through various working groups, such as but not limited to Compliance, Risk Management, Fixed Income, ESG etc., the members may raise issues experienced in their own processes and the need for clarification – both through discussions and through documented industry standards. The working groups prepare and suggest any new or changing industry standards. Along with supporting resources from the VFF, these working groups consist of industry experts in specific fields and SAM has representatives in all established groups. During 2024 we contributed to the Distribution Working Groupand the ESG Working Group amongst others.

As a member of the VFF, SAM must report compliance with specific industry standards on an annual basis. This ensures a robust setup of standards that is respected in the industry and contributes to a reliable environment for conducting business. Another important association for the finance industry in Norway is Finance Norway. They advocate the views of the industry towards different groups in Norwegian society; politicians, government, consumer authorities, international collaborators and decision-makers and consumers. SAM is always striving to contribute to efforts that support the industry in our clients' best interest.

Storebrand Asset Management representatives now serve on the boards of three national **Sustainable Investment Forums (SIFs)** in the Nordics: Institutional Client Director Teresa Platan, Senior Sustainability Analyst Victoria Lidén and Fund Manager Philip Ripman were all recently elected to the boards of the Finnish, Swedish, and Norwegian SIFs, respectively. The SIFs are important investment sector forums aimed at promoting sustainable investment practices, disseminating information, and engaging the community. During 2024 we joined the UKSIF, the relationship is managed by our locally based Climate and Sustainability Product Lead who attended a number of UKSIF events throughout the year.

Storebrand Head of Climate and Environment, Emine Isciel, is part of the Advisory Board of EU-funded **SUSTAIN** project, which aims to strengthen understanding and awareness of how all economic activities depend on and impact biodiversity. SUSTAIN contributes to **ENCORE** through a dedicated work package led by UNEP-WCMC, which aims to improve, update and validate ENCORE's natural capital knowledge base. This work incorporates the current scientific and empirical research to build ENCORE's knowledge base and enhances its structure and usability. In 2024, businesses and financial institutions now have an opportunity to gain an even greater understanding of their vital relationships with nature, following a major update to ENCORE, a leading UN-backed tool for screening risks to natural capital.

The main benefit of this latest update to ENCORE is a much higher degree of granularity. The previous 92 'production processes' have been superseded by 271 'economic activities' as defined by the International Standard Industrial Classification for All Economic Activities (ISIC). This also provides better alignment with the UN's System of Environmental Economic Accounting (SEEA) Ecosystem Accounting, which incorporates nature-related services that had not previously been captured. These include non-monetary benefits such as recreation, aesthetic appeal, education, and other positive contributions to human physical and mental wellbeing.

The ENCORE team has also improved the methodology that underpins the ratings, with more precise, quantitative materiality scoring that allows for greater comparability across industries and sectors. Along with the greater granularity, an investor looking to assess its investee companies' exposure to nature-related risks withing the agricultural sector is now able to drill down to the production of specific crops, such as rice or sugar cane, rather than the previously used far broader categories, such as large-scale irrigated arable crops or large-scale rainfed arable crops.

Second – through the way that we invest our clients' assets:

We believe that certain unsustainable business practices and products should be avoided by responsible investors, particularly where engagement cannot or has not been successful thereby resulting in known but unmanaged portfolio risk exposures. We use exclusion as a method for escalation and we publish our exclusions, aiming for impact through transparency.

Exclusion lists are updated on a quarterly basis and published online[21].

The Storebrand Exclusion Policy covers norm-based and product- and activity-based exclusions as follows:

Norm based exclusions (conduct and non-conduct based)

Storebrand Asset Management will not invest in companies involved in the following norm breaches*:

- Companies that contribute to serious and systematic breaches of international law and human rights (conduct based),
- Companies involved in serious environmental degradation, including the climate and biodiversity (conduct based),
- Companies involved in systematic corruption and financial crime (conduct based),
- Companies that produce or sell controversial weapons, such as nuclear weapons, land mines, cluster munitions, biological and chemical weapons, phosphorous weapons, etc. (non-conduct-based norm-breaches).

*A company will also be excluded when subsidiaries controlled by the company, typically through ownership of 50 percent or more, are in breach of these criteria.

Product- and activity-based exclusions

Storebrand has also chosen to exclude investments in companies within certain single product categories or industries, or activities that are unsustainable. These products or industries are associated with significant risks and liabilities from societal, environmental or health related harm. In these product categories there is also limited scope to influence companies to operate in a more sustainable way. These companies include:

- Companies with more than 5 percent of revenue from coal-related activities
- Companies with more than 5 percent of their revenue from oil sands
- Companies with more than 5 percent of revenue from tobacco production and distribution

[21] Storebrand's exclusion methodology - www.storebrand.com

- Companies with more than 5 percent revenue from recreational cannabis
- Companies that are involved in deforestation or conversion of native ecosystems through severe and/or systematic unsustainable production of palm oil, soy, cattle, timber, cocoa, coffee, rubber and minerals
- Companies involved in lobbying that deliberately and systematically work against international norms and conventions, such as the goals and targets enshrined in the Paris Agreement or the Global Biodiversity Framework
- Operations in biodiversity sensitive areas
- Deep sea mining
- Mining operations that conduct direct marine or riverine tailings disposal
- State-owned and controlled companies (from states excluded under sovereign bond criteria)

In addition to our efforts to set a clear policy and standard for engagement and exclusion of companies SAM also integrates sustainability risk ratings into investment decisions to avoid, or reduce investments in, companies that offer high sustainability risks and prioritise investment in companies with low sustainability risk.

The Storebrand Sustainability Score (described in Principle 2) is assigned to all listed companies we invest in and is available for our portfolio managers to integrate in investment decisions. The idea is to move capital away from high sustainability risk companies to companies with lower sustainability risk.

Principle Adverse Impacts (PAIs)

Since 2021, we have integrated the Principal Adverse Impacts (PAIs) identified in the **EU Sustainable Finance Disclosure Regulation (SFDR)** into our risk analysis for asset classes where data is available. There is an overlap between PAI indicators, and our general work carried out to mitigate risk. This has not changed our methodology to identify risk, but has added a new dimension to further map, manage, measure and mitigate adverse impact as more specific data is available. In order to further mitigate risk, SAM will sell its holdings in companies with a considerable risk of involvement in activities with severe negative impacts such as Principle Adverse Impacts (PAIs) as described by EU regulations, so called, risk-based sale of assets. More information regarding PAIs and our due diligence work addressing them can be found in our Principal Adverse Impact Statement available on our website.

Stewardship of assets

As a fiduciary acting on behalf of our clients and their underlying beneficiaries it is our responsibility to manage risk though responsible stewardship of the companies in which we invest. SAM is a universal asset owner exposed to a broad range of companies, industries and regions, offering us the opportunity to address global systemic challenges with varying degrees of influence. Due to the nature of our asset and client base, we have the greatest opportunity for impact in the Nordic markets but, as a renowned global sustainable investor, we can use our position and specialist knowledge to shine a light on, and seek to influence, systemic risks related to environmental and social challenges.

Storebrand AM has prioritised three thematic engagement themes and two cross cutting themes for the 2024-2026 period. Our prioritised themes align with the Sustainable Development Goals and with our own corporate commitments, as outlined in our Sustainable Investment Policy.

Our engagement priorities are characterised by a focus on double materiality, addressing salient issues that have implications for the financial value of companies, as well as the companies' impact on the world at large. Strategically, we have also focused on issues where we have significant in-house expertise and experience, and where we believe we are well-placed to influence companies in a positive direction.

Our engagement themes for 2024-2026 are:

- **Climate change,** which accounted for 37.4 per cent of our engagements in 2024
- **Nature and biodiversity,** which accounted for 26.1 per cent of our engagements in 2024
- **Human rights,** which accounted for 34.6.% of our engagements in 2024

Our cross-cutting themes for 2024-2026 are:

- **Policy dialogue**
- **Sustainability disclosure**

More detail on these themes and our actions to address these topics during the reporting period is provided in Principles 7 to 12.

Principle 5

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

This Principle has been reviewed and updated for 2024. We refer to the Storebrand Stewardship Code 2023 report in this disclosure due to the extensive review of policies and processes undertaken in 2023.

Since the Paris Agreement was signed in 2015, SAM has developed increasingly ambitious sustainability targets and made public commitments in line with those targets, as outlined in Principle 1. The sustainable investing environment has evolved at pace, leading to enhanced sustainability related requirements from clients and regulators worldwide. The availability of company data and information related to environmental, social and governance issues has improved dramatically, allowing us to better understand our portfolio and to make improved disclosures and targets. SAM has had an exclusion policy and commitment to sustainable investing since 2005 and has built on this over almost 20 years. In 2021 we adopted a formal **Sustainable Investment Policy** and we have also added focused thematic policies dedicated to climate change, deforestation, nature and human rights over the past 5 years.

An extensive review of our sustainable investment policies and procedures was undertaken in 2023 to ensure our policies remained aligned with our principles, targets and ambitions and reflect our clients' expectations as well as the current regulatory environment in the markets in which we operate. We were also mindful that our existing approach to human rights risk management and stewardship was deserving of a dedicated policy and wanted to elevate that documentation to the same level as climate change, nature and deforestation. The review was supported by SAM Compliance and led to the implementation of a new governance framework, illustrated in Figure 6 (Principle 2), and the formalisation of all policies and related documents underlying sustainable investment activity within SAM. The new governance framework was developed to ensure that the policies: remain anchored in corporate strategy; are regularly followed up to account for developments in sustainable investing regulations, risks and opportunities; have clear lines of accountability; introduce consistency and reduce potential conflicts of interest between SAM Group entities in achieving sustainable outcomes for clients.

Policy Review

The 2023 policy review incorporated the underlying distinct policies related to nature, deforestation and engagement and voting. Storebrand's longstanding experience and practice in relation to exclusions and human rights considerations via the 'Storebrand Standard' and previously articulated in the Sustainable Investment Policy were formalised into new and distinct policy documents.

The policies were reviewed, and drafted, by Risk and Ownership in collaboration with the SAM CIOs and CCO, as well as the Chief Sustainability Officer at Storebrand ASA. There was a consultation involving all other investment business units in SAM prior to the draft policies being raised to the SAM Executive Management team for input. An explanation of the specific policy updates and reasoning can be found in the Storebrand Stewardship Code Report 2023 p 54-56.

Storebrand Sustainable Investment Policy

- Overarching policy applicable to all subsidiary companies in the SAM Group and all asset classes.
- Implementation in the separate entities is in the form of company specific policies, guidelines or procedures, all within the framework established by this overarching policy.
- Content incorporates:
    - Key sustainability themes (with their own stand-alone polices); Climate, Nature, Deforestation and Human Rights
    - Sustainability approaches; Screening and exclusion, engagement and voting, and integration (ex. SFDR and PAIs)
    - Implementation across asset classes; real estate, private equity, infrastructure, etc.

SAM Group Exclusion Policy

- Formal exclusion policy created in 2023 to replace the "Storebrand Standard".
- Content incorporates:
    - Exclusion criteria: norm and product based; sovereign bonds, enhanced exclusions, etc.
    - International norms and conventions underpinning exclusion criteria.
    - Exclusion process; screening & monitoring, observation list, Execution

SAM Group Human Rights Policy

Created in 2023 to formalise and elevate SAM's policy on human rights. Content incorporates:

- Our approach to human rights due diligence
- Scope, principles and commitments in relation to human rights risk exposure.

SAM Group Deforestation Policy

Created in 2019 to support our pledge to deforestation free portfolios and outline our expectations of investee companies in this regard.

Content incorporates:

- Scope, principles and commitments re deforestation exposure.

SAM Policy on Nature

Created in 2022 to formalise our commitment to maintaining and strengthening biodiversity.

Content incorporates:

- Outline of the areas where we can contribute and our approach.

Our policies are reviewed on an annual basis with any changes approved by the SAM Board. Like the review process described above, consultations are made with CIOs, PMs, client facing teams, Compliance and Legal, to reflect both necessary regulatory and legal requirements, but also strategic changes that have made throughout the year.

Our 2024 annual policy review included an upgrade of the SAM Group Climate Policy, with new interim targets as described below. No major changes were made to the other sustainable investment thematic and operational policies.

SAM Group Climate Policy

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

Stewardship Process and Actions

Our stewardship approach comprises proactive (both individual and collaborative) and reactive engagements, and voting.

We set our core engagement themes for a period of 2-3 years, after which they are reviewed and refreshed if necessary. Our engagement themes are generally tackling long-term challenges, so they remain fairly consistent but are adjusted as necessary for effectiveness. During 2024 we set our new engagement topics for the period 2024-2026, these topics are explained in Principle 7.

SAM defines and sets objectives and milestones for its engagements to be achieved by companies, either individually or together with other investors in collaborative engagements. These objectives, as well as any progress on engagements, are recorded in our internal engagement tracking system, Esgaia.

The Risk and Ownership team discusses the progress of ongoing engagements in its weekly meetings; engagement is assessed and discussion of escalation is covered (further information available under Principles 9, 10 and 11). SAM monitors progress against defined objectives and tracks the progress of action. If the original objectives are not met, an assessment is made as to the appropriateness of the original objective and methods for engagement. If the original objective needs revision, we will do so or if the unachieved objective is process-rooted, then remediation will be exercised.

EU requirements under SFDR prompted us to update and quality-assure our existing processes. With the introduction of EU disclosure requirements, SAM has worked to develop and update our sustainability analysis in order to be able to take into account new data on principal adverse impacts (PAI). Our method is to identify PAI laggards (red), PAI intermediates (yellow) and PAI leaders (green) to reduce risk and allocate capital to more sustainable and/or solution companies. Red companies will be further analysed by the Risk and Ownership Team and may result in sale of assets, or exclusion, depending on the risk and severity of the negative impact identified and the overall cumulative negative effect identified for all PAI indicators. Yellow companies will also be further analysed to mitigate negative effects through engagement. Green companies will be identified so that capital can be directed there.

Stewardship Reporting

We ensure our stewardship reporting is fair, balanced and understandable through the following efforts:

• Keeping sustainability experts and the communication team in regular and detailed contact.

• Communicating openly with our clients and asking for feedback. We have clients that are also reporting in line with the UK Stewardship Code so it is important that we are aligned with their requirements.

e.g. During 2024 we undertook an international client survey in which allowed us to better understand our clients' requirements and served as a useful audit of our stewardship reporting offering. This exercise is described further in Principle 6.

• Communicating with rating agencies on our level of transparency.

Our internal reporting tool, PowerBI, is an interface which anonymises our engagement cases in Esgaia but provides reporting of total engagements according to category and product. Our client facing colleagues can use this to create reports and can reach out to the Risk and Ownership Team for company specific examples, where required.

In our **Quarterly Sustainable Investment Review** (SIR) publication, we cover progress on engagements, sustainability initiatives in which we are involved, voting activity and any new exclusions or engagement escalations during the period. This is published on our website quarterly and ensures we regularly assess and communicate our stewardship progress.

For example, in Q4 2024, we conducted a review of the way we report engagement data. This led to changes to how we will report engagement data going forward and full details were published in the Q4 SIR. We will now filter 'Signatory only' activities from our main engagement data to provide a clearer and more transparent representation of our work. The data 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.

As detailed above, in December 2024 we published our first **Integrated Climate and Nature Report**, outlining how we integrate climate and nature considerations into our investment decisions and risk management and recognising that our commitments must equate to action. The effects and continued support of our work may be limited if we cannot track progress. Our clients deserve transparency and clarity about how their capital is invested and what we achieve. 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.

Assurance Processes

Internal Assurance of Governance Related to Active Ownership

During 2023, our Head of Sustainable Investments undertook a full review of our active ownership approach as part of the SAM sustainable investing policies and governance review. This process was overseen by SAM Compliance, who provided advice on the governance process related to the review and revision of sustainable investment policies and adoption of thematic policies, as well as the ongoing governance structure of these policies and related decision making.

We believe the policy review process was valuable in achieving our objectives of ensuring our policies remain aligned with our principles, targets and ambitions and reflect our clients' expectations as well as the current regulatory environment in the markets in which we operate. We believe that the strengthened governance process will benefit the ongoing development of these policies. Policies are reviewed for potential improvements and changes, as well as approved by the SAM Board, on an annual basis.

In 2024 our policies were reviewed and confirmed by the SAM Board, as is standard procedure. No substantial edits were required in 2024 due to the extensive process undertaken throughout 2023. The 2023 overhaul of policies, procedures and sustainability documentation hierarchy was a precursor to our climate policy update in 2024. The new climate policy and targets were agreed with, and confirmed by, the SAM Board.

The next internal review of all sustainable investment and stewardship policies will be led by our Head of Sustainable Investments, in consultation with relevant stakeholders, and audited by SAM Compliance in 2025.

External Audit of Controls - ISAE 3402

Our stewardship policies and practices have stood up to external scrutiny. PWC are the current external auditor of SAM and provided an independent service auditor's assurance report on the description of controls, their design and operating effectiveness as at 30 September 2024 via our latest International Standards for Assurance Engagements (ISAE) 3402 – type II report.

Our ISAE 3402 report addresses our organisational commitment to sustainability and explicitly references our principles for active ownership.

External Assurance via PRI

Storebrand was a founding signatory to the PRI (Principles for Responsible Investment) in 2006. Our stewardship activity is therefore assessed on an annual basis by PRI, which includes specific questions related to signatories' stewardship activities in the reporting period. The assessment aims to identify how signatories can improve their responsible investment practices and facilitate learning and development by outlining how signatories' implementation of responsible investment compares year-on-year, across asset classes, and with peers at the local and global level by providing a confidential report. To ensure transparent communication, and to let stakeholders follow up on the implementation of our Sustainable Investment policy, we are committed to fulfilling PRI's reporting requirements and publishing our results accordingly.

Our PRI Assessment Report for 2024, along with our Transparency Report for 2024, is published on our website.

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.

PRI Assessment Summary Scorecard 2024

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

Our sustainability work is continuously assessed and ranked against our competitors, by civil society such as **Fair Finance Guide Norway**, or Norwegian People's Aid. Our work is also assessed and ranked by leading financial advisers and intermediaries in insurance and financial products, such as **Söderberg & Partners**.

The Fair Finance Guide in Norway rates Storebrand as number 1 asset manager, indicating high-quality corporate social responsibility, ethics and sustainability.

Regular and consistent review and use of external assurance has led to the continuous improvement of our stewardship policies and processes.

CDP evaluates over 21 thousand companies on their environmental impact. In 2024 Storebrand was one of 178 companies included in CDP's A List Europe for its leadership in environmental transparency and action for its activities related to climate.

Principle 6

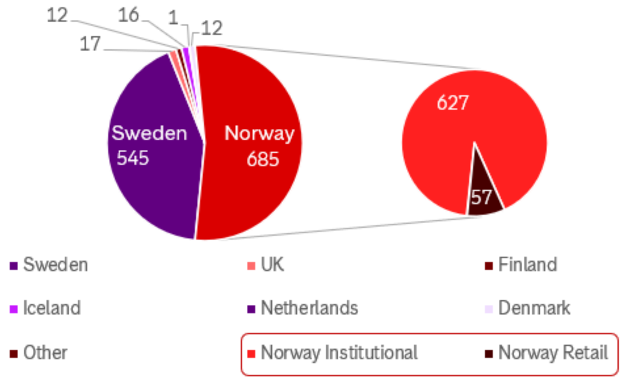
Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

This Principle has been fully updated for 2024.

Total in-scope AUM for Storebrand Asset Management is **NOK1,286bn**, as at 31 December 2024[22]. Over half of this AUM, **NOK648bn**, is internal capital managed on behalf of the Storebrand Group companies.

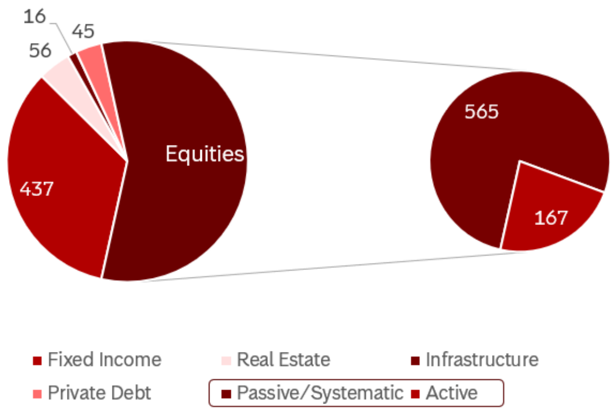
The majority of our AUM is managed on behalf of institutional clients, as illustrated below. The only retail client exposure is in Norway. Fifty three percent of our assets are managed on behalf of clients in Norway and forty two percent of our assets are managed on behalf of Swedish clients.

Reporting Entity AUM by Region and Client type [NOK bn] – Total NOK 1,286bn



Over half of our assets are in equities, the majority of which is in passive / systematic portfolios managed by our quant team as illustrated below.

Reporting Entity AUM by Asset Class (NOK bn) – Total NOK 1,286 bn

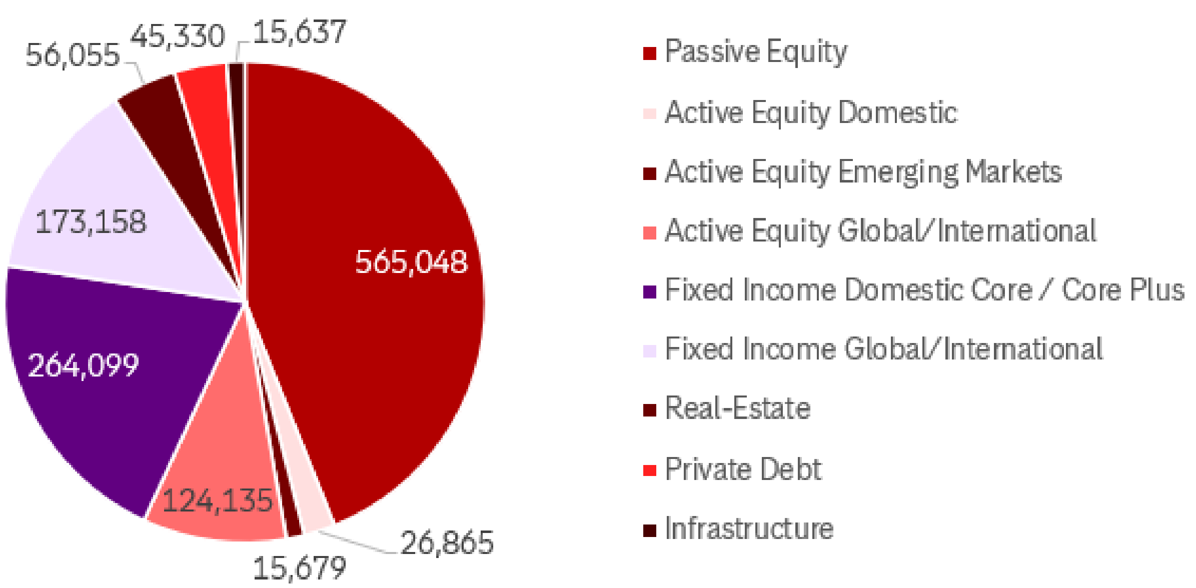


Storebrand AM invests across most regions and client types. Our investments are managed with a long-term perspective as an institutional investor reflecting our values and long heritage. We strongly believe that the best way to deliver excellent investment performance over the long term is to invest in companies with fundamentally sound and

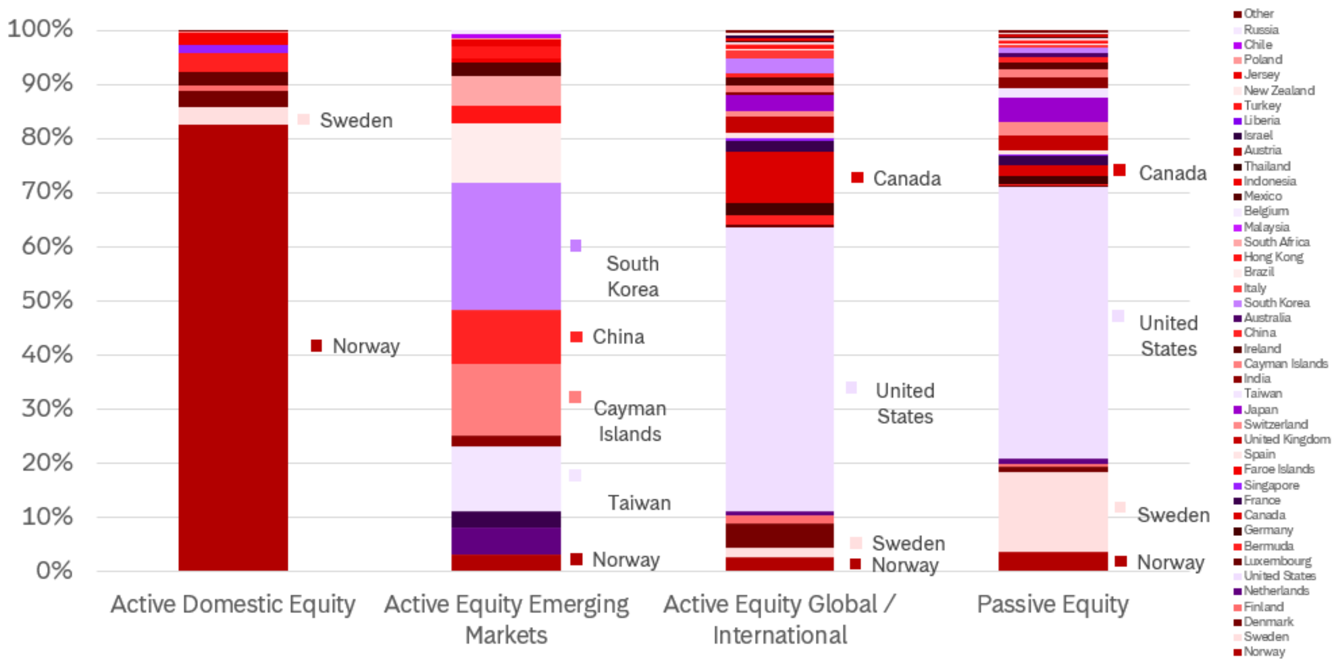
[22] As outlined in the introductory section, this accounts for all AUM in the SAM Group excluding the three autonomous entities: AIP, Cubera and Capital Investment.

sustainable business models that have strong long-term relative growth prospects across economic cycles.

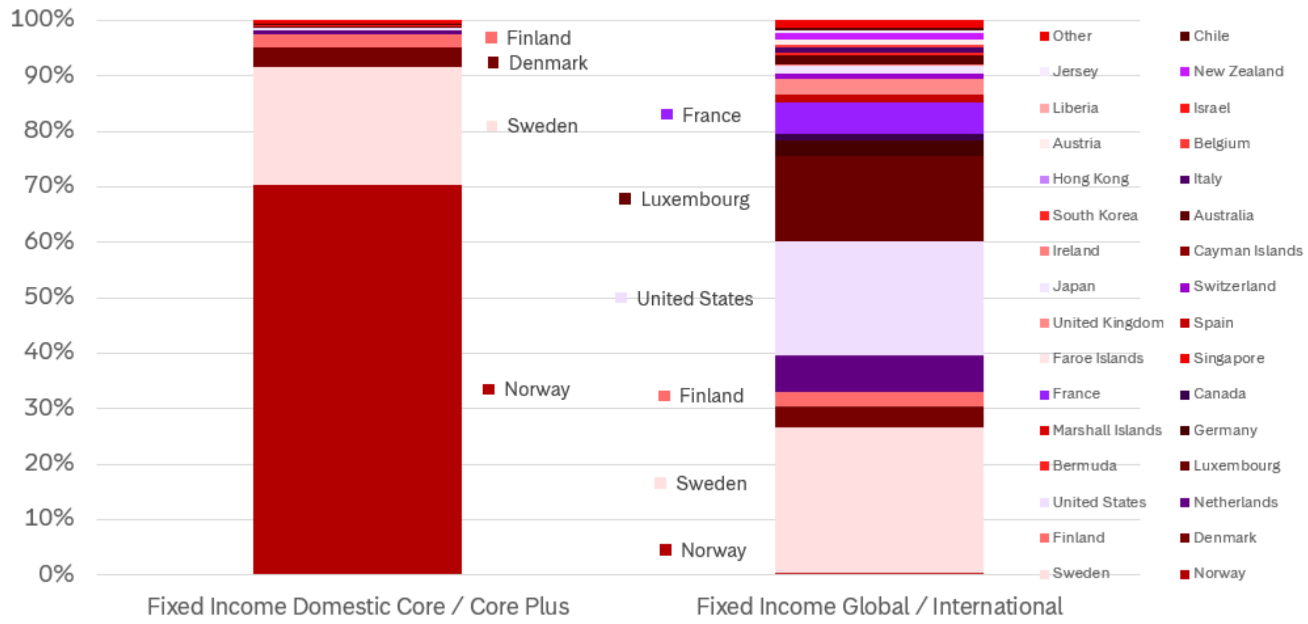
Reporting Entity AUM by Asset Type and Region (NOK bn) – Total NOK 1,286 bn



Equity AUM by Geography



Fixed Income AUM by Geography



The **investment horizon** over which we aim to deliver for our clients varies across products. Broadly, most fixed income and equity funds have **3-5 Year minimum** performance periods, whereas for multi-asset portfolios this tends to be **5-10 Years** depending on investment strategies within the portfolios.

We define the performance period as the time frame over which we anticipate delivery of the performance objective, given the characteristics of the various asset classes.

Certain bespoke products have more customised time periods for assessment according to the specific client investment objective and needs.

Understanding clients' needs

Over half of SAM's AUM is **internal capital managed on behalf of Storebrand Group companies**. As our primary stakeholder it is important that we align our stewardship goals with the needs of the Storebrand Asset Owner. As outlined in Principle 2, SAM's objectives are strategically linked to the Storebrand Group level objectives in that we deliver investment products to meet the sustainability commitments of the Group.

Our targets are set in close collaboration with our primary stakeholder and client, in line with their expectations and commitments as a member of the Net Zero Asset Owner Alliance. The targets are strategically linked to long term systemic and societal challenges but with interim, medium-term targets for 2030. In designing our strategy for meeting those 2030 targets, stewardship plays an integral role. For example, we can make use of a number of tools for reducing portfolio carbon intensity but our strategy is focused on engaging for change. We have therefore focused our efforts on engaging with our top portfolio emitters and climate laggards, as outlined in Principle 9.

Revision of SAM polices, position papers and targets (such as climate targets) is done in dialogue and close consultation with the Group, and Head of Sustainability in the Group. Considerations are made to align commitments from SAM as an asset manager and the Group as an asset owner – with an appreciation that the Asset Owner may have other commitments or expectations that are different than those of SAM as an Asset Manager. Through close consultation between SAM and the Group, a stewardship strategy is set that aligns these commitments and expectations, but allows the Asset Owner to go further, for example in setting certain targets for its discretionary portfolio if it would choose to do so.

Collaboration between SAM and the Group is formalised through a weekly consultation meeting, which includes amongst others the Head of Sustainability for the Group, Head of Sustainable Investment in SAM, CIO in SAM, and Heads of Sustainability for various Storebrand Group companies and entities. It is also at these weekly meetings where any larger consultations are coordinated (such as updating SAM and Group level climate targets, revisions of Sustainability policy documents, position papers, etc.). Relevant resources within the Group and SAM are drawn upon depending on the nature of the subject as part of the consultation, leading up to proposals to be decided by the management of Boards of SAM or the Group. This forum for regular weekly consultation is led by the Head of Sustainability in the Group and Head of Sustainable Investment in SAM. It provides an effective forum for coordination between the Group and SAM and ensures involvement of relevant internal stakeholders in larger decision-making processes for alignment in the preparation of decisions to be taken by the respective Boards.

External clients

External clients choose SAM for our focus on long term sustainability and our holistic approach to stewardship. We engage and vote across the whole of SAM AUM, according to our sustainable investment policies and in line with our long term sustainability targets, as outlined in Principle 1 (Figure 3). It is therefore important that we are transparent about our targets and approach and that our external clients buy in to our philosophy. It is also crucial that we have a two-way relationship with our clients, such that we respond to the changing environment while remaining firm on our principles. A demonstration of this is the statement from our CEO in the introduction to this report – '**Standing Firm on Sustainability'**, as we have recently received an increased number of questions from clients about our commitment following other market participants climbing down from sustainability promises and initiatives.

We use a variety of methods for understanding the needs of our external clients. We employ local, dedicated and experienced client facing individuals who are responsible for understanding their clients' needs in their respective markets. Client requirements and concerns are fed back into the business through the Client Group, which is led by the CEO and attended by the heads of international distribution, wealth management and Nordic distribution. The Client Group meets formally once a month.

In addition, we take part in external, independent surveys and analysis to understand client requirements. Storebrand Asset Management is assessed for its performance, competitive position and degree of customer understanding in the annual **Prospera survey**[23] delivered by independent consultant, **Kantar**.

The Prospera survey is a well-established market research offering in the Nordic financial services industry. It offers a benchmarking analysis and ranking but importantly allows us to understand client satisfaction and where we may be able to make improvements in our overall business performance.

Every year we purchase the full benchmarking survey for external asset management. In 2024, the Prospera survey placed Storebrand Asset Management in first place in terms of its sustainable investment offering three years in a row in both Norway in Sweden. SAM was also placed number two in overall performance in Norway and Sweden.

Storebrand ASA was included in the Dow Jones Sustainability Index's list of the world's 10 per cent best companies regarding work on sustainability for the third year in a row. These were important recognitions of our efforts to operationalise sustainability and integrate sustainability in our investment products.

Clients in our international business may have different requirements and standards in terms of reporting and communication. In response to the feedback on our Stewardship Code 2023 report from the FRC, during 2024 we engaged in an

[23] Benchmarking | Kantar (kantarsifo.se)

independent client survey to ensure we were properly taking account of client needs.

Client Survey 2024

In late 2024, and in response to feedback on our Stewardship Code 2023 submission, we decided to embark on a client survey to better understand our clients' needs in three key areas:

- Time horizon for investment decisions and sustainability targets
- Expectations for stewardship and reporting
- The effectiveness of SAM's methods in communicating with clients and understanding their needs

We employed an external research team at **Pensions for Purpose** to conduct a survey of our international clients. The Pensions for Purpose team is experienced in conducting market research and they are specialists in impact and sustainable investing.

The interviews provided some very interesting findings on key industry themes including:

Investment time horizons and climate goals

- Asset owners are increasingly adopting long-term investment horizons, typically ranging from five to 20 years.
- While many see strong alignment between investment timeframes and climate objectives, progress in addressing biodiversity goals is more varied.
- Balancing the pursuit of short-term financial performance with long-term sustainability goals is a key challenge for investors.

Stewardship and reporting

- Collaborative engagement is seen as crucial for asset managers seeking to amplify their influence, alongside proactive partnerships between them and companies.
- Clear communication, coherent storytelling and concrete examples are important in demonstrating engagement efforts, with a premium placed on transparency around escalation policies and the tangible real-world consequences of active ownership.
- Stewardship efforts are typically assessed through reports, with persistent industry concerns over greenwashing underscoring the importance of enriching reports with case studies and concrete examples.

As part of this survey, we sought feedback from our clients on the effectiveness of SAM's methods in communicating with them and understanding their needs, with a particular focus on stewardship requirements and priorities. We are now reviewing the feedback provided and intend to respond to it, reflecting on how our activities and reporting align with clients' needs, during 2025.

Materiality Analysis – stakeholder dialogue

To ensure that we have a comprehensive and long-term approach to creating value for our shareholders, customers, employees, and society at large, **Storebrand ASA regularly conducts a materiality analysis across all business areas, including SAM**. This ensures alignment between our goals and prioritised areas, and our stakeholders' expectations. Our operating environment will be adjusted and shaped in line with societal developments. The materiality analysis will therefore be continuously updated through **on-going dialogue with our most important stakeholders**.

Storebrand's corporate strategy is built around our purpose and vision of delivering financial wellness and security to our customers. To achieve our vision, we rely on trust and the understanding of views and interests of our key stakeholders. We define our stakeholders as actors or individuals who may influence or may be affected by our business.

Our key stakeholders include:

Affected stakeholders	Customers
	Employees
	Suppliers
	Nature (as a silent stakeholder)
Users of sustainability information	Shareholders
	Authorities
	Voluntary organisations

We actively engage with our stakeholder groups. Engagement takes place through regular meetings (e.g., with shareholders, authorities), through surveys (e.g., customer and employee surveys) and through digital channels, with the purpose of understanding the needs and expectations. The insights are used in strategic planning and decision-making. Regular and systematic dialogue with our key stakeholders enables us to gain a deeper understanding of their views and perspectives. This helps inform our strategy and business model.

The first materiality analysis was conducted in 2017 with annual adjustments following stakeholder engagement. In 2020 we renewed our topics following a thorough analysis based on input from both internal and external sources. In 2023 we conducted a new materiality analysis line with the principles of **double materiality** as stated in the Corporate Sustainability Reporting Directive (CSRD).

Outcomes of double materiality analysis

A comprehensive framework for assessing sustainability risks is important, because they are linked to and affect other risks. The risk is evaluated from society's perspective, the customers' perspective and Storebrand's perspective (double materiality) and the assessment is summarised in the ORSA. Storebrand has a limited risk of negative impact on the outside world other than customers. The most significant risk is if Storebrand is misused for money laundering and terrorist financing. Given Storebrand's measures to prevent money laundering and terrorist financing, the risk is considered moderate. Even if Storebrand is affected by cybercrime or fraud, it has negative consequences for society, especially if there is a link to organized crime. The societal risk is limited by Storebrand's clear stand against paying ransoms. For clients, the biggest risk is that climate risk affects investment returns. Physical climate risk can result in lower returns, especially in the long term. In the short and medium term, the transition to low emissions entails risks. Customers also suffer if they are affected by fraud related to Storebrand's products or services, or that criminals gain access to personal data. A social sustainability risk is if time-limited payment results in a large drop in pension earlier than customers are prepared for. Customers may also be locked out of life insurance products or find that insurance becomes too expensive, for example as a result of climate change. For Storebrand, it can have major consequences for operations and reputation if the Group encounters cyber-attacks and is unable to restore systems. Although lower returns from climate risk primarily affect customers, it also has negative consequences for Storebrand. The direct effect is lower asset management income, including the risk of lower performance-based fees. If the return is lower than competitors' returns, it will also weaken the competitive position and give rise to a risk of lower new sales and customer churn. The most significant societal sustainability risk is that trends in society lead to increased disability. Climate-related transition risk may also result in increased disability as a consequence of the transition to zero emissions resulting in increased unemployment. In the short term, the most significant physical climate risk is that acute climate change, especially torrential rain, results in increased P&C insurance payments. The risk increases if Storebrand and the rest of the industry are unable to adapt premiums to a new normal.

Communication with Clients

SAM is committed to reporting on the impact of its investments and engagement results are communicated via different channels including: Storebrand dedicated websites, clients' newsletters, annual reports and sustainability reports or fund reports as well as in external presentations.

We are open about our sustainability efforts and report in accordance with several leading reporting standards, including the **Global Reporting Initiative (GRI), Task force on Climate Related Financial Disclosures (TCFD) and Carbon Disclosure Project (CDP)**, in line with the expectations of a number of key stakeholders. Strategic ambitions, specific goals, reporting and communication on sustainability are important success criteria in our work. In addition, we engage in international sustainability initiatives such as **The Net Zero Asset Manager Initiative** and **Climate Action 100+**. We are committed to helping our clients achieve strong risk-adjusted returns and we believe integration of sustainability data and perspectives will help us do so. Through this, as a responsible shareholder and investor, we will also contribute to a better world and a more sustainable future. More than ever, we are determined to play our role in transition: decarbonising the economy, protecting biodiversity and supporting inclusive growth. These strong convictions permeate our strategic plan for the coming years and will allow us to pursue our objective of generating long-term sustainable investment returns for our clients.

In 2024, as previously mentioned, we published our new **integrated climate and nature report** to document our progress against our commitments. For example, as a signatory to the **Finance for Biodiversity Pledge**, we have committed to collaborating and sharing knowledge, engaging with companies, assessing impact, setting targets and reporting publicly on biodiversity, all before 2025. The report follows the common structure of the TCFD and TNFD while incorporating TNFD additional core disclosures and metrics.

Risk assessment and disclosure are core features of our commitments. For example, we report annually on our portfolio exposure to deforestation risk and have evolved our approach to deforestation risk disclosure as available tools and methodologies have improved. During 2024 we used the **Forest IQ** platform, as highlighted in Principle 4, to report on our exposure to companies in high-risk categories in our annual sustainability report.

Storebrand communicates to clients about stewardship and investment activities and outcomes across a variety of formats and timeframes. This includes regular updates such as Annual Client Conferences, Quarterly fund update webinars where portfolio managers provide detailed commentary, Quarterly Sustainability reports, Quarterly Carbon Footprint reports, Quarterly Excluded Companies Reports, Monthly fund factsheets via Morningstar and Climate Metrics reports. Voting activity is published on our website in real time, and for UK clients is also captured in the standard PLSA voting report. We also produce ad hoc updates including blogs and whitepapers, social media updates, external presentations at conferences, in person and virtual meetings.

Our **Quarterly Sustainable Investment Review** is designed to provide clients with detailed insights into our stewardship activity. Every quarter, we look back on our activities around stewardship and sustainability as part of our mission to ensure transparency. In our Sustainable Investment Reviews, we share developments in our engagement, exclusion, and voting activities, and feature participation at events, new publications, and insights from our in-house experts.

We have provided links to our 2024 quarterly Sustainable Investment Review documents and our latest annual sustainability report in the bibliography.

Our **Climate and Sustainability Product Lead** in the UK provides a specialist resource to work with our institutional and wholesale clients on their sustainability reporting needs and to engage in market developments and consultations. This means we can offer evaluation on a client-by-client basis which is not standardised and we can help clients to meet their reporting targets and sustainability goals.

Insight: Considering Clients' Needs

Lauren Juliff, Climate and Sustainability Product Lead, Head of UK Institutional

How do you work with clients to ensure their reporting and communication needs are met?

My role, as a client facing sustainability specialist, is about ensuring we can assist our clients in meeting their sustainable investment goals, and that we develop and deliver communication and reporting tools to help them document their progress and meet their regulatory requirements. I regularly meet with clients and their advisors to discuss market developments and report on how our sustainable investment products have delivered. I work closely with climate specialist portfolio manager, Henrik Wold Nilsen, to research and develop communications related to the use of climate data in portfolio construction, as well as discuss the impacts of this data and related regulatory requirements on our clients' portfolios.

What activities and outcomes have you reported to clients during 2024?

Our whitepapers on the use of climate data in portfolio construction were put to good use in 2024, with our Scope 3 emissions research, 'The Paris Alignment Paradox', being referenced in the IIGCC's new guidance for investors[24]. Henrik Wold Nilsen and I continued adding to our collection of whitepapers on the need for more sophisticated analysis in understanding climate risk exposures and delivering 'Paris aligned' portfolios. This year we drew attention to the 'Double Whammy' of decarbonisation and de-risking for investors in emerging markets[25] and took a closer look at how grid companies might fit into a portfolio decarbonisation strategy[26]. Our papers are all published on the Insights area of the SAM website, under a dedicated section called '**Climate Data Discussions**'.

Clients are expressing growing interest in, and seeking guidance on, strengthening their stewardship activities related to their portfolio exposure to Conflict Affected and High-Risk Areas (CAHRA). Throughout 2024 we experienced increased client interest in our approach to addressing portfolio exposure to occupied territories, in response to the escalating situation in occupied Palestinian territories (oPt). We held meetings with clients and their advisors focusing on our screening and risk management approach. In 2024, following feedback on our Stewardship Code reporting for 2023, we decided to conduct a survey to better understand our clients' stewardship and sustainability requirements and whether we are meeting their needs. This provided valuable insights, as detailed in Principle 6 above, it will feed into our strategy for working with clients in 2025 and we hope to repeat the exercise periodically.

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[24] Scope 3 explained: Helping investors take action on the emissions of investments

[25] Double whammy - www.storebrand.com

[26] Gridlock - www.storebrand.com

Principle 7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

There have been no material changes to our stewardship approach or integration of ESG issues and climate change. Therefore, the core text for this principle remains the same as 2023 but all case studies and examples have been updated for 2024 disclosures.

In addition – Exclusions examples have been moved from Principle 11 to Principle 7 in line with FRC feedback.

We take an integrated approach to sustainable investments, combining our sustainability strategy with our investment strategy. We believe that companies with an advanced level of skill in managing sustainability risks and opportunities have a competitive advantage that may enable them to deliver better returns, while contributing positively to sustainable development. Storebrand Asset Management operates a framework that consists of a comprehensive set of exclusion criteria (norm-based and product-based), as well as principles that our portfolio managers must adhere to throughout their investment processes.

We take a whole portfolio approach to stewardship, engaging on behalf of our total AUM and across both equity and debt in unison as part of company dialogues.

As outlined in Principle 6, over 90% of our AUM is managed in equities and fixed income, with the majority in equity mandates. When we exclude a company, it is excluded from both equity and fixed income portfolios – and across all other asset classes and the SAM value chain. Our whole portfolio approach is further outlined in this section, with an awareness that we have the most impact with companies when engaging on equities. We have also provided examples of tailored engagements in fixed income, property and infrastructure.

In addition, we have an **enhanced focus on policy level dialogues**, which are not asset class specific and are intended to address systemic issues and create a more enabling environment for sustainable corporate activities. We have provided examples on dialogue with policymakers, and our commitment to using this approach to address systemic risks, in Principle 4.

As detailed in Principle 9, with supporting data provided, we have a strategic tilt towards engagements with Nordic companies. We believe our position as one of the largest asset managers in the Nordic region, with local knowledge and company relationships plus our ability to speak the language, contributes to more productive engagement discussions with Nordic companies. This means we are an asset to many engagement coalitions and can take the lead role on discussions involving Nordic companies.

At SAM we are committed to managing our clients' money efficiently and responsibly, helping them to achieve increased financial freedom and security. Our fiduciary responsibility is to manage our clients' portfolios with the best long-term risk-adjusted returns and we recognise the importance of addressing environmental, social and governance-related risks and opportunities to fulfil this responsibility. Our **Sustainable Investment Policy** sets out the overall objectives, principles and limitations for sustainable investments in Storebrand Asset Management, including all funds managed by Storebrand Asset Management, and across all asset classes, such as equity funds, fixed income (also applying to sovereign holdings), private equity, infrastructure and real estate.

The financial sector plays a key role in helping to achieve the UN Sustainable Development Goals. Responsible asset management, pension savings, other savings and investments may contribute to realising these goals. The transition to a low-emission society that considers nature, social conditions and international obligations and regulations, represents both financial risks and opportunities for Storebrand as an investor and asset manager. Hence, SAM focuses on sustainability, both in products, services and cooperation with suppliers and partners. This is fundamental to the Group's strategy. SAM seeks to generate the best possible risk-adjusted returns for our clients, while taking sustainability considerations into account.

To improve the efficiency of our sustainable investment approach including our stewardship efforts, our latest sustainable investment policy identifies four focus areas: **Climate, nature and biodiversity, deforestation, and human rights**.

In **climate,** SAM has committed to realising the goals of the Paris Agreement and providing financial flows for companies that are aligned with a Paris Agreement future. More specifically, we aim to achieve net-zero GHG in investment portfolios by 2050 and commit to setting SBTi-validated targets for 42% of our listed equity and corporate bond portfolio (by invested value) by 2027.

In **nature and biodiversity**, as a member of **Finance for Biodiversity initiative**, we are committed to collaborating and engaging with companies, assessing impact, setting targets and reporting publicly on biodiversity before 2025.

In **deforestation**, as a member **of Finance Sector Deforestation Action (FSDA)**[27], we have committed to having a portfolio free of commodity-driven deforestation, conversion of natural ecosystems, and related human rights abuses. To do so, we screen our entire portfolio for deforestation risk, engage with companies and stakeholders, reduce risk

[27] Finance Sector Deforestation Action

exposure where possible, and report on our deforestation risk exposure.

In **human rights**, we are committed to **UN Guiding Principles on Business and Human Rights** and the **OECD Guidelines for Responsible Business Conduct for Institutional Investors**, as well as other legislation at the national and EU level. Relatedly, we will not knowingly invest in companies that contribute to the severe violations of the rights of workers, children, communities, indigenous peoples or consumers among others, and engage with portfolio companies where necessary.

For more information, please see our specific policy documents on **human rights, deforestation, nature and biodiversity, and climate:** links are provided in the bibliography.

Considering sustainability in investments is essential to identify risks and opportunities arising from environmental, social and governance factors. Integrating sustainability factors into our investment process allows us to make better informed investment decisions and provides a more comprehensive view of each individual investment case.

SAM's sustainable investment strategy uses three approaches to achieve our expectations of companies, mitigate risk through portfolio due diligence and create value for clients:

1. Screening and Exclusions

Storebrand is committed to respecting international norms and conventions. Screening and exclusions are steps in Storebrand Asset Management's implementation of due diligence to identify, manage and mitigate actual and potential adverse impacts in our portfolios, and when this cannot be mitigated, we do not invest in companies in breach of our policy. When a company is added to the Storebrand Exclusion list it is removed from all portfolios (including both equity and fixed income) and supplier lists in the Storebrand Group. Our exclusion process is further described in Principle 11.

2. Engagement and Voting

We use our position as owners to influence issuer to improve corporate behaviour and reduce adverse sustainability impact. Through active ownership, we reduce risks, improve the quality of our investments and influence companies to move in a more sustainable direction. We believe in a combination of dialogue, exclusion, inclusion and integration.

We exercise our shareholder rights in two main ways: either through voting at shareholder meetings or by engaging with companies at different levels including management and board levels. This engagement can be both direct individually and/or in collaboration with other investors. Both approaches can be very effective in addressing concerns regarding environmental, social and corporate governance (ESG) issues in order to reduce adverse sustainability impact. Combined, they can reinforce each other and be an effective signal to companies regarding our views on important ESG issues.

Our engagement strategy is described in Principle 9. More information on our approach to voting and escalation is provided in Principles 11 and 12.

3. Integration into the investment and decision-making process

Storebrand Asset Management manages investments within a broad range of asset classes and products. The approach to integration of sustainability in asset management may therefore vary across different mandates but includes the following methods:

Risk rating: Storebrand Asset Management integrates sustainability risk ratings in investment decisions to avoid or invest less in companies associated with high sustainability risk and prioritise or invest more in companies with low sustainability risk. The ESG Risk Rating feeds into the Storebrand Sustainability Score assigned to all the (listed) companies we invest in, and it is available for our portfolio managers to integrate in investment decisions. The idea is to move capital away from high sustainability risk companies to companies with lower sustainability risk. There may be local variations in the way risk ratings are applicable for different boutiques and asset classes.

Sustainability Score: The score is used to optimise portfolios towards more sustainable companies and to calculate an internal fund rating. We calculate the sustainability score on over several thousand companies and base it on a scale of 0-100. The sustainability score is the basis for a total weighted sustainability score given to our funds. Portfolio Managers at Storebrand Asset Management can access the score on several levels. Total Score, Risk Score, SDG Score, and scores for underlying themes within these building blocks, are all readily available. Implementation of the score is dependent on the style and risk profile of the fund/portfolio in question. The score can be used to better assess the ESG risk of a particular investment, for identifying companies with an attractive SDG positioning, or for assessing the overall exposure on ESG risk and opportunities of a portfolio.

Principle Adverse Impacts (PAIs): We have integrated the Principal Adverse Impacts (PAIs) identified in the EU Sustainable Finance Disclosure Regulation (SFDR) into our risk analysis for asset classes since 2021, where data is available. There is an overlap between PAI indicators, and our general work carried out to mitigate risk. This has not changed our methodology to identify risk, but has added a new dimension to further map, manage, measure and mitigate adverse impact as more specific data is available.

Our methodology is to identify PAI laggards (red), PAI intermediate performers (yellow) and PAI leaders (green). This traffic light system has been calculated based on a sector-based materiality assessment, for which thresholds have been set for what is considered green, yellow and red. As of this date, the PAI traffic light score has been calculated for the following indicators: GHG intensity, activities in the fossil fuel sector, violations of UN Global Compact and OECD guidelines, board gender diversity, controversial weapons and deforestation. Other indicators will be included if we see that the data quality and coverage improve. Some of the PAI indicators are binary, whereas some are more quantitative, for example GHG intensity. For the quantitative PAIs, the values of the 5th and 95th percentile will act as guiding numbers for establishing the red and green scores.

PAI flags are calculated and made available in Bloomberg for all portfolio managers, together with other ESG-related information such as exclusions, green revenues, whether the company is classified as a sustainable investment under SAM's SFDR definition, sustainability scores etc. How different fund products consider PAIs will differ, depending on the specific product (for example art. 8 and 9), and strategy (active or passive). PAI data has also been integrated into our trading system, so that when the managers make a trade, they can see how it affects the various PAI indicators at portfolio level.

In order to further mitigate risk, Storebrand will sell its holdings in companies with a considerable risk of involvement in activities with severe negative impacts such as Principle Adverse Impacts (PAIs) as described by EU regulations, so called, risk-based sale of assets. PAI red-flagged issuers will be prioritised for potential engagement or risk-based sale of asset, if the adverse impact is particularly severe. Our **Principal Adverse Impact Statement** is available on our website, a link is provided in the bibliography.

Our Sustainable Investment Policy is also supported by the separate **SAM Engagement and Voting Policy.**

Our stewardship approach is **strategically aligned with the interests of our clients**. Our strategy is designed to meet the needs of asset owners, such as Storebrand Livsforsikring and other companies in the Storebrand Group, in working towards their net zero 2050 goals with short- and medium-term targets, as well as targets related to nature and human rights. To that end, our engagement themes and processes are long term in nature, with pre-determined focus areas for 3 years. We believe this aligns well with the expectations and interests of institutional asset owners, many of whom are working towards long term alignment with the goals of the Paris Agreement. Further our voting and engagement policies apply regardless of the instrument or asset class.

Whole portfolio approach to stewardship

A differentiating feature of SAM’s investment approach, and an important method for ensuring we can meet our business sustainability commitments, is the fact that all of our funds under management are subject to baseline sustainability criteria. When it comes to the implementation of strategies to meet our climate and nature targets it is crucial that we can engage, and divest, on behalf of the whole SAM portfolio across all funds, asset classes and geographies. This work is done by the SAM Risk and Ownership Team in line with the policies described in Principle 5.

The Risk and Ownership Team sets SAM’s **priority engagement themes** (detailed in Principle 9) and develops frameworks and strategies to engage portfolio companies on those themes, including direct and collaborative engagements both internally (with portfolio managers) and externally (with industry coalitions). This whole portfolio approach is also helpful for engaging in systemic sustainability issues and policy engagements, as outlined in Principles 4 and 10.

Example: Racing to Net-Zero

In 2024 we published an overview of our engagement with top emitters and climate laggards in our portfolio. This process serves our clients in helping them to tackle climate risk and align their portfolios with a net zero future.

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.

During 2024 our voting activity supported our approach. 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.

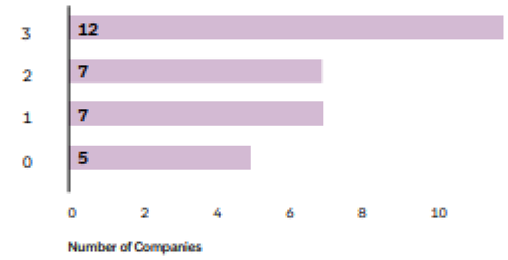
Climate laggards: We have been engaging with 31 companies with low management scores and carbon performance since 2023 to understand their preparedness for the transition to net zero.

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 such as 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.

In December 2024 we undertook a new assessment of company progress. The key findings from that assessment include:

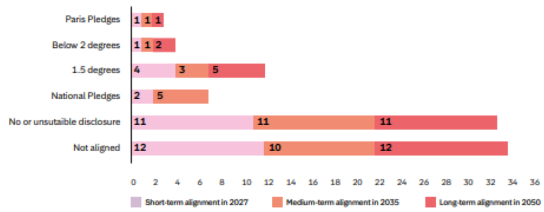
- Companies increasingly acknowledge climate change as a significant issue for their business. Out of 31 companies, 12 companies achieved the highest score of 3, reflecting strong management practices and a clear preparedness for the net zero transition. This highlights that nearly 40% of the companies 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 recognise 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.

Management Score



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

Carbon Performance

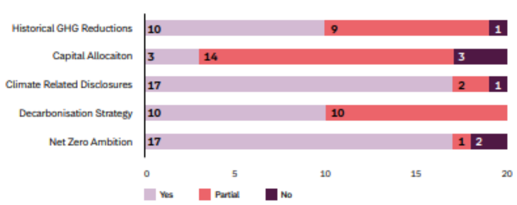


Carbon Performance: This figure illustrates the carbon performance alignment of 31 companies with climate targets.

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:

- Most 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 decarbonisation strategy: Half (50%) of the 20 companies have adopted a comprehensive decarbonisation 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 decarbonisation 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 decarbonised their capital expenditures: Only 3 out of 20 companies (15%) have implemented comprehensive measures. The majority, 14 companies (70%), have partially decarbonised their capital expenditures. Meanwhile, 3 companies (15%) have not undertaken any decarbonisation 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

Top Emitters Benchmark Results



The above graph presents the results from the company benchmark analysis

Actions in 2024: In 2024 we released our updated Climate Policy with new interim targets for 2030 and an upgraded strategy to achieving our longer term, 2050, net zero goals. This involved increasing the number of top emitters we are targeting for engagement – from 30 to 50 companies – as well as new criteria for dealing with climate laggards that are not addressing risks and remain 'Paris mis-aligned'. Our approach is to remain invested in companies and engage for change - but with a clear escalation strategy for managing the risk of exposure and communicating clear expectations of companies.

We have introduced a 36-month timeframe for engagement with companies that meet our 'Paris-misaligned' criteria and will continue to vote systematically against unsatisfactory transition plans and against the re-election of directors responsible for credible plans.

Engagement with service providers

SAM conducts all active ownership dialogues with investee companies directly through its Risk and Ownership team and portfolio managers, either individually or as part of coalitions, and does not currently outsource company engagement to external service providers. Our stewardship is supported by several service providers, including several ESG data vendors and proxy voting service providers. We regularly engage with ESG data providers to keep abreast of new data offerings, assess data quality, communicate SAM's data needs and encourage improvements. We regularly engage with vendors providing data for exclusion recommendations, particularly if our own assessment does not match their evaluation and risk categorisation, to understand the discrepancies and to eventually provide additional information for them to consider.

Portfolio Integration Responsibilities

All portfolio managers within SAM are responsible for integrating ESG according to their mandates, and work in close collaboration with the Risk and Ownership Team. The approach to ESG integration may vary depending on asset class and strategy, particularly in terms of how ESG data is used in portfolio construction and analysis. When it comes to stewardship, we take a whole portfolio approach as described above but recognise that our biggest potential engagement impact is on our equity positions. Our approach to fixed income stewardship is described below and this is an area we have been working to strengthen and evolve.

The Risk and Ownership Team has developed a tool in Bloomberg for all issuer-specific sustainability information to be available in one place for portfolio managers. For example: exclusion data, engagements, SFDR data (PAI flags), solutions, controversies, ESG ratings and more. This ensures PMs are aware of any ongoing work being conducted by the Risk and Ownership Team on an issuer before an investment, for example if we have an ongoing dialogue with the issuer.

Our **quantitative equity team** has deep insights into the use and impacts of ESG data and policy in portfolio construction, due to their expertise and many years' experience of ESG data integration.

The quant team is responsible for updating and developing the **Storebrand Sustainability Rating** and also manages the **Storebrand ESG Plus fund range**, which has a climate focus and higher level of ESG integration. The quant team sits alongside the Risk and Ownership Team, facilitating idea sharing. The Risk & Ownership team conducts engagements on behalf of the passive quant strategies, predominantly through collaborative and global initiatives given the strategy's geographic exposure. We also prioritise engagements in those strategies based on where we have our largest ownership/holdings.

The **Risk and Ownership team** is dedicated to integrating environmental, social and governance (ESG) risks into our analysis of companies and management of investment portfolios. They are also responsible for the Storebrand Exclusion Policy, which applies to all assets we manage. The exclusion process is extensive. It involves both internal and external data and evaluations conducted by in-house experts. Another core element of our approach is to be good stewards and owners of those companies and assets in which we have invested through active monitoring, engagement and advocacy. In our experience the best results are achieved through co-operation with other investors and targeted engagement with companies where our ownership level is highest. We also voice our opinion through exercising our voting rights. It is the Risk & Ownership team's task to monitor the occurrence of controversial events, to update the exclusion list with companies that violate our norm and product-based exclusion criteria and to evaluate norm-based incidents.

The Risk and Ownership team sends quarterly reports regarding exclusions first to portfolio managers and compliance, so they are aware of new exclusions. Fund managers have approximately 20 days to sell their holdings in excluded companies. The team assesses whether active engagement efforts are required to influence the company in a better direction. If necessary, they carry out the company dialogues and are responsible for initiatives linked to active ownership.

The **Global Solutions team** is responsible for analysing sustainability data from a solutions perspective, identifying solution companies, and managing our dedicated solutions related equity funds. Solution companies are companies whose products, services or business models significantly contribute to one or more of the UN's sustainability goals, without doing serious damage elsewhere. They can be companies dealing with renewable energy, sustainable cities, circular economy, health and empowerment. The companies can be both "pure-play" or conglomerate, where part of the business solves sustainability challenges (and is otherwise neutral / does no harm from a sustainability perspective). The Solutions team owns and is responsible for our proprietary **Alvis Database**, of solution companies, which is used for active selection in several of SAM's investment strategies, across various asset classes. Portfolio managers in other teams can also add companies to the database if they meet the requirements. For example, the managers of the Plus funds are also active in identifying solution companies as they aim to invest >10% of these funds in companies in the "climate solutions" space. The solutions company database contains over 600 companies. The database is available to fund managers across our investment teams and serves as valuable research for identification of interesting investment ideas, as well as contributing towards our corporate goal of 15% invested in solutions by 2025.

Case Study: The Storebrand Global Solutions Team

The Global Solutions Team invests in in companies that provide solutions to our global environmental and social challenges, primarily through their products and services, and thereby contribute to the achievement of the UN Sustainable Development Goals (SDGs). While the team's priority is companies' tangible contributions to the SDGs, they expect portfolio companies to execute good governance as a risk management tool, as well as to promote positive societal outcomes. It is therefore important to consider intersectional issues across Environmental, Social and Governance risks for solutions companies as well.

For example, Victoria Liden, Sustainability Analyst in the Risk and Ownership Team, produced a research note for all SAM portfolio managers containing a thorough assessment of PFAs, upcoming regulation from the EU and an overview of SAM portfolio companies that may be impacted by a ban. A ranking system by ChemScore showed that two companies in team Solutions portfolios, Umicore and Sika, had exposure to this issue. In collaboration with the Risk and Ownership team, team Solutions portfolio managers for the respective holdings initiated a dialogue to learn more about the companies' knowledge on the topic and preparedness for upcoming regulation. The objective of these engagements was: to improve transparency, land a time-bound phase-out plan of forever chemicals such as PFAS from portfolio companies' production and to improve the firm's ranking on ChemScore.

Engagement results

Following initial contact by the Global Solutions Team in 2023, Sika informed us that they would carry out a PFAS investigation and share more information about this once it was finished. Sika then confirmed that they are not a PFAS producer, and that the amount of PFAS used in product formulations is very small, accounting for well below 0.4 per cent of group sales. Sika also assured us that, as a result, they were contacting their suppliers and conducting investigations on how a phase-out of these substances can be accomplished in the most efficient way.

We have been leading the engagement with the materials recycling company Umicore as part of the Investor Initiative on Hazardous Chemicals (IIHC), since 2021. The dialogue has focused on Umicore's hazardous substance management, with the intention of improving the company's disclosure on these substances. Umicore informed us that it had undertaken a gap analysis of the substances it uses and had discussed providing more transparency internally. They confirmed that there were no PFAS in its end products, although there were PFAS in some of the equipment it buys and in some of its processes. The company has been open to dialogue with us, which has continued throughout 2024. Our most recent call with the company was held in early September 2024 and the engagement will continue through IIHC.

Within governance, we prioritise fair remuneration and diversity. We advocate for fair pay practices, especially regarding gender and racial pay gaps. Although progress has been made, challenges persist, requiring concerted efforts from policymakers and companies alike. In dialogues with companies, we stress fair remuneration policies and diverse leadership, tailored to each company's operational context. Topics of engagement include executive compensation limits, pay disparity reporting, sustainability-linked pay, and diversity initiatives (see case study for the Storebrand Global Solutions team above). Our focus on these areas stems from their socioeconomic significance and alignment with our investment strategy. Positive dialogues aim to drive improvements benefiting companies, portfolios, and society at large.

Fixed Income Integration

ESG integration and engagement within fixed income primarily follows the same principles as our listed equity approach. For example, the sustainability score is calculated for issuers with available data, and we also engage with issuers on ESG matters, although we do not have the same opportunity to exercise our voting rights. When Storebrand engages with a company, it is done on behalf of all our investments – debt and equity.

It follows that the fixed income team works in close collaboration with the Risk and Ownership Team. In addition, they can engage with issuers both pre- and post-issuance to discuss the terms of the financing. Sustainability scores assess how a company manages its most material and relevant sustainability risks, whereas credit ratings assess how these factors impact the company's ability to repay debt. Sometimes the ESG factors impact the issuer's creditworthiness - sometimes they do not, and it is important to understand when and why this is the case. For both equity and fixed income, we assess how sustainable a business model is both from a financial perspective and a sustainability risk and opportunity perspective (for example through our Sustainability Score), and how this translates into security pricing.

As debt investors our primary focus is on downside risk. Our upside is capped, so it is more about capital preservation and downside risk management. Also, we have a lot of securities to choose from in the capital structure and can hence decide to be more nuanced in how we construct our portfolio or how we engage with issuers, for example what type of risk and cash flow volatility we are willing to take on. We can also look at the term structure and for example decide to implement maturity constraints – such as reduce our exposure to longer maturities if we see an elevated ESG risk. Whilst on the other hand, if we see that the issuer has the financial strength and is prepared to deal with the ESG risks – perhaps we would feel comfortable to move further along the curve. The Risk and Ownership team works with the fixed income teams to analyse and engage with individual issuers as well as to assess the use-of-proceeds of the ESG labelled bonds.

Most of our fixed income funds are fossil free, however we have exposure to Scope 3 emissions through investments in banks. This can be a blind spot for investors, and we have therefore focused on climate exposure to the banking sector in our fixed income portfolios, particularly focusing on Norwegian banks which constitute a large proportion of our investments in that sector.

During 2024 the fixed income team has continued cooperating with the Risk & Ownership team, following up on our corporate fixed income exposures from a climate and nature perspective. This includes ongoing discussions about the availability of data and how to incorporate it, as well as how to continue strengthening the stewardship strategy.

The efforts from 2023 regarding training on climate risk and how to raise climate issues with banks through engagement have driven results, both from local Norwegian players, as well as larger players outside Norway. We have targeted some banks in Norway which may have higher Scope 3 emissions due to oil and gas exposure. We also address the topic of emissions reporting in these engagements, due to the data gap we experience in this area. Much of the dialogue is driven by discussions with portfolio managers and tailor-made questionnaires. Many of the banks have climate policies, but may lack robust strategies for practical policy implementation, as well as short and medium-term targets. We encourage banks to set such targets and to implement TCFD reporting. This initiative has, to a certain extent, represented an expansion to Nordic banks of the work we have done with selected companies through collaborative initiatives. Furthermore, many of our engagement dialogues are with companies where we have holdings in equity as well as fixed income. For instance, in 2024 we met with many of Norway's largest companies to present our expectations to their management of climate and nature-related risks and opportunities, and to discuss the companies' disclosures and progress.

SAM has established an investment governance forum called the **Investment Office**, as described in Principle 2. This group takes decisions on a range of investment issues including sustainability matters such as availability of data to portfolio managers, risk-based sales of assets, proposed changes to sustainability practices, etc. The Investment Office includes the CIOs of equities and fixed income, the Head of Risk & Ownership, Head of Investment Operation and the Chief Risk Officer. This ensures coordination and implementation across various topics and issues related to investments, including sustainability.

Insight: Building Climate Resilient Fixed Income Portfolios

Dagfin Norum, CIO Fixed Income

Fixed income investors are important stakeholders with clearly defined legal rights. As lenders of capital, we can interact with issuers over how they behave and operate and encourage issuers to better manage material climate related risks and opportunities. Our experience demonstrates that companies are increasingly attuned to their investor interests, despite credit investors having more limited rights than equity investors, as their need for debt financing is crucial.

We have designed an engagement approach to encourage companies to define and implement climate strategies aligned with the goals of the Paris Agreement and reaching net-zero emissions by 2050 or sooner. Although we pay special attention to the high emitters in our portfolios, we also engage with banks to understand their exposure to climate change. We expect banks to align their provision of finance with the delivery of the goals of the Paris Agreement and the achievement of global net zero carbon emissions by 2050. This engagement work is carried out both individually and in collaboration with other investors. As we do not have voting rights, engagement is the key form of active dialogue.

Collaborative engagement: Together with a group of leading global investors, we are engaging with the banking sector through the **Institutional Investors Group on Climate Change** (IIGCC). Our expectations lay out clear areas of action for banks, focused on public commitments to set enhanced net zero targets for 2050 or sooner, with interim targets, withdrawal of finance from recipients that show no evidence of transitioning, and the scaling up of green finance. This includes:

- Commitment to becoming net zero by 2050, with a primary focus on ensuring indirect emissions are brought down to net zero by 2050 (Scope 3) because the bulk of banks' emissions are associated with financial services, including commercial, project and retail lending; investment banking; securities trading; etc.
- Board accountability for, and variable remuneration aligned with, the delivery of net zero, with financial statements that reflect the low carbon transition.
- Disclosure in accordance with TCFD recommendations, reporting on greenhouse gas emissions associated with financing activities, and the incorporation of material climate risks in published accounts.
- Explicit criteria to be set for withdrawal of financing to misaligned activities that are benchmarked against sector/industry net zero pathways

Individual engagement in the Nordic countries: In addition to the banks targeted by the IIGCC collaborative engagement, SAM will engage bilaterally with several other banks, seeking to influence them to move in a more sustainable direction. We will prioritise our proactive engagement with Nordic banks, where our Nordic position and knowledge of these companies enables constructive and meaningful dialogue that creates value both to the companies, Storebrand, and our clients. This does not limit us to engaging only with Nordic companies but in the Nordics, our financial engagement in the companies is normally higher than in international banks.

Many of our engagement dialogues are with companies where we have holdings in equity as well as fixed income. For instance, in 2024 we met with many of Norway's largest companies to present our expectations to their management of climate and nature-related risks and opportunities, and to discuss the companies' disclosures and progress.

Engagement alternatives: If the outcome of engaging with companies fails to meet our expectations, SAM may consider other actions in line with our escalation policy which has been summarised in Principle 11.

We will work with our equity teams and collaborate with other investors to escalate issues where we believe this is in our clients' best interests.

Example: Engaging across Equity and Fixed Income

The Eolus Vind case, presented in detail in Principle 9, is an example of where we have engaged on human rights issues from both the equities side (Eolus Vind) and the fixed income side (Øyfjellet Wind Investment AS).

After an observation period of nearly two years, Storebrand concluded in the first quarter of 2024 that Øyfjellet Wind Park entails an unacceptable risk of contributing to human rights violations against the members of Jillen-Njaarke reindeer herding district, who are Sámi Indigenous people. Storebrand has therefore excluded bond issuer Øyfjellet Wind Investment AS from its investment universe, for breach of the human rights criterion of Storebrand's Exclusion policy. At the same time, Eolus Vind AB was removed from Storebrand's observation list, as the company is no longer involved in Øyfjellet Wind Park, and has put in place satisfactory measures to reduce risk of contributing to violations of Indigenous peoples' rights in the future.

Infrastructure Integration

SAM's **infrastructure strategies** focus on targeting investments that contribute directly to the green transition. This provides with the opportunity to aim for portfolio growth driven by positive ESG impact, while striving to minimise negative ESG outcomes.

Large-scale investment in early stages of assets mean that investors can more immediately accelerate value-creation opportunities within specific sectors. Direct management control, as opposed to indirect influence as an owner in listed investment instruments, can also provide opportunities to take different approaches to the integration of environmental, social and governance (ESG) factors into the profile of the investment asset, such as with a private company, a wind farm, or a commercial office building.

The **Storebrand Infrastructure Fund** offers investors the opportunity to invest, alongside Storebrand, in sustainable infrastructure assets. To date, the fund has made eight investments, all within key infrastructure sectors such as on- and offshore wind, solar, district heating and electric transport. The fund works closely with selected strategic partners.

Case Study: VALOREM

During 2024 Storebrand Infrastructure Fund expanded its sustainable infrastructure portfolio by entering into an agreement to acquire a stake in the leading French independent power producer, VALOREM, in partnership with AIP Management. This investment supports Storebrand's broader strategy to increase its presence in sustainable infrastructure and accelerate the green transition.

VALOREM specialises in developing and operating renewable energy infrastructure, including wind, solar, and hydropower. Founded in 1994, VALOREM has nearly 30 years of experience as a pioneer in renewable energy, with a fully integrated business model covering the entire value chain, from project development to construction and operations.

The investment is made through a consortium that includes asset manager IDIA, which is part of the Crédit Agricole group and Bpifrance also known as the Banque publique d'investissement, a French public sector investment bank. Together, the consortium has acquired a stake of approximately 33% in VALOREM. In addition, the investors have agreed to inject capital into VALOREM to finance its strong pipeline of renewable projects.

VALOREM has developed 1.7 GW of renewable assets and has retained a portfolio of 0.8 GW of operational assets, under construction, or ready-to-build with a visible pipeline of around 6.6GW to be developed over the coming years. VALOREM's portfolio of operating and development assets offers an attractive combination of stability and growth potential which complements the current portfolio of Storebrand Infrastructure Fund. The completion of the transaction is subject to the legal requirement to inform and consult the company's employee representative bodies as well as to obtain customary regulatory approvals. It is expected to close in Q1 2025.

Real Estate Integration

Our **Storebrand Real Estate** investments aim to contribute to the achievement of the SDGs but without causing significant harm or having an adverse impact on society and the environment. By combining different strategies, our approach focuses on both reducing the adverse sustainability impact our investments may cause and contributing to positive sustainability impact by allocating investments in sustainability opportunities. Risk assessments are conducted in both the pre and post investment phase and include, environmental, social and governance risks. With respect to reducing negative sustainability impacts, the main indicators are exposure to fossil fuels through real estate assets; exposure to energy-inefficient real estate assets; GHG emission generated by real estate assets; energy consumption intensity and waste Production.

Prioritising and addressing potential negative impacts is conducted through the following strategies: screening and excluding investments or partnerships, integrating adverse impacts in investment selection decisions, and integration in investment decisions on property management and development. With respect to contributing to positive sustainability impacts, UN sustainability goal number 11 on sustainable buildings, cities and societies is integrated in our core business and is the overarching goal that frames the prioritised target areas.

Based on stakeholder dialogue and materiality assessment the four main environmental and social areas targeted are: climate and energy, circularity and material resources, life on land and in water, and health and well-being. Procedures are in place to consider and utilise area-specific risks and opportunities throughout our investment processes of acquisition, developments, operational management of standing investments as well as exiting of real assets investments.

Reducing energy consumption

Most classic energy management strategies follow what is known as "The Energy Hierarchy". This prioritisation begins with measures to reduce total energy demand, then per-unit energy efficiency rates, followed by measures to increase share of renewable energy sources used, then use of low GHG-emissions energy sources. At Storebrand, our experience from working in line with this strategy is that while tier 1 measures can produce the best long term sustainability benefits, there are currently still many barriers to implementing them.

Our real estate portfolio contributes to the Storebrand science-based targets to align with a 1.5-degree scenario as follows: to reduce our real estate portfolio scope 1 and 2 GHG market based emissions by 64% per square meter for residential buildings and by 71% per square meter for commercial buildings within our management of direct real estate investments by target year 2030 from a 2019 base year.

Our primary focus actions centre around decarbonising managed properties through direct interventions in energy reduction and on-site production of renewable energy, and secondarily to procure 100% renewable energy on the market through 2030.

Within our Norwegian portfolio active energy management on the asset level has resulted in a 17 percent reduction of energy consumption rates per square meter from 2019 to 2024, while associated location-based greenhouse gas emissions have been reduced by 42 percent.

Energy monitoring and improvements in daily operation of building energy systems, along with investments in automation and control systems, lighting systems and other equipment, is on the agenda of property management. Prior to these changes, we also phased out almost all use of fossil fuel-based energy sources at our properties. However, making these changes does involve some challenges. Some of these issues include the complexity and volume of decisions needed to define energy management tactics, then monitor and adjust them over time.

Increasing onsite renewable energy production

Producing renewable energy directly onsite is a strategy we have been pursing, by producing solar energy from installations on the roofs on some properties, initially on the roofs of logistics buildings in industrial areas in Norway. By generating renewable energy on-site on brownfield roofs, rather than purchasing grid based renewable energy from a utility, we reduce the need to use greenfield land for energy generation and transmission facilities, and avoid potential conflicts with residents and/or indigenous peoples.

We now have 26 properties in Norway and Sweden (out of a total of 102 properties) with solar power generation facilities installed on their roofs. The total surface area of PV panels installed is 15,000 square metres, with an annual production capacity of 2.4 million kWh. Recent changes in Norwegian regulations remove barriers for larger installations and we expect to continue to grow the surface area of our solar power panels. We have encountered some challenges, for example in finding solar panels manufactured to our standards of supply chain sustainability, especially with regards to labour conditions and CO_2 footprint. During 2024 we succeeded in finding products that are guaranteed free from parts and production related to forced or child labour.

Going nature positive to reduce net emissions

Accounting for nature impacts and dependencies of buildings also has an important role to play in reducing total emissions within the areas where our Norwegian properties are located. We completed a mapping of biological diversity on our properties during 2022-2023, following the launch of the **Storebrand Nature Policy**. Building on this insight, we identified measures to protect and increase nature and biological diversity based on the footprint of our properties. Besides increasing planted area in general, positive contributions can include avoiding and removing alien species, planting native plants that promote biodiversity and rich animal life, especially insects, planting more trees, establishing green roofs, bird boxes, and insect hotels. Single urban 'green plots' may act as important stepping stones connecting larger nature habitats. Our roadmap for implementing these strategies stretches between now and 2030.

Construction and property are referred to as the 40 percent sector in terms of environmental impact in the world, and the challenges are enormous. Every year, real estate players invest large resources in the development of new and existing buildings. Storebrand Real Estate wants to contribute to the green shift in commercial property, and will promote holistic efforts for environmental, economic and social sustainability.

Our Real Estate business uses the following certification and rating schemes "standards" as best practice guidelines for continuous development of both our management and assets, emphasising and providing transparency:

- Third party certification of the Environmental Management System of Storebrand Real Estate (manager), as well as of main external managers and service providers
- Third party environmental certification of properties (95 % in Norway and Sweden - BREEAM, BREEAM In-Use or equivalent)
- Annual sustainability reports per fund (audited)
- Annual global real estate sustainability rating (GRESB, 2000+ participating funds/entities 2023): all four reporting entities hold 5 star ratings (of 5 possible), two of them awarded "Global sector leader" in their categories – three years in a row (Storebrand Eiendomsfond Norge KS (NO) and SPP Fastigheter AB (SE).

2024 Exclusions Update

As of 31 December 2024, the screening process resulted in 113 companies being excluded from our investment portfolios based on conduct- or activity-based criteria. A total of 288 additional companies[28] were excluded based on our product-based criteria and NBIM/Oil Fund exclusions[29].

As of 31 December 2024, 333 companies listed on the MSCI ACWI Index were listed as excluded from all our funds. An additional 697 companies in the same index were excluded from certain funds, based on our extended criteria. Please refer to the Exclusion Statistics section below.

Changes to our extended exclusion criteria

In 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.

[28] Some companies may be excluded on several criteria. The numbers provided here avoid double counting.

[29] Storebrand excludes companies excluded by NBIM/The Government Pension Fund Global

9 funds[30], thereby automatically excluding companies that have been red flagged by one of these data providers for human rights, environmental damage or corruption.

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.[31]

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.

[30] 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

[31] 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.

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.

Exclusion Case Studies

We provide below examples of exclusions that have been made during 2024 due to breaches of our sustainable investment policies, where our expectations of companies are clearly articulated.

As described in our process for exclusions in Principle 11 - we are committed to using our position to engage with and influence companies towards operating with high standards of sustainability. However, in some cases engagement may not be successful or possible.

When companies have been flagged through the screening process due to a breach of our exclusion policy we will, in the first instance, attempt to engage with the company to ensure that our assessment of the breach is correct and understand whether the company intends to address the breach. If a company is unwilling or unable to cease the breach or activity in question, or if escalation is not leading to the desired results, the company will be excluded from portfolios due to the risks associated with continuing to hold the position.

The following examples are categorised according to reasons for exclusion.

Examples of exclusions related to our Human Rights Policy:

1. **IBM**

During the first quarter of 2024, based on our analysis of the occupied Palestinian territories (oPt), we took the decision to exclude from investment **IBM (International Business Machines Corporation)** a multinational technology company headquartered in the U.SA. The analysis also led us to re-include in our investment universe, **DXC Technologies**, a technology and consulting services company headquartered in the same country.

Database project - IBM reportedly operates the database of Israel's Population, Immigration, and Borders Authority (PIBA). The database in question includes information on both citizens and non-citizens within Israel and the occupied Palestinian territory (oPt). The database's main component is Israel's biometric population registry, which records people's ethnic and religious identity — information that is recorded on government-issued ID cards, which by law, all residents must carry. IMB's contract includes the management, maintenance, and operation of the system, as well as designing the newly implemented system.

The database, and the ID system it powers, normalise the situation of citizens of Israel in illegal settlements and is the backbone of the regime of segregation implemented by Israel, which discriminates against Palestinians and hinders their movement. Therefore, the database facilitates the fragmentation of Palestinian society; determines the legal jurisdiction that Palestinians fall under (civilian vs. military law); and restricts their participation in the political system (who can vote and be elected), where they can live, work, and travel, and their access to government services.

The Special Rapporteur for the occupied Palestinian territory (oPt), has categorised this regime as a state of apartheid, which is classified as a crime against humanity. IBM is not willing to discuss this issue with Storebrand, explained that the scope and details of its client contracts are confidential and added that it has a robust review process to screen client contracts, consistent with applicable laws and IBM's own policies, including its policy on human rights.

However, IBM has not denied having operations in oPts. PIBA was operated first by Hewlett Packard (a company which we initially excluded, then later included as it ceased to be involved in this database project).

This is a breach of our human rights policy and breach of our international humanitarian law criteria. The company will not engage or acknowledge the risks and so exclusion was warranted.

Project changes result in DXC Technologies inclusion - DXC Technologies has been gradually phased out of the project and replaced since 2021, by the new system now operated by IBM. DXC Technologies was again contracted via its subsidiary until 2025 to provide biometric program development services for PIBA.

However, DXC Technologies' subsidiary was acquired by an Israeli IT company in 2022 and thus no longer is owned by company DXC Technologies. Thus, we have now included DXC Technologies, as it is no longer involved in this project.

2. Palantir Technologies

During the third quarter of 2024, we excluded **Palantir Technologies Inc**. (Palantir) from our investments due to its sales of products and services to Israel for use in occupied Palestinian territories (oPt). This followed an official recommendation issued by the Norwegian government on March 7, 2024, warning Norwegian businesses that engaging in any economic or financial activity in the illegal Israeli settlements could put them at risk of contributing to violations of international humanitarian law and human rights.

Big data giant - Publicly listed in the USA, where it is headquartered, Palantir is a technology company that specialises in tools and services for large-scale data analysis. Palantir's services are primarily organised around large-scale software platforms, including offerings on security and surveillance. Palantir provides security and surveillance AI-based tools to commercial businesses, as well as government civil administration, military and intelligence agencies.

Human rights violations in oPt - Our analysis indicates that Palantir provides products and services, including AI-based predictive policing systems, to Israeli military and security forces to support the surveillance of Palestinian in the in West Bank and Gaza of the occupied Palestinian territories. By doing so, the company is assisting Israel's government in its efforts to arrest Palestinians in the oPt and maintaining its occupation regime there.

The AI database used by the Israeli authorities, with Palantir's involvement, has been constructed from sources such as license plate readers, law enforcement databases, facial recognition cameras, public records, email providers, employment records, school and medical records, credit card reports, bank statements, mental health diagnoses, business partnerships, family relationships, prison visitations, and social media postings.

The Palantir predictive policing system used in the oPt is based not on actions, but rather on projection from statistical profiling information. This system is supposed to identify individuals who are likely to launch "lone wolf terrorist" attacks, facilitating their arrests pre-emptively before the strikes that it is projected they would carry out.

According to the UN and human rights organisations, Israeli authorities have a history of incarcerating of Palestinians without charge or trial — through their systematic use of administrative detention. It is Storebrand's understanding that the company's offerings are exacerbating Israels' activities.

As Storebrand has previously indicated from our ongoing screenings of conflict areas, the oPt has seen significant conflict for several decades, with violent conflict rising significantly in the last couple of years running up to the breakout of war in Gaza in October 2023. Since that time, credible assessments find the existing regime of violations of human rights has ramped up in the oPt. The Israeli authorities have reportedly carried out mass arrests and detentions of Palestinians. Thousands have been arrested in the Israeli-occupied Palestinian territories and in Israel, based on alleged militant activity, offensive social media postings, or arbitrarily. Several recent reports indicate mistreatment and torture of Palestinian prisoners in government custody.

Palantir has not replied to any of our requests for information regarding this matter. Storebrand contacted the company in April 2024 for the first time. Follow-up requests have also not been responded to by the company. Exclusion is therefore warranted in breach of our human rights policy and exclusion criteria pertaining to international humanitarian law.

3. PDD Holdings Inc.

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.

We have therefore excluded the company due to a breach of our exclusion policy and human rights policy.

Examples of exclusions related to our Nature Policy and Environmental Damage Criteria:

1. Sumitomo Chemical Co., Ltd.

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.

Sumitomo has therefore been excluded on our exclusion criteria pertaining to serious and systematic environmental damage and in breach of our Nature Policy.

2. Exclusions in Mongolia

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.

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.

These companies have been excluded on criteria pertaining to environmental damage and in breach of our Nature Policy.

Principle 8

Signatories monitor and hold to account managers and/or service providers.

There have been no material changes to our approach to monitoring external providers. Therefore, the core text for this Principle remains the same as 2023.

Storebrand shall ensure optimal procurement in terms of cost, quality, and user experience, in accordance with applicable regulations and internal policies. All purchases should align with Storebrand's sustainability ambitions and meet the requirements and expectations of authorities, employees, and partners. When entering into new agreements, ESG assessments and/or due diligence should be carried out, in line with applicable external and internal regulations. This forms the basis for risk assessments of suppliers and ensures compliance with internal and external regulations.

In line with our procurement guidelines and sourcing principles, we follow a systematic approach in selecting and managing suppliers.

We aim to protect labour rights and promote a safe and secure working environment for all employees, contractors and suppliers.

We aim to significantly reduce waste through prevention, reduction, recycling and reuse in our supply chain.

We encourage companies to adopt sustainable practices and include sustainability information in their reporting practices.

We promote sustainable purchasing practices.

We incorporate action on climate change into our policies, strategies and plans.

A responsible value chain

In our standard sustainability contractual appendix, we set clear, contractual requirements for our suppliers and business partners.

The document sets requirements for compliance with the **UN Global Compact**, Self-declaration against social dumping, Self-declaration on health, safety and environment (HSE) as well as climate and diversity and is attached to all requests for quotation and supplier contacts. In addition to following our internal purchasing guidelines, it is a key principle that goods and services purchased shall promote our main goal of cost-effective and sustainable business operations. Companies in the Storebrand Group may not select suppliers of goods or services from companies on Storebrand Asset Management's exclusion list.

Our purchasing policy is based on the Group's governing documents and associated procedures, which are revised annually. Our framework for following up the sustainability work of our suppliers follows the same general principles as for our investments, and in addition the following is factored into our purchasing processes:

We choose - Sustainability is weighted at least 20 per cent in all purchasing processes. Through supplier mapping, we give an advantage to companies that work systematically with sustainability.

We influence - We use our position as a major buyer to influence suppliers and business partners to improve. We do this both when we consider entering into new agreements and evaluating existing contracts.

We opt out - We do not select suppliers, products or services that violate international treaties, national laws or internal policies. This is described in our Supplier Principles.

We conduct an annual survey of the status of the work of suppliers from which we purchase products or services worth more than NOK 1 million. As part of this, we have developed guidelines for managing our suppliers. We inquire suppliers about how sustainability is integrated into the strategy, goals and results for climate change and diversity, as well as how they manage human rights-related risk.

Service Provider Monitoring

Service providers are the subject of continual review to ensure services are delivered to our standards and meeting our needs. Each service provider is internally assigned to one person for regular meetings and follow-up. There is also a coordinated effort between the Risk and Ownership Team and the IT team to compare and rate different providers. Our internal processes are designed to ensure the service provider fits our needs, providing quality and accuracy. We also ensure that all of our data providers meet the EU disclosure requirements. Each individual carrying-out analyses and review of service providers is also responsible for negotiating the fee; this is so we can achieve a competitive price for the services.

As we regularly deal with pension funds, we receive many requests from clients about our choice of data service providers and how we expect to be responsible stewards of their funds; this ensures we are in practice of communicating the reasoning behind our choice of service providers and holds us regularly accountable for our decisions.

Alongside our systematic monitoring, we also assess any standout cases, for example in the advent of company controversies. We have regular contact with data providers if our own assessment does not match their evaluation and risk categorisation to understand the discrepancies and to eventually provide additional information for them to consider. This is also the case when we receive conflicting information from various data providers.

An example of this is the reactive engagement case study provided in Principle 2:

Rheinmetall AG was flagged by one of our data providers for involvement in controversial weapons (phosphorous weapons), contrasting information received from another provider. We challenged both providers on their assessments and contacted the company directly. We were able to confirm that, although the company has a policy not to produce or distribute phosphorus weapons which applies also to its subsidiary companies, it had recently acquired a company that produces such items. We engaged with the company regarding our concerns and received confirmation that the recently acquired company will phase out the production and distribution of this product in the first half of 2024, in line with Rheinmetall AG's policy. Rheinmetall was therefore placed on our observation list, in which trading up in the company was frozen, until the subsidiary company completed the phase out of production and distribution of this product.

At the end of Q2, we received documentation and confirmation that the subsidiary had completed the phase out process and has terminated production and deliveries. This was also publicly communicated by the company. As a result, the company was taken off the observation list in Q3, 2024.

Data governance is evolving as we continue to develop our inhouse governance; we aim to manage all data in enterprise systems. In this regard, we have streamlined the entry point of contact for all data service providers, with Head of Data Contracts & Data Governance. We are in the process of standardising the data and structure of agreements to have master service agreements, with data contracts handled in a centralised manner across Storebrand Asset Management. Data Governance works closely with Tech Governance - Delivery management as part of the Investment Operations unit.

All data contracts and service level agreements are mapped and proactively assessed with meetings and potentially onsite inspections and reviews. This establishes a baseline of communication for us to have ad hoc and regular contact in order to monitor the provision and assess whether expectations are being met. We have mapped ICT service providers for SAM. The internal system for monitoring service provider contracts is VASP, which defines the vendor specifications, terms and other relevant information. Where agreements have been historically incorrectly registered, the CIO, Head of Sourcing, COO, Head of Investment Control and Analytics are all alerted and follow up meetings kick off to assess the best course of action to rectify the issue. Comparative assessments are conducted for service providers. For example, we use two ratings agencies currently to make investment decisions, and also met with a third to explore their service as a potential replacement should a lack of data or service require us to optimise our data coverage and technical specifications required, such as delivery methods and channels. Please see Principle 2 for additional information on service providers that we use.

Engagement with service providers:

Our stewardship is supported by several service providers, including several ESG data vendors and proxy voting service providers. We regularly engage with ESG data providers to stay abreast of new data offerings, assess data quality, communicate our data needs and encourage improvements.

Examples: Holding providers to account

We conduct regular meetings with our various data providers on the services that we source from them. We use external providers for norms-based controversy screening, product-based screening, principle adverse impacts indicators, and proxy voting, among other things.

We use numerous data providers which creates challenges such as:

- different methodologies, e.g. more weight in the ESG risk evaluation assigned to financial risk vs material ESG risk
- different definitions, e.g. what constitutes production and distribution of a certain product
- different interpretations of what is considered a red flag for norm-based breaches, e.g. what constitutes a breach of UN Global Compact or the OECD MNE Guidelines
- data lags, e.g. outdated data on revenue from the production or distribution of oil sands or coal

Assessments and recommendations regarding a specific company may differ depending on what data provider one uses, as well as may differ from the methodology and approach that we apply in accordance with our own exclusion policy.

We are therefore constantly challenging our data providers when we see inconsistencies between data providers' assessments or with our own analysis based on dialogue and information from companies.

Challenging providers on company specific assessments

We have challenged providers that have flagged companies on product-based screening for involvement in "controversial weapons," and thereby a breach of PAI 10 (UN Global Compact and OECD MNE Guidelines), when their assessment differs from other providers and where we question their methodology for such a conclusion that would otherwise lead to an exclusion.

We find that data providers occasionally reach different conclusions on norm-based breaches and what constitutes a red flag and breach of PAI 10 (UN Global Compact and OECD MNE Guidelines). For example, a red flag and breach has been allocated to subsidiary companies for a controversy that has been caused by the parent company and where the subsidiary has no involvement, contribution, or ability to influence the parent company.

We sometimes disagree with a provider's assessment that a company is not taking sufficient measures to cease or mitigate the measures triggered by a controversy. This typically occurs when the data provider is unable to come into dialogue with a company, or where we may be in an existing engagement with the company and have information that indicates a different conclusion from that reached by the provider. In these instances, we challenge our providers on their assessments, share information where we can, ensuring it would not jeopardise our on-going dialogue, and make an informed conclusion based on our own analysis. At times this may mean that we go against the decision of the provider, but we stand by our internal analysis and explain these cases to our clients. Usually, our clients appreciate this informed analysis and in-depth approach and understand our deviation from the provider.

Challenging established processes for using external providers

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- which can vary greatly in their methodology and conclusion – especially with regard to social issues.

Therefore, during 2024 we made the decision to change the way we process data inputs to, and make decisions on, Storebrand's Extended Exclusion Criteria: MOS (Market Orientated Screening). This change has been described fully in Principle 7.

Challenging providers on their product offerings

Throughout 2023 we were engaged in an ongoing discussion with one of our data providers regarding their discontinuation of a vital screening service. This service, related to human rights as outlined in the examples provided in Principle 2, is important for us to be able to address our clients' requirements and questions about their own exposures. Our discussions with the provider have been at both technical and management levels. We have tried to understand the rationale behind the decision to discontinue this service and have worked together with the provider to try and find an alternative solution within their constraints that could potentially substitute the discontinued service.

During 2024 it became clear that we would not find a resolution with our existing data provider. Fortunately, we established a new relationship with Heartland Initiative to aid our analysis of portfolio exposure to occupied territories.

Principle 9

Signatories engage with issuers to maintain or enhance the value of assets.

This Principle has been fully reviewed and updated for 2024, including new case studies and updates to 2023 examples where appropriate.

Our Engagement Themes were updated during 2024, as detailed below.

We select and prioritise engagements according to five key principles:

Creating shareholder value:

We believe that companies that are able to proactively manage sustainability risks, as well as adjust their strategies and business models to embrace sustainable solutions, will also create increased shareholder value over time. Thus, the shareholder value we offer our clients also encompasses environmental, social and governance value.

Aiming for a positive impact:

Ultimately, we aim for our investments to have a positive impact. We therefore do not only engage with companies to require them to redress wrongs (reactive engagement); we also engage to lift sustainability standards in a proactive way so as to address potential sustainability risks before they can become impacts, as well as to encourage good practices. Accordingly, we allocate more resources to these proactive engagements, engaging for long periods of time and, where possible, with other investors for more leverage and better results.

Nordic approach:

We are a Nordic actor. This means that we have more leverage in Nordic countries where we are more known and where our exposure can be high (size of holdings). We will prioritise our proactive engagement with Nordic companies, where our Nordic position and knowledge of these companies enables for constructive and meaningful dialogue that creates value both to these companies, to Storebrand, and our clients. This however does not limit us to engaging only with Nordic companies, as aspects such as the materiality of ESG risks, exposure, and the ability to have greater impact on ESG issues remain important factors for considered in the prioritisation of our engagement work with companies outside of the Nordics.

Multi-stakeholder engagement:

We understand that many sustainability issues cannot be just solved by companies or investors alone, they require the involvement of other stakeholders. As a result, we engage with other stakeholder, such as governments, industry organisations, environmental and human rights organisations or labour unions. In particular, we consider policy-level engagement an important factor in stimulating change since we believe regulation sometimes is required to advance many sustainability issues.

Targeted engagement:

We engage with companies on their sustainability practices, management of risks to people and the environment, developments in accordance with changing regulations, mitigating reputational risks, and expectations from their shareholders and society at large. In our experience, the best results are achieved through co-operation with other investors and when engaging individually, through targeted engagement with companies where our ownership level is highest.

Dialogue is conducted on multiple levels, and both the Portfolio Managers and sustainability analysts in the Risk and Ownership Team engage with issuers on both financial and sustainability-related matters. A single engagement can consist of several activities, for example email exchanges, calls and meetings with the company. All meetings and activities are monitored and registered on the Esgaia platform, so that information about dialogues can be shared internally as well as to keep track of our interactions and monitor progress.

The type of engagement we conduct may differ depending on the asset class and strategy of the fund. For example, managers of actively managed funds often engage frequently with portfolio holdings on governance-related issues, meeting the company management and raising issues with them directly. For a thematic fund the dialogue may centre around the specific theme (such as growth potential for the renewables segment) or ensuring that they improve their reporting practices. Within fixed income, the engagement often is related to a bond issuance (for example green bond framework and use of proceeds of a labelled bond). For our quantitative strategies, engagement is often conducted through collaborative initiatives to, for example, raise the market practices and standards as a whole (for example reporting standards and initiatives such as TNFD). Our Risk and Ownership team is responsible for setting the framework and principles for active ownership and commitment. The team prioritises the themes that are particularly relevant for engagement each year (as described below), and with a special focus on where proactive involvement is needed. The team also decides on the day-to-day priorities, based on available resources, relevant themes and the corporate governance policy. The team receives information about potential cases of interest, primarily from data suppliers, but may also take up cases for analysis based on issues that are noticed in the media, by customers or by other areas and teams within the company, such as managers, communications staff, client relationship managers and so on. To maximise our impact, and based on a structured assessment, we periodically develop engagement themes that guide and focus our action.

Our Engagement Themes

Storebrand Asset Management has prioritised three engagement themes and two cross cutting themes for the 2024-2026 period. Our prioritised themes align with the Sustainable Development Goals and with our own corporate commitments, as outlined in our **Sustainable Investment Policy**.

Our engagement priorities are characterised by a focus on double materiality, addressing salient issues that have implications for the financial value of companies, as well as the companies' impact on the world at large. Strategically, we have also focused on issues where we have significant in-house expertise and experience, and where we believe we are well-placed to influence companies in a positive direction.

Our engagement themes are:

- **Climate Change**
- **Nature and Biodiversity**
- **Human Rights**

Our cross-cutting themes are:

- **Policy Dialogue**
- **Sustainability Disclosure**

Climate Change

With our firm commitment to our investment portfolios having net-zero greenhouse gas (GHG) emissions by 2050 at the latest, we believe investors can play an important role in tackling climate change and transitioning to a lower-carbon economy.

In line with this commitment, we have set short-term targets to reduce emissions from Storebrand's total listed equity, corporate bond and real estate investments by 32 per cent by 2025, with 2018 as the base year. Furthermore, Storebrand has a target for 42 per cent of our portfolios' listed equities and corporate bonds to have set validated science-based targets by 2027 (based on AUM). The target has been approved and validated by the Science Based Targets initiative (SBTi).

To achieve these targets, we have designed an engagement approach to create an impact in the real economy and encourage companies to define and implement climate strategies and align with the goals of the Paris Agreement and reaching net-zero emissions by 2050 or sooner. We will also continue to engage with several banks in order to understand their exposure to the fossil fuel industry. Our participation in **Climate Action 100+**, **the Institutional Investors Group on Climate Change (IIGCC)** and the **Principles for Responsible Investment (PRI)**, connects us with like-minded investors in platforms for collaborative engagement on this theme.

Top emitters - Emphasis will be placed on the emitters that generate the biggest amounts of owned emissions in our portfolios, on and companies that have significant impact on ecosystems with high carbon value. Some of these dialogues have been carried out at the C-suite level and through our participation in the Climate Action 100+ and the Institutional Investors Group on Climate Change (IIGCC).

In 2024 we have been in dialogue with the 20 largest emitters in our investment portfolio. From 2025 to 2030, this engagement program will be extended to the 30-50 highest-emitting companies. We will assess the companies' ability to transition, by monitoring developments in emissions and whether climate targets are integrated into strategy, investment choices and reporting.

Climate laggards - As part of our engagement strategy, we have also identified companies in high-impact sectors that we consider do not adequately manage climate risk and that are not ready for a transition to a low-carbon economy. Building on the data from Transition Pathway Initiative, Climate Action 100+ and self-collected data, climate laggards have been identified and direct concerns raised to the companies. We monitor progress annually and, and if we do not see any significant improvements, we will escalate by voting against board directors or financial statements of these companies at their Annual General Meetings. After a period of 36 months, we will consider excluding any companies that continue to not meet our expectations.

Lobbying - In the context of climate policy, we believe that investors, companies and governments need to work together on ambitious solutions to achieve the Paris Agreement. Negative corporate interest, often represented by third-party organisations, can hinder policy action that aims to mitigate the impacts of climate change. This can cause issues for investors, including legal and reputational risks, and long-term portfolio volatility.

We expect companies to be consistent in their policy engagement in all geographic regions; and to ensure that engagement conducted on their behalf or with their support is aligned with the Paris agreement, in turn protecting the long-term value in our portfolios across all sectors and asset classes.

Collaborative alliances - To achieve our goals, we collaborate with other investors through platforms such as Climate Action 100+ and Institutional Investor Group on Climate Change (IIGCC).

Main actions in 2024: In 2024 Climate Action 100+ published a new net-zero standard for oil and gas companies alongside an analysis of ten companies. Storebrand AM is engaging with several oil and gas companies on climate change, including leading the dialogue with Equinor through CA 100+.

Given the physical and transition risks associated with climate change, in 2024 we conducted a scenario analysis to provide a framework for assessing:

- positive and negative climate impact, and
- the resilience of our investment strategies

We continued engaging with the highest-emission companies in our portfolios, as well as "climate laggards", which are companies clearly misaligned with the transition to net zero. We have set clear expectations for them to set targets, have credible decarbonisation strategies and report in a transparent and standardised manner. In the last quarter of 2024, we published an updated assessment of progress among companies in the top emitters and climate laggards categories.

Within alternative asset classes, we have defined, and are following through on, a set of priorities for our active ownership:

- Infrastructure: Dialogue with investment partners to ensure implementation of net zero strategies across sectors we invest in.
- Real estate: Dialogue with customers to establish

- mandates in line with the SBTi targets and any other scope 3 targets. The targets can be SBTi targets or supplementary targets that cover scope 3 and ensure a life-cycle perspective on emissions.
- Private Equity: Dialogue with General Partners in the event of significant incidents and improvement plans for high-emission companies.

To improve the factual basis for our active ownership, in 2024 we developed three analyses focused on climate and nature. The first offers insight into how different climate scenarios may impact our investment portfolios. The second maps the exposure of our investments to extractive industries in forests. The third demonstrates how geospatial asset-location data can be used to understand water risks. These three analyses have been described in Principle 1 and provide a more granular view of our investments and help us to prioritise our active ownership actions more effectively. The full output from these analyses is published in our climate and nature report.

In 2024 we published our first combined climate and nature report, covering the reporting year 2023. The report outlines how we integrate climate and nature considerations into our investment decisions and risk management. It follows the common structure of the TCFD (Task Force on Climate-related Financial Disclosures) and TNFD (Task Force on Nature-related Financial Disclosures), while also incorporating TNFD's additional core disclosures and metrics.

The report aims to align with the recommendations of TCFD and TNFD. While the overall structure of the TNFD recommendations follow the same thematic areas as TCFD, additional core disclosures and metrics were added. The report can be found in the document library of our website.

During the year we also updated our climate policy, building on the progress we have made. We are on track to meet our previous set of short-term targets previously defined for 2025.

During 2024, we voted on 90 explicitly climate-related proposals at annual shareholder meetings, in which 57 times we voted against company management's recommendations.

We also began a practice of voting against company financial statements or against relevant board directors, at companies that we evaluate as scoring poorly on climate risk management. In 2024 we voted against 24 companies for this reason. We will increase the use of this escalation tactic in the future, if engagements on climate do not progress.

Biodiversity and ecosystems

We believe biodiversity and nature loss will affect the capacity of our long-term economic growth and is likely to have implications for long-term asset returns. Failure to recognise business dependencies and impacts on nature exposes companies, and the financial institutions that invest in them, to 'hidden' risks. Protecting nature is therefore an integral part of our commitment to sustainability.

The **Intergovernmental Panel on Biodiversity and Ecosystem Services (IPBES)** highlights five direct drivers to biodiversity loss, namely land and sea use change, climate change, pollution, natural resource use and overexploitation, invasive alien species. In our work we prioritize the most material sub-industries, from the perspective of nature-related impacts, to ensure that these companies are mitigating their potential negative impacts.

Our expectations to companies are built on the mitigation hierarchy that is set out in the International Financial Corporation's (IFC) Performance Standard 6 and guided by Science-Based Targets Network (SBTN) and Taskforce on Nature-related Financial Risks (TNFD).

Deforestation - Our ambition is to eliminate commodity-driven deforestation from our portfolios by 2025. However, we observe that companies are not making sufficient progress to eradicate deforestation and conversion from supply chains, and we are committed to continuing to engage forcefully on this issue, beyond 2025.

As a part of our commitment to halting deforestation, we are engaging with companies in our portfolio that are involved in: production, trade, use or financing of forest-risk commodities and mining. Through the investor initiative Finance Sector Deforestation Action (FSDA), we contribute to engagement with 70 companies and banks, with the aim of eliminating deforestation risk from their operations, supply chains and loan books.

In addition, we will continue to engage with policymakers in selected countries on deforestation, mainly through the alliance **Investor Policy Dialogue on Deforestation (IPDD)**, of which Storebrand is co-chair

Sustainable seafood - Seafood is one of the world's most highly traded and valuable commodities, with global demand expected to double by 2050. Yet a significant amount of seafood-related assets and revenue may be at risk due to overfishing, habitat degradation, nutrient pollution and disease. Companies, particularly within aquaculture, will be engaged to reduce the sector's environmental impacts, including biodiversity loss.

We expect the sector to address issues such as pressure on wild fish stocks, habitat loss, antimicrobial resistance (AMR), pollution due to use of chemicals and waste, and animal welfare.

Extractives in ecologically sensitive areas - We prioritise engagement with companies that operate or source from ecologically sensitive areas such as the Arctic and the deep sea. We will expand to other ecologically sensitive areas as data improves. Companies that derive more than 5 per cent of their revenues from Arctic drilling will be put on our observation list and closely monitored and engaged with based on our existing ownership.

Following the precautionary principle, Storebrand will not invest in companies that are directly involved in deep-sea mining, until more scientific knowledge is developed on the impacts of these activities. We will also engage with downstream companies that are involved in extractives in the deep sea.

Collaborative alliances - To achieve our goals, we collaborate with other investors through global initiatives and platforms. We participate in international investor coalitions to be able to exert greater influence in meetings with partners and investee companies, to set expectations for transition in line with international and our own commitments. Some of these initiatives are:

Finance for Biodiversity (FfB)

- **Finance Sector Deforestation Action (FSDA)**
- **Investor Policy Dialogue on Deforestation (IPDD)**
- **Nature Action 100 (NA 100)**

The **Global Biodiversity Framework (GBF)** of the Kunming-Montreal agreement adopted in December 2022, recognises, for the first time, the role that finance can play in helping to halt the loss of nature. This is the result of work carried out by **Finance for Biodiversity (FfB)**, a coalition of 194 global financial institutions, where Storebrand is co-chair of the Public Policy and Advocacy Working Group.

Main actions in 2024: This year the **NA100** conducted extensive benchmarking analysis and pinpointed the 100 companies around the world that represent the highest risk to biodiversity. This initial foundation gives investors a solid platform from which to determine necessary actions, such as engaging with companies to adjust their trajectory, or reallocating capital based on their environmental practices. For emphasis the alliance published the results at the COP16 United Nations Biodiversity Conference.

Earlier in the year the NA100 also published a field guide, designed to identify and manage nature risks and dependencies in eight key business sectors. Although targeted towards the finance sector and investors, the guide provides an overview for all businesses to better understand sector-specific nature-related impacts and dependencies.

In April 2024, ahead of the COP16 biodiversity conference the Finance for Biodiversity Foundation (FfB) — whose public policy advocacy working group of 76 financial institutions Storebrand co-chairs — outlined a series of recommendations for governments to implement the landmark Kunming-Montreal Global Biodiversity Framework (GBF), which was agreed upon by 188 governments at the COP15 conference in 2022.

During the year FfB also organised and delivered a joint statement calling upon world leaders to urgently take concrete steps that align private financial flows with the Global Biodiversity Framework (GBF), which was the focus of the COP16 event.

Due to Storebrand's leadership role in the Finance for Biodiversity Foundation (FfB), Storebrand AM's CEO participated in FfB's observer delegation at COP16, held in Colombia in October 2024. There, both our CEO and our Head of Climate and Environment were active in a series of events in and around the conference, to help voice the views and needs of the financial community regarding sustainable management of nature and biodiversity

In 2024 Storebrand AM became an inaugural **TNFD Early Adopter**, which involves beginning to disclose data on our work in formats aligned with TNFD

recommendations, from the reporting year 2024. We have already started to implement the TNFD methodology to better understand our nature-related risks and opportunities in our portfolios. As mentioned earlier, we published our first combined climate and nature report in 2024, based on the TCFD and TNFD frameworks.

In 2024, we conducted a screening of our portfolios, to identify exposure to forest-risk extractives. This study has provided a useful starting point for our internal analysis, helping to identify priority locations and companies that merit further action, such as engagement, voting or exclusion.

In June, the **Finance Sector Deforestation Action initiative (FSDA),** of which Storebrand is a co-founder and active member, published a report on the progress made so far by the members of the initiative. The report is an important deliverable of the FSDA's work, providing transparency on how the initiative's members are making good their commitments to adopt deforestation policies, assess risk exposure and collaborate to engage with companies on deforestation.

During the year we also conducted a screening of our portfolios to map companies with very high water-related impacts and dependencies. This initial step establishes basic insights that we can further deepen with more location-specific analysis.

In May, we published an annual progress report documenting our implementation of the **Sustainable Blue Economy Finance (SBE)** Principles, which as a signatory, we are required to report on annually.

As part of the **Investor Initiative on Hazardous Chemicals (IIHC),** we have also been leading the alliance's engagement with the materials recycling company **Umicore** since 2021. The engagement is planned to continue in 2025.

In 2024, we voted on 23 proposals related to nature and biodiversity at company general meetings, of which 22 were votes against company management's recommendations.

This year, we also began a practice of voting against relevant board directors at companies that we evaluate as scoring poorly on deforestation risk management. We voted against 18 companies for this reason in 2024. We will increase the use of this tactic in the future, at companies that do not make progress on eliminating deforestation risk from their operations, supply chains or loanbooks.

Human Rights

We will not invest in companies that contribute to severe and systematic breaches of international humanitarian law and human rights. We will promote the respect of human rights by engaging with investee companies, policymakers and standard-setting bodies to tackle systemic human rights risks and create enabling environments for responsible business conduct that is grounded in respect for human rights and access to remedy for affected right-holders.

To promote respect for human rights, we are prioritising three themes within our engagements during the 2024-26 period:

1) Reducing inequalities and promoting a just transition

2) Conflict and high-risk areas

3) Digital rights

Embedded in these engagement areas, is our work towards achieving our two main social targets:

1) Substantial alignment with the United Nations (UN) Guiding Principles

2) Living wages acknowledged for target sectors

Our engagement work is based on the UN Guiding Principles and OECD (Organisation for Economic Cooperation and Development) Guidelines; the Norwegian human rights due diligence law (Transparency Law); the EU Corporate Sustainability Due Diligence Directive; UN human rights conventions and declarations and ILO conventions and international humanitarian law.

Reducing inequalities and promoting a just transition - According to the UN, inequality is growing for more than 70 per cent of the global population, exacerbating the risks of divisions and hampering economic and social development. Income disparities and a lack of opportunities are creating a vicious cycle of inequality, frustration and discontent across generations.

Storebrand aims to tackle this trend by focusing its engagements with companies in three areas: eliminating forced labour, promoting living wages and encouraging a just transition. The latter focus area addresses the potential negative effects that a transition to a low carbon economy may have on workers and communities. These issues can cause material risks to companies' operations, but the greater risk is generally in companies' supply chains.

Regarding forced labour in supply chains, we are focusing on the textile and renewables sectors by participating in an **Investor Alliance for Human Rights initiative** on forced labour including Uyghur forced labour.

Our work on living wages is focused on the agrifood and food retail sectors, and is conducted through the **Platform Living Wage Financials (PLWF)**.

Our participation in **PRI Advance** focuses on the metals and mining sector as well as the renewable sector and covers forced labour, living wages, labour rights as well as just transition with a strong focus on the rights of Indigenous Peoples and local communities. Through the World Benchmarking Alliance, we engage with oil and gas companies on just transition, with a strong focus on labour rights in this context.

Conflict and high-risk countries - Companies with operations in conflict-affected and high-risk areas (CAHRA) are exposed to a higher risk of involvement in human rights violations. Conflict-affected areas are identified by the presence of armed conflict and widespread violence. Some of the worst human rights abuses involving business occur amid conflict over the control of territory or resources and where central governmental control is weak or has broken down completely, or in territories whose people have not yet attained a full measure of self-government and thus have difficulty to defend themselves and exercise their self-determination rights.

We expect companies we invest in to exercise extreme caution when operating in these areas by conducting enhanced human rights due diligence so that their operations do not contribute to conflict.

Our actions on this theme are twofold:

- reactive engagement with companies flagged for contribution to conflict
- collaborative pro-active engagement aiming to ensure enhanced human rights due diligence in CAHRA in general with two high-risk sectors: the information and communication sector (ICT) and the renewables sector within the Investor Alliance for Human Rights CAHRA's project, together with Heartland and PeaceNexus foundation.

Digital rights - Digital technologies can be used to stimulate engagement and democratic participation. Everyone should have access to a trustworthy, diverse and multilingual online environment and should know who owns or controls the services they are using. This encourages pluralistic public debate and participation in democracy.

However, there is a need to create a digital environment that protects people from disinformation, surveillance, discrimination, information manipulation or other forms of harmful content in addition to job displacement. Everyone should be empowered to make their own, informed choices online - including when they interact with artificial intelligence tool and algorithms.

Our dialogue with companies covers workers, consumers, societal and existential risk as we refer to the Artificial Intelligence OECD Principles, the work by the UN B-Tech group on Advancing Responsible Development and Deployment of Generative AI, in addition to emerging regulation in this field such as the EU Digital Service Act and the EU AI Act. Specifically, regarding AI, Storebrand AM expects companies to conduct ongoing human rights impact assessments to be undertaken by businesses, both AI providers and AI users, at all stages of the product and service cycle.

We participate in several initiatives:

- **the Investor Alliance on Human Rights' initiative on digital rights**
- **the Swedish Council of Ethics-led initiative on Big Tech**

- **the World Benchmarking Alliance Collective Impact Coalition for Ethical AI**

Storebrand AM is also involved in investor initiatives that are advocating for robust digital rights regulation and giving feedback to lawmakers in the EU, through the Investor Alliance for Human Rights.

Main actions in 2024: Since 2023 Storebrand has been working together with the Investor Alliance for Human Rights, Heartland Initiative, and Peace Nexus and a select group of investors to develop and pilot a process for identifying, analysing, prioritising, and managing portfolio risk linked to business operations and relationships in CAHRA by engaging with companies within the Information Communication and Technology (ICT) and Renewables sectors. During 2024, we focused mainly on engagement activities whereas in 2025, we would write a report on our findings as well as recommendations

During 2024 we conducted another round of our periodic screening of our portfolios for risks related to conflict and high-risk areas (CAHRA). This resulted in the exclusion of 14 companies from our portfolios based on severe risks uncovered.

With AI risks continuing to rise, Storebrand has been working with the **Collective Impact Coalition for Ethical Artificial Intelligence** by the World Benchmarking Alliance. In 2024, the initiative engaged 44 digital technology companies asking them to implement, demonstrate, and publicly disclose, ethical AI principles, impact assessments and governance processes.

In June 2024, 28 international institutional investors led by Storebrand sent a letter to over 90 companies, to encourage them to take action on living wages/living incomes by joining the **UN Global Compact Forward Faster** initiative and/or adopting its set business targets.

Storebrand has already been engaging companies in its portfolios on the issue of living wages and living incomes for several years, including through the Platform on Living Wage Financials (PLWF). This year the group has further updated its screening methodology and using this tool, conducted another round of assessment of companies participating in the working groups. The report on findings and results will be published at the beginning of 2025.

In 2024, we voted on 100 proposals related to human rights, labour practices, discrimination, and digital rights and safety. We opposed management recommendations in 78 of these 100 votes.

Ensuring that companies respect the rights of workers, including ILO-defined rights, is part of our prioritised work on the theme of human rights. In connection with this, we have been engaging with the retailer **Amazon.com**, including co-filing a resolution at the company's annual general meeting this year, asking its board to assess how it respects international human rights law regarding workers' freedom of association (FOA), including the right to associate in organized labour unions.

At the annual general shareholders meeting of **Amazon**, a vote was held, which failed to pass, although it received 37 per cent of non-insider votes, and received the most support of all the shareholder resolutions at the AGM.

Crosscutting theme: Policy Dialogue

We actively engage with policymakers and stakeholders to promote sustainable business practices aligned with the SDGs and global agreements on climate, nature, and human rights through direct engagements, consultations, and investor alliances like **Finance for Biodiversity** and **IPDD**.

Policy dialogue is also a cross-cutting theme that spans a range of thematic areas. While voluntary action by companies is important for achieving progress, the regulatory frameworks for sustainable business, as well as our main engagement themes, are determined by international treaties and national policies.

Therefore, engaging with policymakers and other stakeholders in a transparent and responsible manner, is an essential part of our strategy to promote business practices aligned with the Sustainable Development Goals (SDGs) and global agreements on climate, nature and human rights. This may entail direct engagements with relevant policymakers, standard setters or trade associations, participating in consultation processes, co-signing open letters or presenting investor alliance statements at UN summits. Finance for Biodiversity and the Investor Policy Dialogue on Deforestation (IPDD) are examples of investor alliances through which we engage in policy dialogue.

Crosscutting theme: Sustainability disclosure:

We advocate for standardised sustainability reporting by all companies to enhance transparency, manage sustainability risks, and ensure comparable and reliable information for better investment decisions globally.

Sustainability disclosure is a cross-cutting engagement theme as the importance of consistent, reliable, and verifiable reporting is relevant across the board range of E, S and G themes.

Storebrand AM believes that all companies should report on standardised and company-specific sustainability metrics. This will benefit all stakeholders and increase transparency. The level of oversight and reporting on ESG-specific issues are good indicators of how a company measures and manages its exposure to sustainability risks, which is essential to us as investors.

It is in everyone's interest that companies report on how sustainability issues affect their business and how their operations and products/services impact people and the environment. Currently, there are differing standards and regulatory requirements on corporate sustainability disclosure, leading to non-comparable and insufficient information. This results in investors needing a better overview of our portfolio companies' exposure to sustainability risks. This information must be comparable and verifiable to channel our investments toward the most sustainable companies.

The reporting landscape is changing rapidly. Increased reporting will improve the flow of sustainability information to investors and others alike. It will make sustainability reporting by companies more consistent so that investors, banks, and regulators can use comparable and reliable sustainability information. Companies based in the EU will be subject to regulations that streamline and demand such reporting, but we will demand the same disclosure from publicly listed companies in all countries.

We will continue to encourage companies to provide enhanced corporate disclosures in line with TCFD and TNFD recommendations, also in line with CSRD (Corporate Sustainability Reporting Directive), CSDDD (Corporate Sustainability Due Diligence Directive) and the Norwegian Transparency law. We will also encourage companies to improve their reporting on Principle Adverse Impact (PAI) indicators, which will allow us to better identify companies that are laggards and leaders and to implement our commitments and requirements in relation to the EU Sustainable Finance Disclosure Regulation (SFDR).

Engagement Case Studies

Leveraging Storebrand's Nordic Position

Storebrand has positioned itself as a 'gateway' to the Nordics for customers who want to invest with Nordic asset managers or in Nordic investment solutions. Acting as a gateway to the Nordics is also about leveraging our Nordic position. We prioritise our engagement with Nordic companies, where our Nordic position and knowledge enables constructive and meaningful dialogue that creates value for these companies, Storebrand, and our clients. That is why we are also leading on the engagement with the Nordic companies under the Nature Action 100.

NA100 has identified the 100 companies, with a collective market capitalisation of over US$ 9 trillion, that it will prioritise in key sectors to tackle the major drivers of nature loss caused by corporates. Among them are the Nordic players **Stora Enso, UPM, Novo Nordisk** and **Essity**. As we have entered the engagement phase and had the first meetings, we have focused on companies' current ambitions, the quality of materiality assessments by companies, target setting and nature governance within the organisation. Below is an overview of the four NA100 companies we engage with, and their sector relationship with nature.

Nature impacts and dependencies vary from sector to sector — and even from company to company — creating different levels of risk exposure for companies. The nature-related impacts and dependencies illustrated below only covers direct operations and medium to very high materiality impacts and dependencies.

Essity

Country: Sweden

Sector: Household and Personal Products Industry. Household and personal products, a sub-industry of the consumer goods sector, is made up of companies that manufacture goods for personal and commercial consumption, ranging from cosmetics to soaps and detergents. Many of the inputs used for manufacturing personal goods products come from the biotechnology and pharmaceuticals and chemicals sectors. The sector heavily relies on natural resources for raw materials — palm oil is a key ingredient for the products in this industry. Household and personal product companies typically sell their products through consumer goods retail companies.

Nature-related Impacts:

Impact Category	Household and Personal Products
Air Pollution	M
GHG Emissions	H
Soil Pollution	M
Solid Waste	H
Water Pollution	M

Nature -related Dependencies:

Dependency Category	Household and Personal Products
Fibers and Other Materials	M
Water Quantity	H

Material nature-related impacts and dependencies across the direct operations of the household and personal products sectors.

Materiality ratings:

VH = very high, H = high, M = madium. Low ratings are left blank.

Novo Nordisk

Country: Denmark

Sector: Biotechnology and pharmaceutical industry. These companies share similar product lines and industry interconnections— pharmaceutical companies often buy and scale biotechnology discoveries. However, their distinct approaches to product development set biotechnology and pharmaceutical companies apart. Biotechnology companies research, develop, and produce various commercial products, including vaccines, plastics, biofuels, and genetically modified organisms, by altering the function of living organisms such as yeast, crops, and bacteria. In comparison, pharmaceutical companies use chemical and synthetic processes to create medicines, often relying on nature for bioactive compounds and genetic diversity.

Nature-related Impacts:

Impact Category	Biotechnology	Pharmaceuticals
Air Pollution	M	M
Soil Pollution	H	H
Solid Waste	H	H
Water Pollution	H	VH

Nature -related Dependencies:

Dependency Category	Biotechnology	Pharmaceuticals
Genetic Materials	M	M
Water Resources	H	H

Material nature-related impacts and dependencies across the direct operations of the biotechnology and pharmaceutical sectors.

Materiality ratings:

VH = very high, H = high, M = madium. Low ratings are left blank.

UPM and Stora Enso

Country: Both Finland

Sector: Forestry. Forest management includes the establishment and management of all types of forests, as well as the harvest and production of timber products such as sawlogs, plywood, pulpwood, fuelwood, used for furniture, building materials, and bioenergy. Pulp and paper production includes the processing and manufacture of newsprint, office paper, paper packaging, tissue, and related products. Pulp and paper production accounts for 13-15% of global wood consumption and 33–40% of industrial wood trade. The U.S. is the world's largest pulp producer and U.S. paper and paperboard production and consumption rates are second only to China. Given their reliance on timber and other wood products, pulp and paper companies are intrinsically linked to forest management companies—and the nature-related impacts and dependencies of the forestry industry extend to pulp and paper production.

Nature -related Impacts:

Impact Category	Forest Management	Pulp and Paper Products
Air Pollution		M
GHG Emissions	H	
Soil Pollution	H	H
Land Use	VH	
Water Pollution	VH	VH
Water Use		H

Nature -related Dependencies:

Dependency Category	Forest Management	Pulp and Paper Products
Bioremediation	M	
Enabling Services	VH	M
Protecting Services	VH	
Provisioning Services	VH	VH

Material nature-related impacts and dependencies across the direct operations of the forestry and packaging sectors.

Materiality ratings:

VH = very high, H = high, M = madium. Low ratings are left blank.

Human Rights Risks at Meta

Storebrand has been engaging with **Meta** on specific digital rights issues for many years, based on our concerns about the potential for involvement in violations of human rights, as well as risks to the company's reputation and brand. In 2021, following the military coup in Myanmar, SAM began focusing more of its engagement with Meta on the company's role in the human rights crisis in Myanmar, including the persecution of Rohingya people, and the potentially adverse impact of the company's business model in conflict areas and high-risk countries.

The root problem in Meta's involvement in Myanmar begins with company's business model, in which algorithms aim to boost usage by proactively amplifying and promoting content posted by the users on its platforms. In this particular case, the content being amplified and promoted, was inciting and encouraging violence against the Rohingya people, an ethnic minority in the country. Given the ongoing ethnic conflicts in the region and the long-standing discrimination against the Rohingya, Meta's activities substantially increase the risk of mass violence.

For this reason, Amnesty International concludes Meta has a responsibility towards the survivors of ethnic conflict. Meta's connection to conflict-related violence has created significant legal, regulatory, operational, and financial risks that could impact shareholder value.

In the United States and the United Kingdom, Meta is currently facing parallel lawsuits seeking US$150 billion on behalf of the Rohingya population.[32] Meta was also involved in an International Court of Justice lawsuit against Myanmar, after Gambia requested the disclosure of materials from Meta to support its case[33]. It has faced repeated advocacy campaigns[34], internal dissent among employees[35], and mandates to comply with international investigations[36], related to its involvement in Myanmar. Moreover, following the recent legislative developments in the EU[37] and the US[38], Meta can also face further legal and regulatory

[32] The Rohingya's Genocide Suit Against Meta is dismissed — For now | Observer; Rohingya sue Facebook for £150bn over Myanmar genocide | The Guardian, 2022
[33] The Gambia v. Facebook: Obtaining Evidence for Use at the International Court of Justice (Part 1) | Blog of European Journal of International Law
[34] Zuckerberg Was Called Out Over Myanmar Violence. Here's His Apology. | New York Times
[35] Facebook Engineer Resigns, Says Company On 'Wrong Side Of History' As Internal Dissent Grows | Forbes
[36] The Gambia v. Facebook: Obtaining Evidence for Use at the International Court of Justice (Part 1) | Blog of European Journal of International Law
[37] The Digital Services Act Package | The European Commission
[38] Protecting Americans from Dangerous Algorithms Act |; The Algorithmic Justice & Online Transparency Act; The Algorithmic Accountability Act. The US Supreme Court will also soon consider overturning or re-interpreting Section 230, which has long provided special protections to companies like Meta, including for their algorithmic amplification of harmful content. See Supreme Court to Hear Section 230 Case | Time

liability for the inherent human rights risks in its business model.

Outcomes and next steps: During the second quarter of 2024, at the Meta AGM, shareholders voted on a human rights resolution that we had co-filed in December 2023. AkademikerPension was the main filer of the resolution, with Storebrand and Amundi as co-filers.

Unfortunately, the resolution did not receive a majority of the votes, given that it was formally opposed by company management and that Meta Co-Founder, Chaiman and CEO Mark Zuckerberg controls a significant portion of the voting rights at the company, due to its dual-class share structure.

Seeking transparency on human rights harms of Meta's services - The resolution requested that Meta Platforms Inc. ("Meta") should issue a report to its shareholders regarding the effectiveness of measures it is taking to prevent and mitigate human rights risks in its five largest non-US markets (based on number of users) enabled by its Instagram and Facebook platforms came up for voting during the company's AGM.

By providing the report, Meta can address the persistent human rights risks which can and have had a negative impact on brand value and, indirectly, on its advertising revenue, as well as on diversified investment portfolios as viewed through a universal ownership lens.

The issues that we are seeking a report on, include topics such as proliferation of hate speech, disinformation, and incitement to violence. The dissemination of hatred that incites discrimination, hostility or violence, are actions that violate international human rights standards. Where content moderation systems have failed to effectively detect divisive content in non-English languages, there has been an associated increase in hate speech, disinformation, and incitement to violence.

Meta's stakeholders and the public have repeatedly raised significant concerns regarding what appears to be an obvious lack of proportionate investment in content moderation resources and expertise in Meta's global majority markets.

Proponents suggest that the report include data on the number of content moderators fluent in local languages in Instagram and Facebook's five largest non-US markets based on number of users and an assessment by external, independent, and qualified experts of the effectiveness of Meta's measures taken to meaningfully manage hateful content, disinformation, and incitement to violence on those platforms.

Engagement planned to continue: Although the shareholder resolution did not surmount the voting hurdle at the Meta AGM, it contributed to affirming the significant level concerns held by a significant block of shareholders. We believe the shareholder resolution will therefore serve a meaningful milestone point to build on, as we continue our ongoing engagement with the company on these critical issues

Ensuring the 'E' is not at the expense of the 'S' in wind parks – Eolus Vind

Storebrand Asset Management placed **Eolus Vind AB** on the observation list in Q2 2022, due to human rights risk related to impact of the **Øyfjellet Wind Park** on indigenous Sami reindeer herders in Jillen-Njaarke district. In our decision to place Eolus under observation, we requested that the company carry out a renewed effort to obtain the consent of Sámi reindeer herders of Jillen-Njaarke about mitigating actions to allow traditional reindeer migration through the project area. To prevent future conflicts in other projects, Storebrand requested that Eolus Vind AB also adopt a policy on Indigenous peoples' rights, in accordance with international best practice.

Outcome and next steps: In early 2023, Eolus Vind published a policy on human rights and guidelines for respecting Indigenous peoples' rights, thus meeting our second expectation. However, the company did not succeed in reaching an agreement with the impacted reindeer herders, who have not given their "Free, Prior and Informed Consent" to the project. In April 2023, Eolus Vind and the owner of the wind park, Øyfjellet Wind AS, confirmed that Eolus had exited the project after the construction phase was completed. As Eolus is not involved in the operational phase, the company no longer has standing to engage with the impacted Indigenous rights holders in the area. Storebrand then decided to extend the observation period for Eolus Vind for a period of up to one year.

While Storebrand considers that Eolus Vind AB, as project developer, is jointly responsible for creating the situation which in our opinion causes a human rights violation, Eolus no longer has any role in the project and thus no opportunity to take mitigating measures that may stop the human rights breach. Storebrand considers that Eolus, as a result of the dialogue with Storebrand, has taken significant steps to reduce risk and ensure respect for human rights in its business operations. The company has adopted a policy on human rights and guidelines for protection of Indigenous peoples' rights and has integrated these into project management procedures and staff training. Storebrand has also assessed other projects of Eolus Vind with potential impacts on Sámi communities in Sweden and has not found evidence of human rights breaches. **Storebrand has therefore decided to remove Eolus Vind AB from the observation list and lift investment restrictions on the company.**

However, after an observation period of nearly two years, Storebrand has concluded that Øyfjellet Wind Park entails an unacceptable risk of contributing to human rights violations against the members of Jillen-Njaarke reindeer herding district, who are Sámi Indigenous people. **Storebrand has therefore excluded bond issuer Øyfjellet Wind Investment AS from its investment universe, for breach of the human rights criterion of Storebrand's Exclusion policy.**

Engagement Statistics 2024

During the calendar year 2024 we had 1,083 ongoing engagements with 729 companies.

During the fourth quarter of 2024, we reassessed the way we report engagement data. Consequently, in future periods, we will now make two sets of changes to how we report 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 objectives 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 objectives 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.

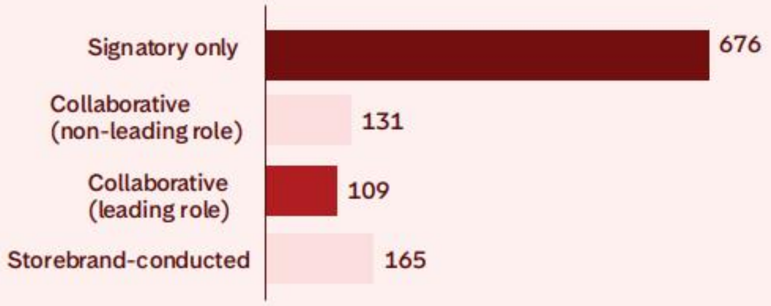
As a result, in our future data reporting, we will narrow down the focus by:

- 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.

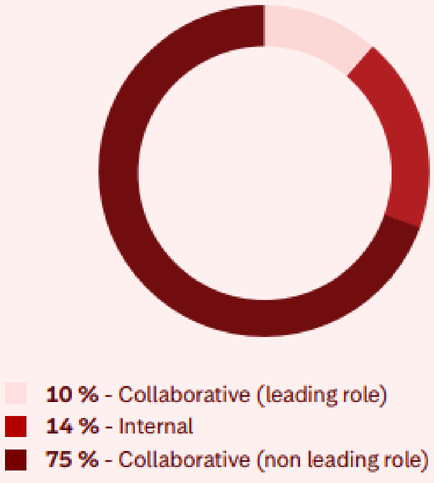
Overall, we believe these changes to how we approach reporting on our engagements will provide a clearer and more transparent representation of our work. The data reported will more accurately reflect the scope and intensity of our work, as well as the instances where our sustainability analysts are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

In this report we present our full-year engagement numbers for 2024 in the older format. From Q1 2025 and onwards, we will report data only in the new format.

Storebrand role in engagements



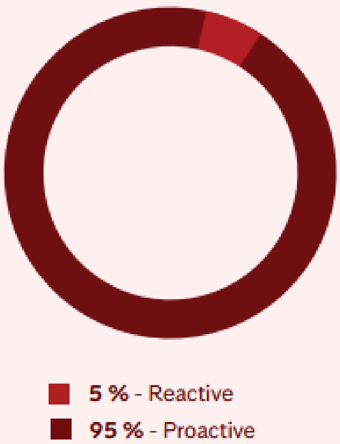
Format of engagements



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

Reasons for engagement



Sectors engaged in

Sectors	Number of engagements
Consumer Staples	154
Communication 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

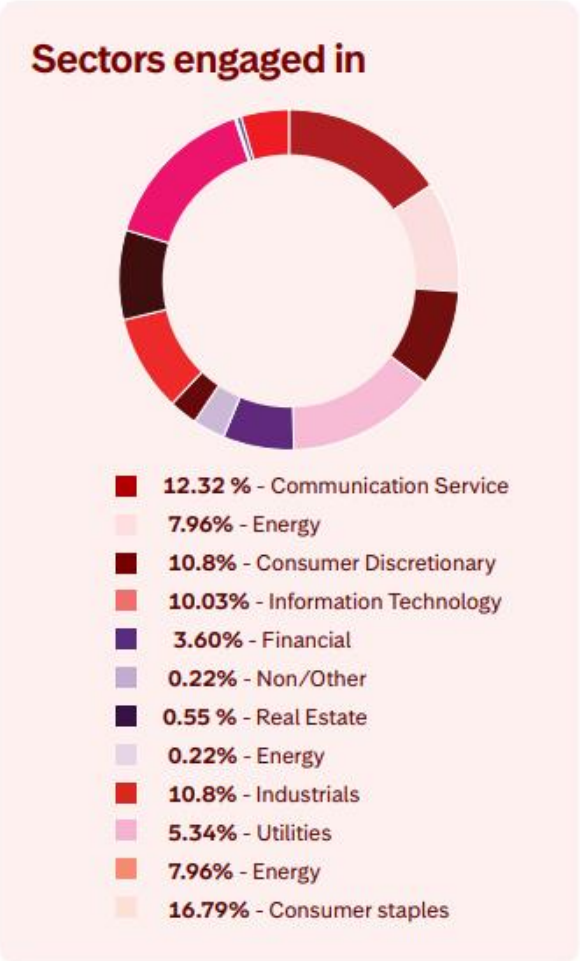
In general, our thematic engagements focusing on climate and biodiversity are mainly collaborative in nature, whereas engagements in our resilient supply chains and sustainability reporting themes incorporate a greater number of direct and internal dialogues, as well as through coalitions.

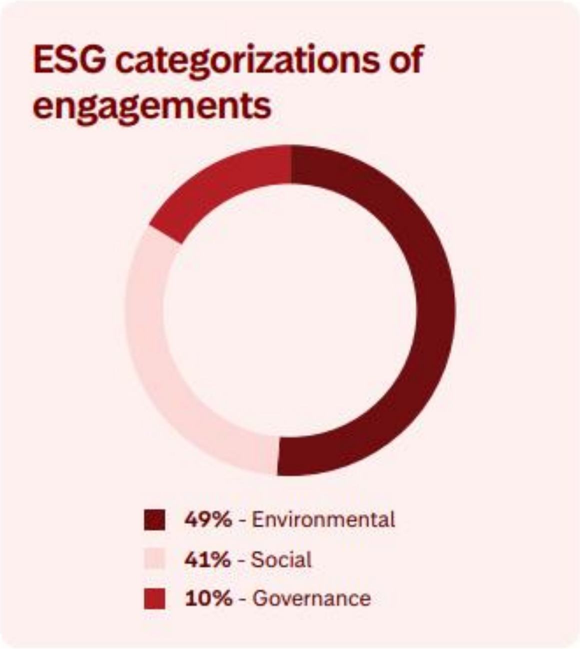
Just under half of our engagements (49%) were on environmental factors, with 41% on social issues and 10% on governance.

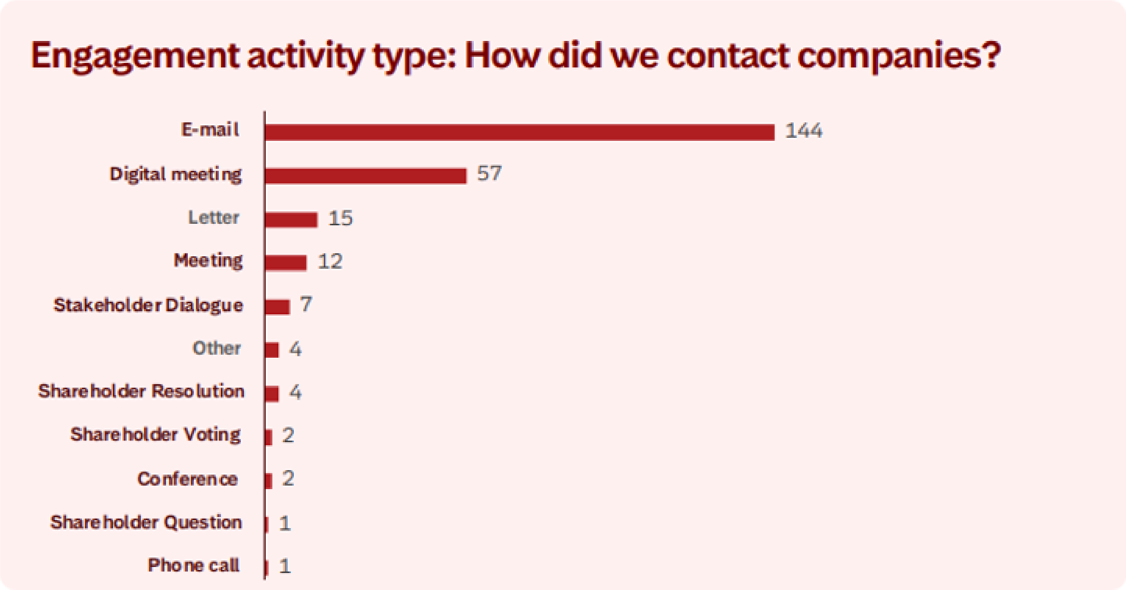
Dialogue with companies

One-on-one dialogues between Storebrand and companies accounted for 14% of our dialogues with portfolio companies. In other cases, we engaged in dialogue with companies in collaboration with other investors. Of these, 10% were conducted with Storebrand in a leading role, and 75% with Storebrand in a supporting role. A total of 95% of the dialogues took place at the initiative of Storebrand or other investors, while 5% occurred on a reactive basis, meaning they were triggered by specific incidents and controversies that resulted in requests to companies for measures to remedy damages and avoid recurrence.

The dialogues took place mainly in the form of e-mails, letters and digital meetings. In most cases, the dialogue took place with investor contacts or representatives of the companies' sustainability teams. In 24% of cases, we were in contact with the CEO or CFO of the companies.

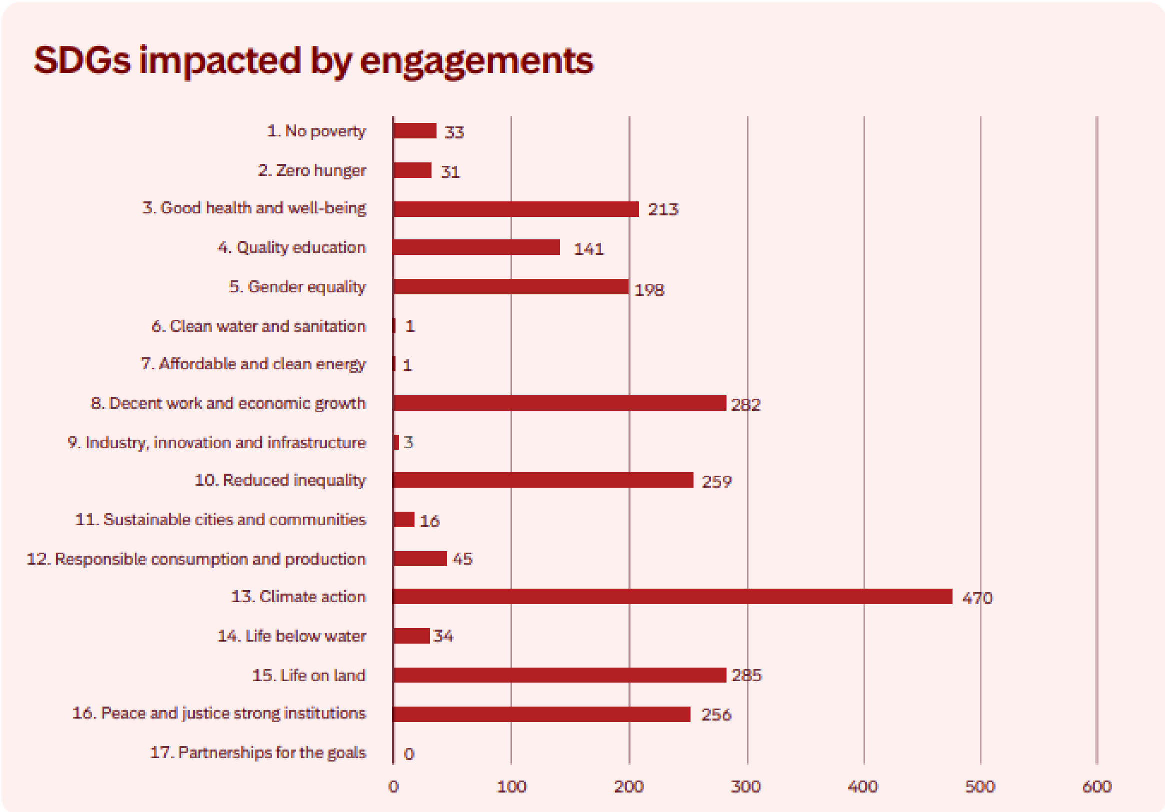






Top Ten Engagements by Country

A relatively large proportion of our engagements are in Norway. This tilt is a strategic choice. We believe our position as one of the largest asset managers in the Nordic region, with local knowledge and company relationships plus our ability to speak the language, contributes to more productive engagement discussions with Nordic companies. This means we are an asset to many engagement coalitions and can take the lead role on discussions involving Nordic companies. For example, throughout 2024 we led on discussions with **Orsted** as part of PRI Advance, with **Equinor** as part of CA100+ and the World



Benchmarking Alliance and with **Orkla** on the Platform for Living Wage Financials.

Top Ten Engagements by ESG Issue

Our engagements are aligned with our strategic objectives as illustrated in the chart below.

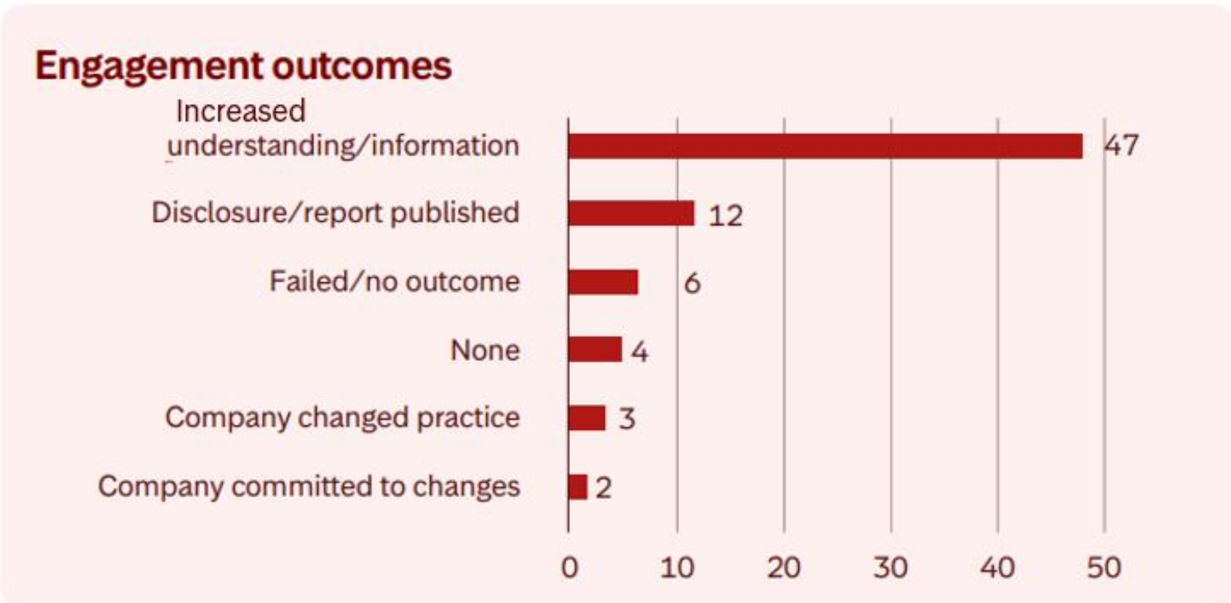
In 2024, we engaged with portfolio companies on several ESG topics, which we have categorised above in line with the Sustainable Development Goals (SDGs). The majority of dialogues addressed environmental issues: climate action, life on land, life on water. This was followed by dialogues focused on social issues: reduced inequality, decent work and economic growth, gender equality, decent education etc.

Engagement Outcomes

Outcomes

During the year, we concluded 74 engagements, with positive outcomes in 5 of those cases, i.e. we achieved the goal of the dialogue (the company committed to or improved their practices). Many of the concluded engagements (59) achieved a neutral result (for example improved disclosure or better understanding/increased information). A handful of engagements (6) were unsuccessful.

Actions taken following unsuccessful engagements will vary depending on the type of engagement. For example, proactive dialogues are less likely to result in exclusion unless the case represents a breach of our policies or presents a material risk to our investments. We aim to exhaust all escalation possibilities in advance of an exclusion. Reactive dialogues are more likely to result in exclusion, where a case is flagged for a breach of our exclusion policy and where engagement with the company to address the issue has not been satisfactory, meaning the case presents a material risk. Exclusions made in 2024 are presented in Principle 7 and highlighted throughout the year in our Quarterly Sustainable Investment Reviews. All excluded companies are published on our website, sorted according to the criteria for exclusion.



Contact with other stakeholders

Efforts to slow the loss of biodiversity require action from governments and businesses. SAM has been actively involved in advocacy work towards a wide range of stakeholders.

In 2020, Storebrand established and led the **Investors Policy Dialogue on Deforestation (IPDD)** (described above). At the end of 2024, IPDD was backed by 84 global institutional investors from 21 countries representing approximately USD 11 trillion in assets under management.

IPDD members recognise that deforestation is a complex issue that requires long-term dialogue and influence at policy level and with different stakeholders. Since its launch, the members have held numerous meetings with key stakeholders at executive, legislative and regional levels.

In 2022, Storebrand, together with a group of institutional investors, announced the establishment of **Nature Action 100**. Work on this initiative gathered pace in 2023 when we began engaging with identified companies. The NA100, which currently comprises of over 230 institutional investors, representing USD 30 trillion of assets under management or advice, focuses on driving greater corporate ambition and action to reduce nature and biodiversity loss.

The sectors that the Nature Action 100 focuses on include biotechnology and pharmaceuticals; chemicals; household and personal goods; consumer goods retail; food; food and beverage retail; forestry and paper; and metals and mining. These sectors are major drivers of nature loss, due to their large impacts on habitat loss, overexploitation of resources, and soil, water, and solid waste pollution.

This year the NA100 conducted extensive benchmarking analysis and pinpointed the 100 companies around the world that represent the highest risk to biodiversity. This initial foundation gives investors a solid platform from which to determine necessary actions, such as engaging with companies to adjust their trajectory, or reallocating capital based on their environmental practices. For emphasis the alliance published the results at the COP16 United Nations Biodiversity Conference.

Earlier in the year the NA100 also published a field guide, designed to identify and manage nature risks and dependencies in eight key business sectors. Although targeted towards the finance sector and investors, the guide provides an overview for all businesses to better understand sector-specific nature-related impacts and dependencies.

Principle 10

Signatories, where necessary, participate in collaborative engagement to influence issuers.

This Principle has been fully reviewed and updated for 2024, including new case studies and updates to 2023 examples where appropriate.

We engage companies on their sustainability practices, management of risks to people and the environment, developments in accordance with changing regulations, mitigating reputational risks, and expectations from their shareholders and society at large. In our experience, we achieve the best results through cooperation with other investors and, when engaging individually, through targeted engagement with companies where our ownership level is highest. To increase our influence on and access to companies, we will almost always seek to collaborate with other investors, either through formal channels or through informal partnerships. During 2024, through our efforts in platforms including **Climate Action 100+, FAIRR, IIGCC, FSDA, IPDD, PLWF, PRI Advance and the Investor Alliance for Human Rights**, among others, we have collaborated with other investors on several issues to exert a positive influence on companies, and we have seen some very good results from this work.

Collaborative engagement with other investors is exercised in cases where it is possible to identify a clear common interest within an investor group and the leverage effect to bring about a change is judged to be better than through our own commitment. It is often more effective to merge several investors.

During 2024, 85% of our engagements were collaborative rather than individual efforts.

Examples of these included both leading and support roles in dialogues with such as **Amazon and Meta**. We expect to continue to utilise collaborative engagement formats significantly in the future. This reflects two factors. First, many systemic problems such as biodiversity or living wages, require engagement by a critical mass of actors across the investor community, company management, civil society and government. Secondly, when it comes to influencing many of the largest companies in the world, as is our aim regarding governance at **Meta** and labour relations at **Amazon**, such efforts require persistence and consistency by large groups of shareholders over time.

A full list of all the Initiatives we are members of, or signatories to, has been included in the Appendix.

Collaborative Engagement Case Studies

Climate Action 100+

Climate Action 100+ is the world's largest investor engagement initiative on climate change. Investors are focused on ensuring that 170 of the world's biggest corporate greenhouse gas (GHG) emitters take the actions necessary to align their business strategies with the goals of the Paris Agreement. This includes improving corporate governance of climate change, reducing GHG emissions, and strengthening climate-related financial disclosures.

New framework to assess oil and gas - Net Zero Standards (NZS) are sector-specific frameworks developed to help Climate Action 100+ investors and other stakeholders assess the alignment of transition plans with a 1.5°C climate scenario ("Net Zero"). They are designed to integrate with and complement the sector-neutral CA100+ Company Benchmark. The oil and gas sector typically represents the largest and most concentrated source of transition risk in investors' portfolios. This framework can help investors committed to net zero to understand the risks and opportunities that come with investing in oil and gas companies and inform productive engagement efforts. Understanding the wide variation in the quality of companies' disclosure and diversification strategies, enables investors to see where this risk is most acute.

The Standard concept emerged from the desire to better understand the growing differences in company transition plans. To better support investor engagement of shareholders and bond holders, it was necessary to evolve the assessment beyond the current sector-neutral Climate Action 100+ Company Benchmark.

Analysis of the 10 - The following European and North American companies were assessed using the Net Zero Standard for Oil and Gas: **Exxon Mobil, Shell, Chevron, TotalEnergies, ConocoPhillips, bp, Occidental Petroleum, Eni, Repsol and Suncor Energy**.

While several companies continue to target net zero, some companies covered by the assessment have been observed to retreat from the original ambitions of their climate strategies. The result from the analysis highlights that current transition plans are insufficient for investors to accurately gauge transition risk. In addition, having a transition plan is not evidence that a company is transitioning - it is simply the roadmap a company has set out. Progress on the transition must be monitored and updated regularly, as with any other element of company strategy.

The absence of disclosure on critical elements such as carbon capture or upstream production makes it difficult for investors to understand how they will get there, as well as the transition risks of each company. Overall companies met just 19% of the sector-specific metrics in the Net Zero Standard (average score of companies).

The results also show stark differences in transition plan ambition and level of disclosure between North American and European companies. European companies are also pursuing a range of energy solutions and therefore score highly on Solutions metrics compared to the North Americans.

Storebrand Asset Management is engaging with several oil and gas companies on climate change, including leading the dialogue on **Equinor** through CA 100+. This new framework will help us engage with oil and gas companies, by setting clear expectations, identifying gaps, prioritising issues, tracking progress, and providing a common, credible framework for holding companies accountable to 1.5°C climate goals.

Global engagement on living wages

In June 2024, 28 international institutional investors led by Storebrand sent a letter to over 90 companies to encourage them to take action on living wages/living income by joining the **UN Global Compact Forward Faster** initiative and/or adopting its set business targets. This initiative was born at the UN Business and Human Rights Forum in Geneva in November 2023, during a conversation between Storebrand, the leads of UNGC Living Wages action area and a large European investor (who would like to remain anonymous).

Storebrand has already been engaging companies in its portfolios on the issue of living wages and living incomes for several years, including through the **Platform on Living Wages Financials (PLWF)**. This collaboration gave us the opportunity to reach out to an even larger group of companies, and all the major players within four sectors considered to be high-risk on this issue: Textile and Apparel, Food and Beverage, Food Retail and Information and Communication Technology (ICT).

The Forward Faster initiative of the United Nations Global Compact challenges businesses to raise their ambition levels by taking tangible, accountable actions in five areas — living wage, gender equality, climate, water and sustainable finance.

Through a principles-based, holistic approach, companies can drive impact on the SDGs and advocate for policies to unlock new opportunities, build resilience and secure long-term prosperity for business, people and the planet. On living wage, companies can sign up to one or both of the following targets:

- Target 1: 100 per cent of employees across the organization earn a living wage by 2030.
- Target 2: Establish a joint action plan(s) with contractors, supply chain partners and other key stakeholders to work towards achieving living wages and/or living incomes with measurable and time-bound milestones.

These targets are backed up by a comprehensive methodology guiding the companies in steps to achieve these goals because of the thorough work conducted by UNGC together with civil society and expert organisations.

Since the Forward Faster launch in September 2023, 350 companies have signed up to the first living wage target and 200 companies signed up to the second living wage target. We expect more companies to join.

Paying living wages to workers or a living income to farmers is one of the most broadly found and pervasive gaps in most companies' implementation of their social and human rights commitments. Many workers in the extended value chains of companies do not earn a living wage, a standard usually broadly defined as covering a decent standard of living for the worker and their family, which includes food, water, housing, education, health care, transportation, clothing and other essential needs, including essentials for unexpected events.

PLWF Update 2024

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[39] 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 categorisation, in which **J.M. Smucker Company** & **Orkla** progressed from the Embryonic to the Developing category, and Ofi (Olam)

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

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. Full details of the assessment can be found in the published report[40].

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.

[40] PLWF-Annual-Report-2024_def.pdf

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.

World Benchmarking Alliance: just transition in the oil and gas sector

In 2023, Storebrand, as part of the **World Benchmarking Alliance** ("the Alliance"), joined with 53 other major investors, in a formal demand for plans to ensure just transition in the oil and gas sector. This engagement coalition was strategically selected to align with our focus on climate change and human rights. The Alliance and its signatory investors sent a letter of expectations to ten oil and gas companies, including **Equinor** where Storebrand is the co-leader of the engagement on behalf of the group. Storebrand has a special interest in Equinor, as it is the only Nordic company that is being engaged in this round.

The engaging parties' main asks were:

1. Companies should lead meaningful social dialogue and stakeholder engagement on just transition.

2. Companies should develop and implement just transition plans, which respect and promote fundamental rights of workers, communities, and other affected stakeholders.

3. Companies should minimise the impact of employment dislocation caused by the low-carbon transition.

4. Companies should ensure social protection by fulfilling their tax duties and by managing the consequences of transition over stakeholders.

5. Companies should advocate for policies and regulations supporting just transition and not undermine policies that promote just transition.

The World Benchmarking Alliance is a non-profit organisation seeking to hold more than 2000 companies accountable for their part in achieving Sustainable Development Goals. It enlisted major investors to support its engagement regarding the social impacts of transitioning to a low-carbon energy system. In its initial assessment, the Alliance drew attention to the lack of action from companies when it comes to identifying, preparing, and mitigating the negative impacts over workers employed in the oil and gas industry, who are at an increased risk of unemployment.

Progress in 2024: The 10 focused companies were formally contacted, between the engagement period of May and December 2023, with letters explaining the initiative and main asks, as outlined in our Stewardship Code Report for 2023.

Engagements continued during 2024 based on 2023 engagement outcomes.

Unfortunately, the initiative faced a lack of response from companies and/or lack of actions from those that agreed to engage. As a result, the WBA will discontinue the initiative in 2025 and write a final report based on the feedback sent by lead investors during 2024.

Child-conscious product design

The topic of product responsibility is an area of growing focus, driven by emerging concerns about the potentially negative impacts of products and services, including social impacts on children.

In 2023, Storebrand began a collaborative engagement in this area, with the aim of reducing such risks faced by companies in our portfolios – this is aligned with our '**Resilient Supply Chains**' engagement theme. We have, along with Swedbank Robur and the **Global Child Forum**, been working on a joint engagement with 35 companies in the technology & telecommunications; food and beverage; and personal care sectors; regarding the impact of their products on children. The engagement focuses on companies that have been identified as "poor performers" in the benchmarks developed by the Global Child Forum. For the food and beverage and personal care sectors, the engagement has included annual impact assessments of risks related to child labour within their in-house operations and supply chain chains; assessments of risks documented in the companies' annual public disclosures; and addressing any issues identified in these assessments.

Progress in 2024: Dialogue on this initiative began in 2024. As part of the engagement, we asked the companies within the food and beverage and personal care sectors to:

- Explicitly consider children as a stakeholder group in the process of developing and marketing products and services.
- Conduct downstream impact assessments regarding how children are affected by marketing and advertising activities.
- Build these practices in a way that would contribute to healthy habits and high self-esteem in children.

For the technology and telecommunications sectors, we asked the companies to conduct impact assessments on the risks and dynamics of child labour in operations and supply chains, to publicly disclose these assessments, and to mitigate any identified issues. In addition, we asked the companies to consider children as a stakeholder group when developing and marketing products and services, specifically focusing on understanding and addressing the impact they might have children, even if children were intended to be users of these products and services.

During 2024, 38 letters were sent around Easter. Nine responded to the letter. Four further companies responded via other channels. One company met with Global Child Forum's child rights and business experts. The feedback or lack of it from the companies was integrated into the GCF's benchmark to encourage them to make progress. At the end of 2024, a collaboration with UNICEF was considered to strengthen the initiative.

Hazardous Chemicals

The **Investor Initiative on Hazardous Chemicals (IIHC)** asks world's 50 largest chemical producers to increase their transparency around their production of hazardous chemicals, and phase out persistent chemicals. Storebrand Asset Management is part of the initiative's steering committee, along with **Aviva** and other investors. The initiative works closely with ChemSec, a Sweden-based NGO, which develops roadmaps for engagement with companies. Storebrand has engaged with three companies in the ChemScore hazardous chemical risk benchmark ranking since 2022, and all of them showcased an improvement in the ranking following our dialogue. The biggest gain so far is 3M's decision to discontinue PFAS. Increasingly, more companies are responding positively to the initiative's engagement. ChemSec releases annual scores for world's largest chemical companies on their involvement in forever chemicals. The ranking serves as a starting point for the company engagement activities.

The 2023 scores were released in November. Another promising development regarding PFAS has been the Swedish Supreme Court's decision in favour of Ronneby town residents who have been affected by PFAS-contaminated drinking water. Many believe that the decision can set a precedent for other court cases involving PFAS damages.

Progress in 2024: During 2024, our engagement with Norwegian company Yara continued under the IIGC initiative. Since the time the engagement began, we note that Yara has notably improved its standing on the issues and is now ranked 3rd out of 50 in the latest annual ChemScore rankings, which assess the world's biggest chemical producers on their environmental footprint.

Deforestation

Storebrand continues to engage with policymakers in selected countries on deforestation through the **Investor Policy Dialogue on Deforestation** (IPDD) collaborative initiative, as detailed in Principle 4. The IPDD is supported by a membership of 84 financial institutions from 21 countries with approximately US$ 11 trillion in assets under management.

Storebrand also plays a leading role in Finance Sector Deforestation Action (FSDA), and investor initiative set up in 2021 to engage with companies and banks exposed to deforestation risk in their operations, supply chains or loan books.

Progress in 2024: Storebrand and the IPDD investor group had meetings with high-level representatives of several Brazilian government bodies and industry associations in 2024.

We were encouraged to see that deforestation in Brazil's Amazon rainforest continued to decline in 2024, to its lowest level since 2015. For the first time since 2019, there was also a significant decline in deforestation in the Cerrado biome, indicating that the government of President Luiz Inacio Lula da Silva is taking forceful action on the issue.

In October 2024, IPDD co-chairs **Storebrand and RBC Bluebay Asset management** released a public statement of support for the EU Deforestation Regulation (EUDR), cautioning the EU against succumbing to pressures to weaken the regulation. While the EU decided to postpone implementation for a year, the substance of the EUDR remained intact.

The FSDA published its progress report in 2024, describing signatories' achievements with regards to adopting policies, setting targets and expectations, screening portfolios and engaging with companies. Storebrand participated in the group which developed investor expectations for commercial banks regarding deforestation, which were jointly launched by FSDA and IIGCC.

Nature Action 100

Nature Action 100 is a global investor engagement initiative focused on driving greater corporate ambition and action to reduce nature and biodiversity loss. The initiative aims to protect both nature and mitigate nature-related financial risks to the companies.

Progress in 2024: 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.

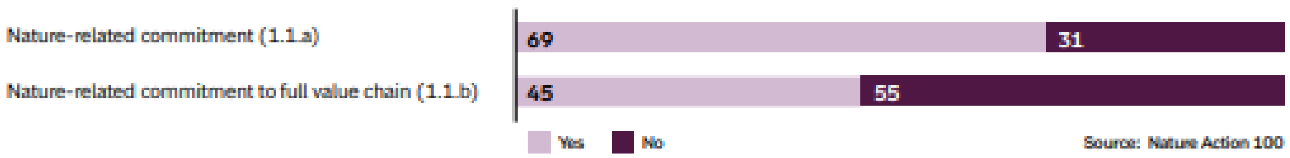
Key findings include:

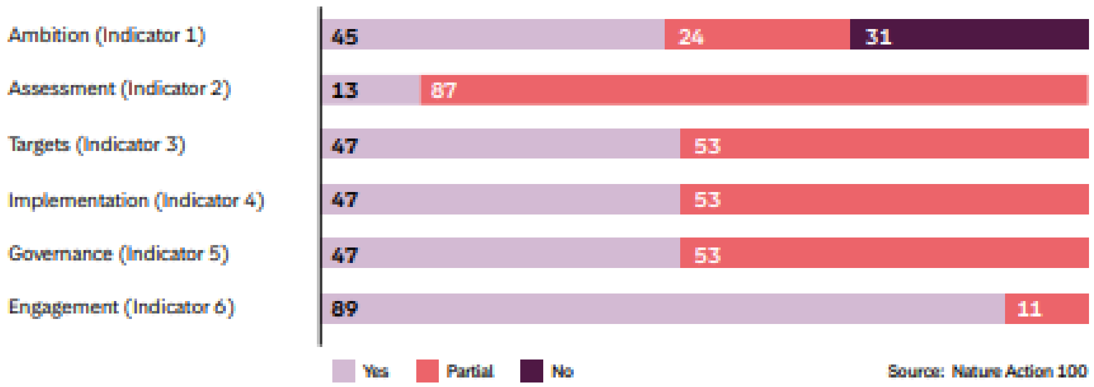
- The majority of companies disclose an ambition: Over two-thirds of the group (69 companies) disclose a commitment to protect nature and two-thirds (45 companies) of those have commitments that extend through company value chains.
- Few companies disclose robust nature-related assessments which are 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 recognising 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.

Nature Action 100 Benchmark Results





Digital Rights

For several years, Storebrand has been working with digital rights as one of its focus areas, including issues such as the ethics of artificial intelligence (AI) technologies. Through this experience, we have found that it is often most productive for investors to engage them through collective initiatives. This is based on the broad, complex and far-reaching range of the issues, along with the scale and influence of the companies that must be engaged in order to have a reasonable chance of making an impact.

New phase begun in 2024 - Since September 2022, members of the World Benchmarking Alliance's (WBA's) Ethical AI Collective Impact Coalition have been engaging companies assessed by the WBA's Digital Inclusion Benchmark on ethical AI, focussing initially on companies that did not yet have publicly available ethical AI principles.

In February 2024, the second phase of the Collective Impact Coalition for Ethical AI was launched, supported by investors such as Storebrand Asset Management. In total the investors involved represent over US$ $8.5 trillion in assets under management.

In the current phase, we in the WBA AI initiative are encouraging companies to implement policies and mechanisms to ensure the ethical development and application of AI, guided by respect for human rights and the principle of leaving no one behind. **Storebrand is leading the engagement with a Nordic telecom company.**

Progress in latest assessment - The latest assessment by the WBA in 2024 showed that of the 200 largest digital companies, 71 companies, a third of them, have AI principles in place, up from 52 companies a year ago. More than half of the principles established include human rights considerations, also a positive finding.

To a degree, companies made progress on some dimensions. The development of comprehensive ethical AI documents showed notable growth. Sixty-six companies had AI principles that they developed themselves (as opposed to endorsing third-party principles), and 60 of those companies had released standalone documents outlining their commitments.

That said, progress in this area has been slower than expected and needed. While the number of companies with ethical AI principles grew, the portion of those that defined and included explicit human rights considerations remained relatively small, and many companies hadn't integrated these considerations into their AI frameworks. Of the 71 companies that had ethical AI principles, only 29 actually publicly disclosed how they implemented these principles.

Other findings from the assessment included a steady, but slow, growth in the number of companies with relevant internal governance structures, such as ethical AI committees, that would help convert conceptual commitments into tangible action in operation.

Of most concern is the mere 16 companies that actually conducted human rights impact assessments (HRIAs) in 2024. This points to huge risks, given that new regulations such as the EU Artificial Intelligence Act, require Fundamental Rights Impact Assessments (FRIAs) for high-risk AI systems, from 2026 onward.

What's next? - While these commitments can be viewed as a positive step, much remains undone. The next challenge is to track how companies implement these principles. Many companies' reporting on their AI operations lacks transparency, making it difficult to assess whether they are truly living up to their ethical AI commitments.

Through the Collective Impact Coalition for Ethical AI, we will also be continuing to push companies to move beyond symbolic statements, to show real progress in operationalizing their AI principles. One major obstacle in this regard is the lack of comprehensive, clear guidelines for conducting HRIAs in the context of AI systems. Developing these guidelines is therefore an urgent next step.

These steps, along with national-level legislation by countries, are needed to secure ethical AI becomes a reality, and we will be working towards getting them in place. Human rights is one of Storebrand AM's prioritised engagement themes for the period 2024-2026.

Conflict Affected and High-Risk Areas

Recent years have seen a steady increase in the number, duration, and intensity of conflicts globally, with associated human rights violations, which companies might be exposed to responsibility for. The scope and severity of this potential risk exposure has been increased by new EU due diligence regulation, and requirements for companies to align themselves with UN Guiding Principles and OECD Guidelines.

As a result, investors are expressing growing interest in, and seek guidance on, strengthening their stewardship activities related to their portfolio exposure to Conflict Affected and High-Risk Areas (CAHRA).

In this context, Storebrand is working together with the Investor Alliance for Human Rights, Heartland Initiative, and Peace Nexus and a select group of investors to develop and pilot a process for identifying, analysing, prioritising, and managing portfolio risk linked to business operations and relationships in CAHRA by engaging with companies in the Information and Communication Technology (ICT) and renewables sectors, as they are considered high-risk sectors for this theme .

The initiative began in the second half of 2023, with lead investors contacting companies to explain the project. During 2024, lead investors have been engaging with companies in calls including support investors as well as the supporting organisations. **Storebrand has been leading the engagement with two companies: one in the renewable energy sector and one in the ICT sector.**

The final company calls are scheduled for the beginning of 2025, when a report summarising findings and recommendations will be published.

Overall, the ultimate goals of the initiative are to:

- prevent and mitigate harms to rightsholders
- minimise negative impacts on conflict dynamics
- address salient human rights and material risks

Ultimately, the initiative is aimed at being mutually beneficial for investors and companies.

Participating investors will gain insights by exploring evolving and potential best practice on enhanced human rights due diligence among ICT and renewable energy leaders. These insights will be useful to us in own stewardship activities and to use to advance the level and quality of due diligence practices among other portfolio companies with exposure to CAHRA.

Participating companies also benefit. The dialogues are taking place under Chatham House rules, in which participants are empowered to utilise and share learnings, without personally identifying which participants contributed what information. As such, the project represents an opportunity for company staff to frankly — and collaboratively — discuss the challenges concerning policy, practice, and governance related to CAHRA-based risks to inform investor expectations and shape future dialogues.

Furthermore, in light of the global scope of participating investors, the project is an opportunity to roll up several parallel tracks of potential investor dialogues on human rights in CAHRA, into a single set of conversations. Finally, these conversations represent an opportunity for the companies to showcase to leading shareholders their efforts to prevent and mitigate CAHRA-related risks.

Insight: Storebrand at COP16

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

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 in November 2024, 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 organisations and CEOs of leading finance organisations 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 organisations, and representatives of government ministries of environment.

Event on sustainable land use and deforestation

Storebrand also organised 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.

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

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

With human rights rising on the investment and business agenda, during 2024 we 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 organisations, 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 recent 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[41]. 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 recognised 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 categorised as "sustainable", and invited grassroots organisations to

[41] Stockholm International Peace Research Institute, Dec 2024: https://www.sipri.org/media/press-release/2024/worlds-top-arms-producers-see revenues-rise-back-wars-and-regional-tensions

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 emphasised 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.

Principle 11

Signatories, where necessary, escalate stewardship activities to influence issuers.

There have been no material changes to our escalation methods and so core text remains the same as 2023.

However, new escalation case studies have been provided for 2024 disclosure.

Prior to each engagement, specific goals are established for the engagement process to ensure clear communication with the investment objects and to facilitate the measurement of the engagement's success. Our ESG analysts in the Risk and Ownership team record the success factor for the commitment in each engagement process.

There are four levels of success, where the fourth and highest level is in line with the UN Principles for Responsible Investment, PRI: Improved Business Practices (in line with the PRI definition of success: "*The actions taken were fully or mostly completed after Storebrand contacted the company*"). We can therefore assume that our efforts have contributed to the improvement when this level is reached, although it is seldom possible to determine exactly to what extent.

Here is brief description of our internal scale to measure engagement success:

- Level 1 = company contacted (explanation of concerns + request for company practice improvement; no response)
- Level 2 = company contacted; unsatisfactory response
- Level 3 = company contacted; satisfactory response
- Level 4 = company contacted; improved business practice

The progress of engagement is discussed regularly by the Risk and Ownership Team, including minimum requirements, alternative methods of achieving or improving dialogue, and whether an engagement should be escalated or not. If the company does not meet our minimum requirements (or communicates a plan and ambition to start measures) after repeated dialogue attempts, we escalate our actions.

Escalation can mean the following actions:

- raising issues at board level if management is not responsive
- expressing our views publicly by issuing a public statement
- cooperating with other investors if not already done so
- proposing, submitting or co-filing resolutions at the AGM
- voting against re-election of board members concerned
- setting a company on our observation list

The decision to engage with companies is based on our assessment of the significance of a particular matter, holding size, scope to effect change and opportunity to come into constructive dialogue with the company or to collaborate with other investors.

Escalation across funds, assets and geographies

We are a Nordic actor, which means that we have more leverage in Nordic countries where we are more known and where our exposure can be higher (size of holdings). We will prioritise our proactive engagement with Nordic companies, where our position and knowledge of these companies enables constructive and meaningful dialogue that creates value both to these companies, to Storebrand, and our clients. This however does not limit us to engaging only with Nordic companies, as aspects such as the materiality of ESG risks, exposure, and the ability to have greater impact on ESG issues remain important factors for considered in the prioritisation of our engagement work with companies globally. Based on our long-term focus in investment, and our commitments to sustainable investment, avoiding certain investment incompatible with this perspective, is an intrinsic part of our processes.

How we screen and exclude assets

We screen assets, including equities, fixed income, real estate, and alternatives such as infrastructure, for companies that meet the Storebrand Exclusion Policy criteria. This policy acts as a filter to ensure sustainable investments, it excludes companies that are in breach of international norms and conventions or involved in unacceptable operations.

Our exclusion criteria is based on product and norms of behaviour and addresses the following themes: human rights and international law, corruption, corporate criminality, severe climate and environmental damage, controversial weapons (landmines, cluster munitions and nuclear weapons), tobacco and cannabis.

In addition to the standard exclusion criteria, we apply extended screening criteria to selected funds. The extended criteria screens for involvement in fossil fuel production and distribution; alcohol, adult entertainment, arms and gambling; and green bond standards.

If, through our third-party monitoring services, or other sources, we identify a company in our portfolio as potentially being in violation of our stated norms, we begin a process of qualitative assessment and dialogue. This process may end up with a decision to divest from the company and exclude it from our portfolio. Potential product-based exclusions are assessed and decided by our Risk and Ownership Team. For norms-based exclusion cases, our Risk and Ownership Team assesses them, then refers them to our Sustainable Investment Committee for a final decision on exclusion.

Escalation of engagement directly to exclusion

Storebrand Asset Management is committed to using our position to engage with, and influence companies towards operating with high standards of sustainability. However, in some cases engagement may not be successful or not possible.

We may choose to escalate engagement based on the following criteria:

- **Norm-based controversial issues:** includes companies that violate international humanitarian law, human rights, workers' rights and international law and/or are involved in serious climate and environmental damage. We may also escalate cases linked to serious financial crime and corruption.

- **Lobbying:** companies that consciously and systematically work against the Paris Agreement and Global Biodiversity Framework

- **Unsustainable product and business activities:** Deforestation through unsustainable production of palm oil, soy, cattle, timber, cocoa, coffee, rubber and minerals. Activities such as deep-sea mining, marine or riverine tailings disposal, as well as operations in biodiversity sensitive areas. If a company is unwilling or unable to cease the breach or activity in question, or if escalation is not leading to the desired results, the company will be excluded.

Exclusion-based on breach of norms is recommended by the Risk and Ownership team and decided upon by the Sustainable Investment Committee.

The portfolio is continuously screened using data from various sustainability data vendors, which send us monthly "company alerts", including background information on controversies. The controversies are then analysed by our experts on the severity of the incident and whether it violates our standards by considering:

– seriousness of the violation

– company link to the violation

– extent of incident

– if it is an isolated event or an event that can be considered a systemic behaviour of the company in question

– management interference

– the company's ability to correct the problem and reduce the effects of the damage

– risk of reoccurrence

In cases where escalation of our engagement process does not lead to the necessary improvements, or the company is unwilling to come into dialogue, we may, as a last resort, present the case to the Sustainable Investment Committee, to make a final decision on excluding the company from the investment universe.

Each case presented to the Sustainable Investment Committee is anonymised, so that the decision can be made on as objective a basis as possible.

Escalation of engagement to observation and potential exclusion

We sometimes put companies on an **observation list** as a method of escalating the dialogue. According to our procedures, we expect companies under observation to show improvement within a pre-determined time, in order to be removed from this status. If the improvements are not achieved, the company can be excluded from our investable universe. Such cases typically involve companies that we consider close to being excluded based on norm-violations but where we see a possibility that the company will change practice in line with set expectations as part of dialogue. Companies on the observation list are continuously monitored for improvements and adherence to our standards.

Companies may only stay on the observation list for up to three years before being excluded from our investment universe or taken off the observation list. We set specific expectations of companies as to what actions are required to be taken to change their observation status. This specification for change is reviewed annually to ensure the company takes material action on issues. If the company does not take action to meet the specification, there may be cause for exclusion. While a company is on the observation list, we may not increase our investment in the company (the portfolio weight may not exceed 1.2 times what it was at the date when the company ended up on the observation list). There can be a maximum of five companies on the observation list at the same time. If we choose to exclude a company, there are formal routines for reporting to companies and internal formalities of compliance working with fund managers. Companies are informed of their exclusion and the reasons for our decision. Companies are also informed of the requirements for re-inclusion and are invited to contact us when they believe they have met our requirements.

Excluded companies are monitored continuously and evaluated on a quarterly basis for potential re-inclusion. When our data provider indicates improvements have been made, we assess whether those improvements are relevant to reconsider our grounds for exclusion and decide whether to reopen the case and engage with the company.

Prior to re-inclusion, the Risk and Ownership team assess whether the expectations set out in the original exclusion have been achieved and will then make a recommendation to the Sustainable Investment Committee. In the event that the improvements are not related to the grounds for exclusion (improvements with respect to governance and reporting, but no improvements regarding hazardous waste management and health and safety – which were the grounds for exclusion) then the company will not be considered for possible inclusion.

For example, **DXC Technologies** was reincluded into our investment universe during 2024. A subsidiary of DXC Technologies had been contracted to provide biometric program development services for the database of Israel's Population, Immigration, and Borders Authority (PIBA). The database in question includes information on both citizens and non-citizens within Israel and the occupied Palestinian territory (oPt), as described in Principle 7.

The database, and the ID system it powers, normalise the situation of citizens of Israel in illegal settlements and is the backbone of the regime of segregation implemented by Israel, which discriminates against Palestinians and hinders their movement.

However, DXC Technologies' subsidiary was acquired by an Israeli IT company in 2022. It is therefore no longer involved in the project and has been re-included to our investment universe.

Escalation Case Studies

Nippon Steel

For some time now, we have been in dialogue with the major Japanese steelmaker, Nippon Steel, as part of our focus on reducing the climate emissions intensity of the top emitters in our portfolios. This engagement continued during 2024, when in June we decided to escalate our engagement, through an ongoing collaboration with a larger investor group.

Following the collaborative engagement, we supported and voted in favour of three proposed climate-related shareholder resolutions at Nippon Steel's Annual General Meeting (AGM). The proposals were filed following engagement with the company by a group of institutional investors collectively representing US$ 4.988 trillion of assets under management. All three proposals were supported by Amundi, Nordea Asset Management and Storebrand Asset Management.

The resolutions asked for Nippon Steel to set and disclose short and medium-term greenhouse gas (GHG) emissions reduction targets aligned to the goals of the Paris Agreement for scope 1, 2 and 3 emissions, along with disclosure of planned capex for decarbonisation investments. The resolutions also asked for remuneration to be linked to the company's GHG emissions reduction targets and improved disclosure of climate-related lobbying activities.

The immediate outcome of these actions was that the resolutions received solid backing of between one third and one fifth of the shareholders at the annual meeting, including delivering the largest ever vote in support of a climate lobbying resolution in Japan. This visible support underlined to the management of Nippon Steel that there is a clear and growing demand by shareholders for the company to implement a more ambitious, cohesive and transparent climate strategy.

This new escalation step aligns with our broader escalation strategy of more vigorously exercising shareholder voting rights when it has the potential to help move engagements forward.

We reviewed the company's response to the demonstration of shareholder concern in late 2024 and will continue our engagement efforts in 2025.

The results of this voting escalation have been further discussed in Principle 12.

Bunge Global SA

Bunge Global SA, a leading global agribusiness company which is on Storebrand's observation list due to deforestation risk, announced in June 2024 that it had elected to accelerate its soy cut-off date for deforestation and conversion of natural vegetation from late 2025 to late 2024.

The company has now committed to not purchase any soy from newly deforested or converted land after 31 December 2024, a year earlier than previously anticipated.

The commitment followed a shareholder proposal from Storebrand Asset Management and five other investors, asking the company to address the risk that its 2025 cut-off date could inadvertently cause farmers to rush to clear forests for new fields before the deforestation ban enters into force. In exchange for a withdrawal of the proposal, Bunge committed to assessing and taking further steps to reduce deforestation risk in its indirect soy supply chains. In its subsequent statement on accelerating the cut-off date, Bunge said that the change had been made possible by its rapid progress towards full traceability to farm for both direct and indirect sourcing in priority regions.

Storebrand has been engaging with Bunge on this issue for several years and considers this move by the company to be a major step forward. We will continue our dialogue with the company and pay close attention to the implementation of the new commitment.

Pressuring Amazon.com on respecting workers' rights

Over several years, Storebrand has been engaging **Amazon** on various aspects of its management of human rights, given what we perceive as a gap between the company's stated commitments, and their implementation. These gaps can constitute a reputational and operational risk that may negatively impact Amazon's long-term performance. Our work on this issue continued in several areas during 2024.

Co-filed shareholder resolution - At Amazon.com's 2024 annual general meeting (AGM) we co-filed a shareholder resolution asking the company's Board to assess how it respects international human rights law regarding workers freedom of association (FOA) including the right to associate in organized labour unions. In the proposal we asked Amazon.com to launch an independent assessment of how it was implementing its own stated commitment to workers' freedom of association and collective bargaining rights, as detailed in the company's Global Human Rights Principles. This was a follow-up, a re-filing of a proposal previously sought in 2022 and 2023.

Unfortunately, the resolution fell short of success, as it received 31.8 per cent of the votes of shareholders (equating to 37 per cent of non-insider votes, as Amazon founder and executive chairman Jeff Bezos owns 10.8 percent of voting power among shareholders). It was also notable that this resolution received the most support of all the shareholder resolutions submitted at the AGM.

Supported joint investor letter on union rights: Furthermore, in June, Storebrand was part of a group of 50 investors and advisers that submitted a joint letter to Amazon, in defence of worker's collective bargaining rights in the UK.

In the letter, organised by CLA Investment Management, the group expressed concerns regarding reports of Amazon's conduct in the issue of trade union membership at its warehouse facility in Coventry, UK.
The investors stated that they believed Amazon may be taking actions inconsistent with its stated commitments to implementing globally recognised human rights principles.

The joint letter resulted in a response from Amazon.com, which the group of investors finds to be unsatisfactory, as the company's response continues to suggest that it views union membership as conflicting with its ability to engage directly with workers. The company's actions since the letter was sent also included publicly documented actions which arguably constituted interferences with workers' rights to freedom of association, as defined by International Labour Organisation (ILO) standards.

Consequently, we still consider the company's responses and actions to be unsatisfactory. Therefore, in H2 2024 we submitted a new proposal to the SEC for the 2025 AGM season regarding freedom of association and the right to collective bargaining.

Seeking Mondelēz action on CAHRA

In May 2024, we pre-announced our plans to vote in support of a shareholder proposal on conflict affected and high-risk areas (CAHRA) at the AGM of **Mondelēz International**. This work is part of our broader efforts to mitigate the risks of involvement in violations of human rights.

Filed by Wespath Benefits and Investments, the resolution, which focused on the company's response to the heightened risk of operating in Russia, asked Mondelēz to commission an independent analysis of how well it is implementing its human rights policy for operations in CAHRA, including Russia and Ukraine.

Our pre-declaration came alongside similar commitments from Norges Bank Investment Management, the New York City Comptroller, KLP, AP4 Group, Sjunde AP-fonden, and the Swedish AP7.

Unfortunately, while the resolution received significant shareholder support at 31.3 percent of the votes cast, this figure was insufficient to overcome the opposition led by company management, which secured a majority of the votes cast on the issue.

Alphabet

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, organised 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.

Principle 12

Signatories actively exercise their rights and responsibilities

Our approach to exercising our rights and responsibilities remains principally the same as 2023. The core text therefore remains from the 2023 report.

However, we have a new strategy for voting pre-declaration which is detailed below and all case studies have been updated for 2024 disclosure.

SAM regularly votes at annual general meetings as shareholders to ensure portfolio companies are aligned with our principles and stewardship efforts.

SAM's policy is to ensure that portfolio companies comply with the rules regarding ownership influence under the laws and regulations of the marketplace in question, and other commitments. Shareholders should receive information in good time before the general meeting, which provides the opportunity to take a position on the proposals to be presented at the general meeting. Our voting policy is adopted at SAM group level and is available on our website[42]. Under this policy, voting rights and other rights deriving from shareholdings shall be exercised solely in the common interest of the unit holders, with the aim of ensuring the best possible risk-adjusted return for the unit holders. Responsibility for voting is delegated to the responsible manager, or to the Risk & Ownership team, who determines how to exercise the voting rights appropriately and then reports back to the board of directors.

Voting rights are exercised either directly as part of management or using a system for exercising voting rights (proxy voting). The following topics are of particular importance when exercising our shareholder vote:

- Insufficient information before a general meeting.

- Absence of a majority of independent board members or independent management committees (remuneration, nomination, and audit committees).

- If the Company considers that the board of directors and/or board members do not meet the requirements for sufficient competence and knowledge.

- Existence of mechanisms for preventing takeovers (poison pills, etc.) that counteract shareholders' final decision-making power in these matters.

- Unnecessary or indefensible changes in capital structure. SAM supports the principle of one share = one vote.

[42] Engagement and Voting Policy.pdf (storebrand.com)

• Existence of remuneration structures for senior executives leading to conflicts of interest between management and shareholders.

• Unsatisfactory stewardship of climate, environment, fair labour practices, non-discrimination, and the protection of human rights.

All votes and voting rationales activities are published online on our website.

We use **ISS Proxy Voting Services** for voting, and we receive notifications in case of any problems with casting and counting of votes. In addition, we regularly monitor ESG-relevant votes cast, through checking votes on high-profile companies, all votes on environmental and social shareholder resolutions, as well as extracting quarterly voting statistics. For example, we manually go through voting records to select "most significant votes" on ESG issues, and in that process, we check that votes have been approved and properly registered. Any errors are raised with ISS to identify causes and avoid repetition. We prioritise voting at AGMs where we believe we can make a difference with regards to ESG. We vote on all meetings with resolutions related to ESG, shareholder resolutions or companies where we have a significant shareholding, and companies where we have on-going engagements. We prioritise in this manner, in order to ensure that our voting decisions are well-grounded and based on qualitative review.

Our voting policy is anchored with the Board of Directors in Storebrand ASA and adopted by the Board of Directors in Storebrand Asset Management AS. The CEO of SAM, or the appointed representative, is responsible for ownership matters, including voting.

SAM has engaged **ISS Governance** as an independent proxy voting service provider and proxy advisory firm. The proxy provider handles invitations to, and registration for, general meetings for our funds and produces comprehensive information about the individual portfolio companies. The proxy provider presents the agendas of the meetings with research on all resolutions and recommendations on how fund managers should vote. Voting conduct is nevertheless governed by SAM's common voting policy and is always based on what is in the interest of the funds and of the unit holders. In the absence of a policy for a specific vote, the recommendations of the proxy provider's Sustainability Proxy Voting Guidelines are usually followed. The fund manager reviews the partnership with proxy provider and evaluates the quality and efficiency of the services provided. All SAM's funds have a depositary that is subject to supervision and which, in addition to the proxy provider, provides information relating to the general meetings of the portfolio companies in the Company's funds.

In 2024 we voted in accordance with recommendations of the ISS Sustainability Policy in 99.8% of cases.

All voting activities and rationales are published on the **Proxy Voting Dashboard**[43] on the Storebrand website.

SAM has systems in place to identify, manage and document any conflicts of interest that may arise in the exercising of voting rights. Our procedure for handling conflicts of interest is set out in the Company's Guidelines for identifying and handling conflicts of interest, as detailed in Principle 8. SAM has identified that persons who participate in the management, or who are responsible for representing the Company's funds during voting, could potentially make decisions designed to benefit the value of private investments or exploit the voting rights for similar purpose. The conflict of interest is managed through the stipulation in the funds' investment guidelines that the funds may hold a maximum of 10% of an issuer's outstanding financial instruments. This minimises the risk of the funds having a considerable influence over the issuer.

Fund managers may participate in the work of the nominations committee where this is possible and in line with the investment strategy of the funds. SAM will normally take a position on board nominations at those companies where the funds under management have large shareholdings.

SAM has entered into an agreement with a Securities Lending Agent that governs the terms of securities lending for selected Company funds. The agreement stipulates how securities lending is to be made and to what extent. SAM allows securities lending for the funds' shares but will normally recall the shares before general meetings to be able to vote with at least 50% percent of our shares at the general meeting. If securities lending is deemed more beneficial for unit holders, or does not have any material impact on shareholder engagement, then after an individual assessment, recall before general meetings might not occur. Securities lending must not result in any material negative impact on the sustainability focus of SAM's funds.

The Risk & Ownership team, in collaboration with CIOs and PMs, will report on activities and progress related to the SAM Engagement and Voting policy[44] to the management of Storebrand Asset Management and Boards of Directors as required on a regular basis. Externally, SAM will report annually on the application of the principles for shareholder engagement, including disclosing voting, the most important votes and the use of advisory deputies. This report is published on our website, including via the **Proxy Voting Dashboard**[45] and the work conducted by the external service provider in its capacity as proxy adviser. The report covers all shares that form part of a fund managed by SAM, i.e. including shares which are not listed for trading on a regulated market and shares that are listed for trading on a market outside the EEA. If a report cannot be provided for

[43] VDS Dashboard (issgovernance.com)
[44] Engagement and Voting Policy.pdf (storebrand.com)
[45] VDS Dashboard (issgovernance.com)

the latter category of shares, an explanation shall instead be provided in the report.

Fixed Income Rights

We maintain close dialogue with issuers, leveraging our stewardship role when relevant and we have a realistic possibility to influence and potentially amend terms and conditions in alignment with sustainability objectives.

We are in dialogue with issuers from time to time in advance of issuance to give advice and recommendations regarding what we would like to see. When the company in question comes to the market, the way this is incorporated will influence our investment decision. This will obviously be a concern for new investments and refinancing.

We maintain the capacity to seek access to information provided in trust deeds, although we have not done so yet. We are ready to leverage this access when relevant to our stewardship responsibilities, enhancing our ability to integrate sustainability considerations into investment decisions. This remains the case for 2024.

We review prospectuses and transaction documents when deemed relevant to ensure alignment with our stewardship objectives.

Insight: Reflections on our voting in 2024

Vemund Olsen, Senior Sustainability Analyst

Change to voting procedure

In Q1 2024, we changed our procedures, and will now pre-disclose our voting decisions, five days in advance of shareholder annual general meetings (AGMs). We have begun this new procedure as part of our commitment to transparency towards clients, for its signalling effect towards companies, and to maximize the potential influence of our decisions on other shareholders. There is some evidence of the potential value of pre-disclosure in rallying votes for change. One of these is in a recent research study[46] published by the European Corporate Governance Institute that analysed voting by Norges Bank Investment Management (NBIM), which runs the Norwegian sovereign wealth fund and is the world's largest single shareholder. The study found that NBIM's pre-disclosures of its votes led to an average increase of 2.7 per cent in shareholder votes "against" management recommendations. To see all our voting choices, including advance notification of decisions for all upcoming meetings over the upcoming five-day period, please visit our proxy voting dashboard.

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[46] Leading by Example: Can One Universal Shareholder's Voting Pre-Disclosure Influence Voting Outcomes? by Rüdiger Fahlenbrach, Nicolas Rudolf, Alexis Wegerich :: SSRN

Voting Summary 2024

In 2024, we voted at 2072 company meetings, which amounts to 41.5 % of 4988 votable meetings. The meetings that we voted at correspond to 92 per cent of our total equity investments, up from 90 per cent in 2023.

We have prioritised voting where we consider it to have the highest possible impact, including meetings in companies that represent:

- Our largest holdings
- The Norwegian and Swedish markets
- Companies engaged by any active ownership initiatives that we are part of
- Meetings with environmental or social proposals on the agenda
- Oil and gas companies

We voted at meetings held in a total of 53 countries. We voted most frequently in the US; at 536 meetings, followed by Japan, at 192 meetings.

As an escalation measure in cases where regular dialogue does not achieve the desired results, Storebrand may file shareholder resolutions at company meetings, usually in collaboration with other shareholders. At AGMs in 2024, we co-filed resolutions on Alphabet Inc., Amazon.com and Meta. We also co-filed a proposal for the annual meeting of Bunge Global, but withdrew the proposal after achieving a satisfactory compromise with company management.

89.5 per cent of our voting in 2023 was in line with company management, while we voted against management's recommendations in 10.5 per cent of cases. Among other things, we voted against the re-election of board members in companies with poor corporate governance, lack of diversity on the board or where we considered the board to fail to manage ESG-related risks.It is generally very difficult to achieve a voting majority against management's recommendation, and in 2024 this occurred in only 66 cases. However, even if majority is not achieved, a significant minority vote against management's recommendations can still lead to positive change in company practice over time, as it gives a clear signal of shareholder concerns.

Votes on environmental and social proposals

We voted on 522 proposals in 2024 falling in the environmental and/or social categories. A total of 90 proposals were climate-related, where we voted against management in 57 cases (37%), showing our commitment to promote decarbonisation aligned with the targets of the Paris Agreement.

23 proposals were related to nature and biodiversity, including deforestation, deep sea mining, recycling and reporting on nature risk. We voted against management in 22 instances.

We voted on 272 social-related proposals, with 100 pertaining to human rights, labor practices, discrimination, and digital rights and safety. We opposed management in 78 of these 100 votes."

Voting Escalation Case Studies

Nippon Steel

Engaging with the biggest emitters in our portfolio is one of our priority engagement themes for the 2024-26 period. This effort is a key part of our work towards meeting our commitment to reduce the climate emissions intensity of our portfolios in the short and medium term, on the way to our goal of having net-zero aligned portfolios by 2025.

During 2024, we have been taking a more vigorous approach using shareholder proposals as a tool for, where deemed necessary, escalating engagements with companies on climate-related issues.

This year, following a multiyear engagement with Nippon Steel of Japan, with a focus on reducing climate emissions intensity, we escalated our engagement by supporting three proposed climate-related shareholder resolutions at Nippon Steel's Annual General Meeting (AGM).

Escalation through shareholder resolutions - For some time now, we had been in dialogue with the major Japanese steelmaker, Nippon Steel, as part of our focus on reducing the climate emissions intensity of the top emitters in our portfolios. This engagement continued during the second quarter of 2024 when we decided to escalate our engagement, through an ongoing collaboration with a larger investor group.

Following the collaborative engagement, we supported and voted in favour of three proposed climate-related shareholder resolutions at Nippon Steel's Annual General Meeting (AGM). The proposals were filed following engagement with the company by a group of institutional investors collectively representing US$ 4.98 trillion of assets under management. All three proposals were supported by Amundi, Nordea Asset Management and Storebrand AM.

Results at Nippon Steel AGM

The three resolutions were:

- 27.98% of shareholders voted in support of a proposal filed by Legal & General Investment Management (LGIM) and the Australasian Centre for Corporate Responsibility (ACCR), asking for improved disclosure of climate-related lobbying activities.
- 23.01% of shareholders voted in support of a proposal filed by Corporate Action Japan (CAJ) and ACCR asking for remuneration to be linked to the company's GHG emissions reduction targets.
- 21.48% voted in support of a proposal filed by CAJ and ACCR asking NSC to set and disclose short and medium-term greenhouse gas (GHG) emissions reduction targets aligned to the goals of the Paris Agreement for scope 1, 2 and 3 emissions, along with disclosure of planned capex for decarbonisation investments.

The resolutions received backing of between a third and a fifth of the shareholders, including delivering the largest ever vote in support of a climate lobbying resolution in Japan.

The voting results underlined to the management of Nippon Steel the shareholders' clear and growing desire for the company to implement a more ambitious, cohesive and transparent climate strategy. We are reviewing the company's response to the demonstration of shareholder concern and will decide how to continue our engagement efforts with them on the issues that we have tabled.

Meta

Human rights is one of Storebrand AM's prioritised engagement themes. With violent conflicts on the rise worldwide, digital platforms have been one of the arenas in which hate speech and incitements to violence have been on the rise. As a result, we have been engaging companies in our portfolios to ensure that they have in place, and are implementing, policies to address the risks that their products and services could be contributing to or enabling such harms.

During the second quarter of 2024, at the Meta AGM, shareholders voted on a human rights resolution that we had co-filed in December 2023. AkademikerPension was the main filer of the resolution, with Storebrand and Amundi as co-filers.

Unfortunately, the resolution did not receive a majority of the votes, given that it was formally opposed by company management and that Meta Co-Founder, Chaiman and CEO Mark Zuckerberg controls a significant portion of the voting rights at the company, due to its dual class share structure.

Seeking transparency on human rights harms of Meta's services - The resolution requested that Meta Platforms Inc. ("Meta") should issue a report to its shareholders regarding the effectiveness of measures it is taking to prevent and mitigate human rights risks in its five largest non-US markets (based on number of users) enabled by its Instagram and Facebook platforms, came up for voting during the company's AGM.

By providing the report, Meta can address the persistent human rights risks which can and have had a negative impact on brand value and, indirectly, on its advertising revenue, as well as on diversified investment portfolios as viewed through a universal ownership lens.

The issues that we are seeking a report on, include topics such as proliferation of hate speech, disinformation, and incitement to violence. The dissemination of hatred that incites discrimination, hostility or violence, are actions that violate international human rights standards. Where content moderation systems have failed to effectively detect divisive content in non-English languages, there has been an associated increase in hate speech, disinformation, and incitement to violence.

Meta's stakeholders and the public have repeatedly raised significant concerns regarding what appears to be an obvious lack of proportionate investment in content moderation resources and expertise in Meta's global majority markets.

Proponents suggest that the report include data on the number of content moderators fluent in local languages in Instagram and

Facebook's five largest non-US markets based on number of users and an assessment by external, independent, and qualified experts of the effectiveness of Meta's measures taken to meaningfully manage hateful content, disinformation, and incitement to violence on those platforms.

Engagement to continue - Although the shareholder resolution did not surmount the voting hurdle at the Meta AGM, it contributed to affirming the significant level concerns held by a significant block of shareholders. We believe the shareholder resolution will therefore serve a meaningful milestone point to build on, as we continue our ongoing engagement with Meta on these critical issues.

Voting Statistics 2024

Market Breakdown 2024 – Top Ten Countries Voted In

Market	Voted	Votable	%
USA	536	718	74.7
Japan	192	339	56.6
China	165	981	16.8
Sweden	103	410	25.1
Norway	96	142	67.6
India	81	368	22.0
UK	80	118	67.8
Canada	68	100	68.0
Brazil	58	145	40.0
South Korea	57	188	30.3

Issues Summary 2024

Issue	Proposals	% with management	% with ISS sustainability policy	ESG Flag
Audit Related	1567	99	100	G
Capitalisation	1874	88	100	G
Company Articles	511	89	100	G
Compensation	3489	83	100	G
Corporate Governance	50	24	100	G
Director Election	12265	90	100	G
Director Related	3137	90	98	G
E&S Blended	132	73	99	ES
Environmental	118	36	97	ES
Misc	223	91	99	G

Non-Routine Business	274	91	100	G
Routine Business	3256	97	99	G
Social	272	42	99	S
Strategic Transactions	195	79	100	G
Takeover Related	148	95	100	G

Environmental and Social Votes Breakdown 2024

Proposal Category		Number of proposals	% with management
Environmental	Management Climate Related Proposal	5	80%
	Reporting on Climate Transition Plan	12	67%
	Phase Out Nuclear Facilities	3	100%
	Report on Environmental Policies	1	0%
	Community - Environment Impact	13	15%
	Report on Climate Change	12	0%
	GHG Emissions	17	0%
	Climate Change Action	1	100%
	Restrict Spending on Climate Change Related Analysis or Actions	14	100%
	Proposals Requesting Non-Binding Advisory Vote on Climate Action	9	0%
	Recycling	10	0%
	Misc Proposal	5	100%
	Disclosure of Fossil Fuel Financing	8	0%
	Restriction of Fossil Fuel Financing	8	75%
E&S Blended	Accept/Approve Corporate Social Responsibility Report	53	100%

	Establish Environmental/Social Issue Board Committee	5	60%
	Require Environmental/Social Issue Qualifications for Director Nominees	4	0%
	Link Executive Pay to Social Criteria	3	0%
	Product Toxicity and Safety	7	14%
	Sustainability Activities and Action	1	0%
	Miscellaneous -- Environmental & Social Counterproposal	30	100%
	Miscellaneous Proposal -- Environmental & Social	14	64%
	Climate Change Lobbying	11	0%
	Report on 'Just Transition'	4	0%
Social	Approve Charitable Donations	16	75%
	Approve Political Donations	56	100%
	Black Economic Empowerment (BEE)Transactions (South Africa)	3	100%
	Board Diversity	1	0%
	Human Rights Risk Assessment	13	15%
	Improve Human Rights Standards or Policies	13	8%
	Operations in High Risk Countries	14	57%
	Data Security, Privacy, and Internet Issues	2	0%

	Racial Equity and/or Civil Rights Audit	3	0%
	Miscellaneous Proposal	24	21%
	Political Spending Congruency	8	13%
	Report on Pay Disparity	2	100%
	Prepare Tobacco-Related Report	2	100%
	Avoid Support of Abortion-Related Activities	2	100%
	Facility Safety	4	0%
	Weapons - Related	1	0%
	Review Drug Pricing or Distribution	2	0%
	Reduce Tobacco Harm to Health	1	0%
	Prepare Report on Health Care Reform	7	14%
	Charitable Contributions	8	100%
	Political Contributions Disclosure	19	11%
	Political Lobbying Disclosure	19	0%
	Political Activities and Action	2	50%
	Report on EEO	13	0%
	Labour Issues - Discrimination and Miscellaneous	8	0%
	Gender Pay Gap	15	7%
	Income Inequality	1	100%

	Workplace Sexual Harassment	1	0%
	Animal Welfare	12	42%
Total		522	

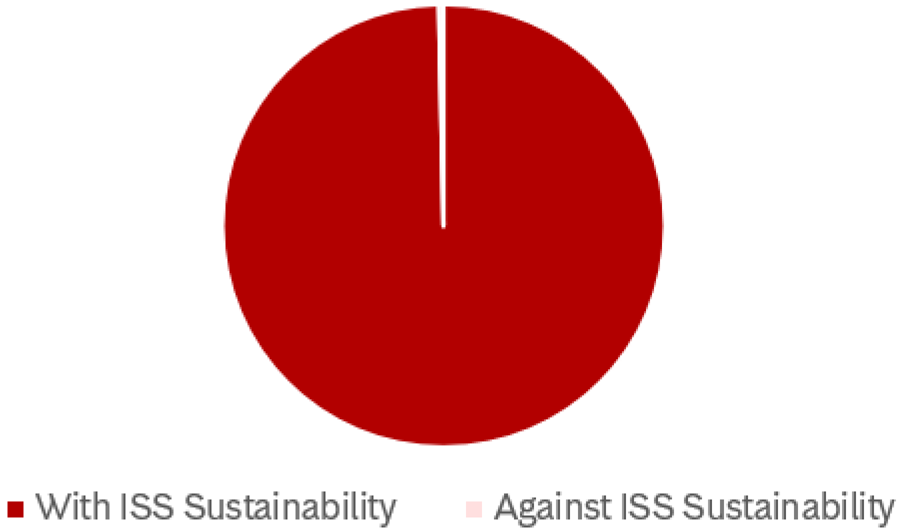
Climate Votes Breakdown 2024

Climate-related votes 2024	Proponent	No. of proposals voted	Number voted with management	% voted with mgmt
Management Climate-Related Proposal	Management	5	4	80%
Reporting on Climate Transition Plan	Management	12	8	67%
Report on Climate Change	Shareholder	12	0	0%
GHG Emissions	Shareholder	17	0	0%
Climate Change Action	Shareholder	1	1	100%
Restrict Spending on Climate Change-Related Analysis or Actions	Shareholder	14	14	100%
Proposals Requesting Non-Binding Advisory Vote On Climate Action Plan	Shareholder	9	0	0%
Disclosure of Fossil Fuel Financing	Shareholder	8	0	0%
Restriction of Fossil Fuel Financing	Shareholder	8	6	75%
Climate Change Lobbying	Shareholder	11	0	0%
Report on "Just Transition"	Shareholder	4	0	0%
Total climate-related votes		**101**	**33**	

How we voted

Alignment relative to management recommendations

Alignment relative to recommendations of ISS Sustainability Policy



Exclusion Statistics 2024

Companies Excluded Under the Storebrand Exclusion Policy, 31/12/2024

	Category	Total Excluded
Conduct-based Exclusion	Environment	23
	Corruption and Financial Crime	9
	Human Rights and International Law	65
Product-based Exclusion	Tobacco	28
	Cannabis	0
	Controversial Weapons	41
Climate Policy	Coal	125
	Oil Sands	14
	Lobbying	4
Nature Policy	Arctic Drilling	0
	Marine/Riverine Tailings Disposal	4
	Deep-Sea Mining	1
Deforestation Policy	Deforestation	14
	State Controlled Companies	23
	Total	333*
	Observation List	2

**Some companies are excluded on the basis of several criteria. Storebrand also does not invest in companies that have been excluded by Norges Bank from the Government Pension Funds – Global. We have also excluded 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.*

All Excluded Companies, Including Additional Screening Criteria

	Category	Total Excluded
Conduct-based Exclusion	Environment	23
	Corruption and Financial Crime	9
	Human Rights and International Law	65
Product-based Exclusion	Tobacco	28
	Cannabis	0
	Controversial Weapons	41
Climate Policy	Coal	125
	Oil Sands	14
	Lobbying	4
Nature Policy	Arctic Drilling	0
	Marine/Riverine Tailings Disposal	4
	Deep-Sea Mining	1
Deforestation Policy	Deforestation	14
	State Controlled Companies	23
Extra Criteria	Alcohol	80
	Adult Entertainment	0
	Weapons	66
	Gambling	38
	Fossil Free	495
	Total	667*
	Observation List	2

**Some companies are excluded on the basis of several criteria. Storebrand also does not invest in companies that have been excluded by Norges Bank from the Government Pension Funds – Global. We have also excluded 25 countries that are systematically corrupt, systematically suppress basic social and political rights, or that are subject to EU sanctions and UN Security Council Sanctions.*

Appendix – list of initiatives and credentials

International

- Access To Medicine
- Access To Nutrition Index
- Big Tech and Human Rights Investor Collaboration
- Ceres - Investor Water Hub
- Climate Action 100+
- Don't Bank on the Bomb
- Dow Jones Sustainability Index
- EFAMA - Code of external governance
- Equileap
- FAIIR Initiative
- Finance for Biodiversity Pledge
- Finance Sector Commitment on Eliminating Commodity-Driven Deforestation
- FTSE4Good
- GISD - Global Investors for Sustainable Development
- Glasgow Financial Alliance for Net Zero
- Green Bond Principles (GBP)
- Global Reporting Initiative (GRI)
- Institutional Investors Group on Climate Change (IIGCC)
- International Campaign to Abolish Nuclear Weapons (ICAN)
- Investor Alliance for Human Rights
- Investor Policy Dialogue on Deforestation (IPDD)
- Investor Statement for a Just Transition
- Know-the-chain
- Montreal Carbon Pledge
- Nature Action 100
- Net Zero Asset Managers Initiative (NZAMI)
- Net-Zero Asset Owner Alliance (NZAOA)
- Net Zero Engagement Initiative (NZEI)
- Platform for Living Wages Financials (PLWF)
- Portfolio Decarbonization Coalition (PDC)
- Sustainable Blue Economy Finance Initiative
- Science Based Targets initiative (SBTi)
- Spring
- Sustainable Brand Leaders
- Task Force on Nature-related Financial Disclosures Forum (TNFD)
- TIME Magazine 'World's most sustainable companies 2024'
- Tobacco Free Finance Pledge
- Transparency International
- UNEP Finance Initiative
- United Nations Global Compact
- UN Principles for Responsible Investment (UNPRI)
- Women's Empowerment Principles (WEP)
- WorldWide Fund for Nature (WWF)

Regional

- Finans Norge - Climate risk working group and lead, expert committee on sustainable finance
- Fondbolagens förening (Ägargruppen eller Driver hållbarhetsprojekt)
- Fossilfritt Sverige
- Hållbart värdeskapande
- KAN - Koalisjonen for ansvarlig næringsliv
- NORSIF
- Norwegian Fund and Asset Management Association on corporate governance (NUES)
- Pensions for Purpose
- SHE Index
- Skift
- SLUG - Debt Justice Network Norway
- Svensk Försäkrings hållbarhetsgrupp
- Swedish Investors for Sustainable Development (SISD)
- Swedish Leadership for Sustainable development (SIDA)
- SWESIF
- UKSIF
- UK Stewardship Code

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UK Stewardship Code Submission 2023

- SAM_UKStewardshipCode_2023Submission.pdf

Sustainable Investment Policy and Thematic Policies

- Sustainable Investment Policy
- Climate Policy for Investments
- Engagement and Voting Policy
- Policy on Nature
- Deforestation Policy
- Exclusion Policy
- Human Rights Policy

Quarterly Sustainable Investment Reviews 2024

- Sustainable Investment Review Q1 2024
- Sustainable Investment Review Q2 2024
- Sustainable Investment Review Q3 2024
- Sustainable Investment Review Q4 2024

Other Sustainability Reports Published in 2024

- Annual Sustainable Investment Review (2023)
- Climate and Nature Report 2024

Business Policies and Guidelines

- SAM Remuneration Guidelines
- Ethics and Code of Conduct
- Human Rights Policy and Responsible Business Conduct
- Storebrand ASA Annual Report 2024
- Diversity and Equal Opportunities
- Storebrand's Science Based Targets
- Storebrand PAI Statement

Climate Data Whitepapers published in 2024

- Scope 3 Emissions in the UK Reporting Landscape
- Double Whammy: Decarbonisation and de-risking in developing economies
- Gridlock: The case for electricity grid investments in a 'Paris Aligned' portfolio

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