

Carbon Footprinting of Investments

Q2 2020



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This report discloses the carbon intensity of the Storebrand Group's equity and fixed income investments in mutual funds.

Commitment to the Montréal Pledge and PDC

Storebrand joined two international initiatives in 2015 with a focus on reporting on and lowering the carbon footprint, or carbon intensity, of our equity investments; the Montréal Pledge (<http://montrealpledge.org/>) and the Portfolio Decarbonisation Coalition (PDC, <http://uneepfi.org/pdc/>). The climate issue is one of the most important strategic issues facing the world today, and has a direct impact on both investments and any company's future success. Therefore, it is in the interest of both institutional and individual investors that climate impacts are measured and managed. Calculation of the Carbon intensity of investment products is one of several methods used to understand climate impact. This is why we have chosen to support both the Montreal Pledge which drives reporting of the carbon intensity, as well as the Portfolio Decarbonisation Coalition which entails a commitment to lower the footprint.

This report covers Storebrand's holdings in mutual funds. There are many factors

that influence funds' carbon footprint. Funds sector weighting and its share of investment in individual companies with high or low Carbon Intensity are some of the most important aspects.

Carbon Footprinting – What does it mean?

A low carbon footprint means that the portfolio has a low exposure to carbon-intensive companies. Carbon Intensity is a measurement of the carbon dioxide and other greenhouse gases released annually by a company at a given time, in relation to the revenue of the company. In other words, it shows how carbon efficient the company is. A fund's Carbon Intensity is a weighted average of Carbon Intensities of companies which constitute the fund. Unlike the ownership approach which was used in the period of 2015-2018, the weighted average method gives an opportunity to evaluate not only equity positions, but also bonds. Along with mutual funds, Storebrand also calculates the Carbon Intensity of their benchmark indexes. It is important to note that Carbon Intensity is a point in time measurement which is constantly

changing and does not fully represent fund's carbon risk. Management quality, carbon emission trends, fossil fuel reserves and clean technology solutions of the relevant companies are the factors which should be taken into consideration for a better understanding of the risk involved. These factors are not reflected in the carbon intensity metric.

As of today, there is no global standard on how to calculate Carbon Intensity, though the TCFD framework has gained significant momentum globally. Since both methods and data are continuously adjusted and refined, the Storebrand Group is following the developments and adjusting reporting guidelines accordingly. Data is not always available for individual companies, and there are still quality issues with the data and the methods of calculation. Therefore, the carbon intensity results should be seen as indicative, and they should be used together with a broader forward-looking sustainability analysis.

Method of Calculation

The Storebrand Group applies the Weighted Average Carbon Intensity as recommended by the TCFD¹⁾. This formula describes a portfolio's exposure to carbon-intensive companies, expressed in tons CO₂ equivalents relative to Fund Currency M Sales Revenue.

$$\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{current portfolio value}} * \frac{\text{issuer's Scope 1 and Scope 2 GHG emissions}_i}{\text{issuer's Fund Currency M Sales Revenue}_i} \right)$$

Storebrand reports on carbon dioxide equivalents, which is a measurement that includes carbon dioxide and equivalent greenhouse gases. The reporting includes Scope 1 and Scope 2 emissions as defined by the Green House Gas Protocol (www.ghgprotocol.org), meaning company's direct emissions from owned or controlled sources and indirect emissions from purchased energy.

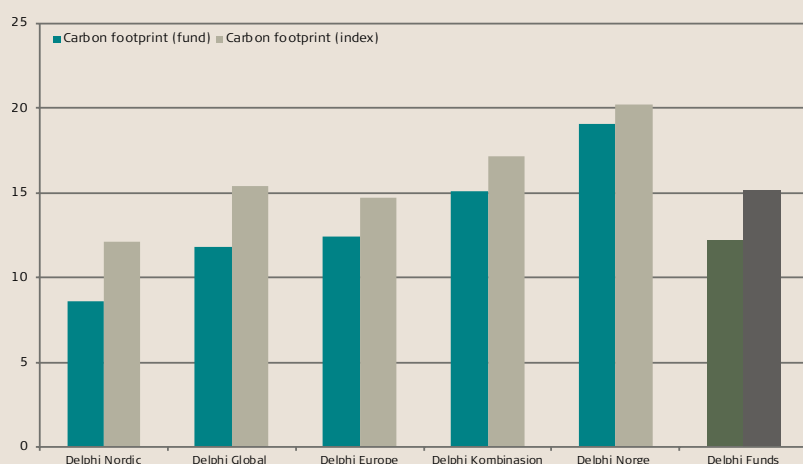
Storebrand acquires carbon data of individual companies from data provider Trucost. For more information please see <https://www.trucost.com/publication/carbon-energy-transition-metrics/>.

If acquired carbon information covers less than 75% of the market share of holdings in Storebrand mutual fund or portfolio, the coverage is considered as insufficient and the carbon of the fund or portfolio will not be reported.

Results Q2 2020

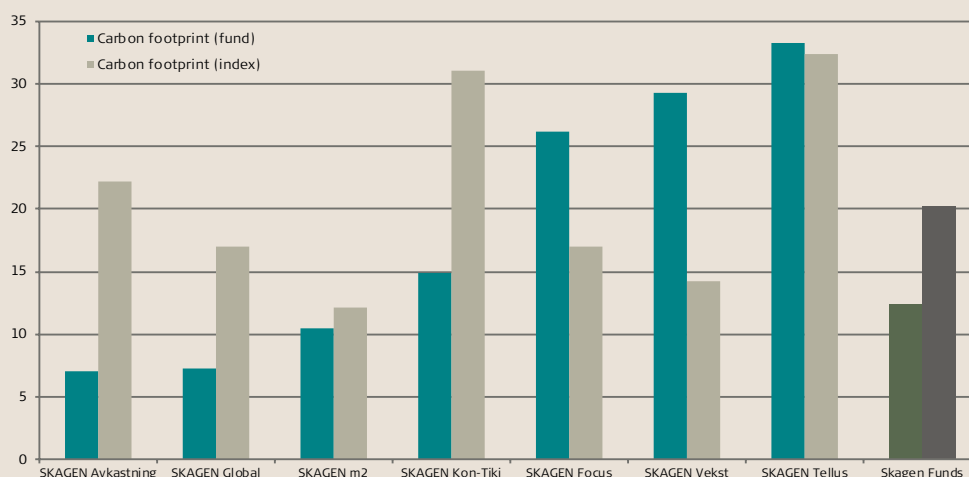
Results for the Storebrand Group's funds for Q2 2020 are presented in Figure 1 - 4.

Figure 1 – Delphi Funds



Carbon Intensity in Delphi funds listed in NOK as compared to relevant index (t CO₂e / 1 million NOK Sales Revenue)

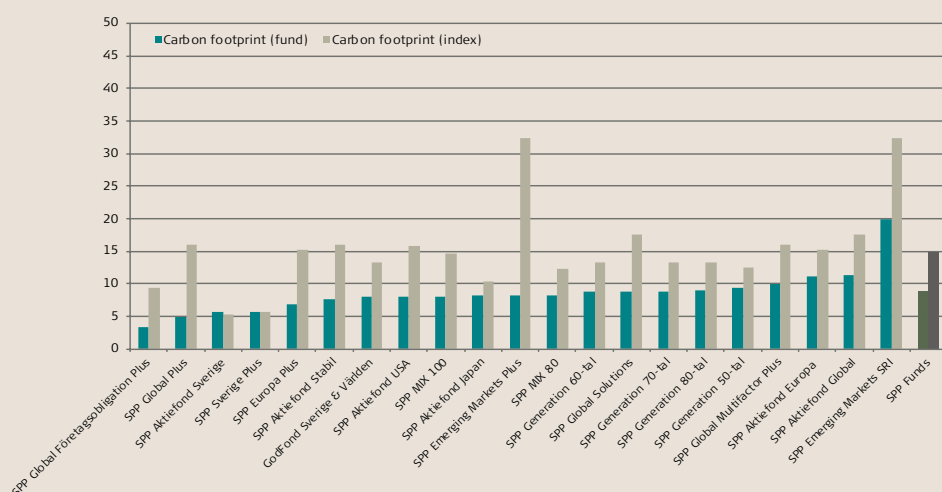
Figure 2 – SKAGEN Funds



Carbon Intensity in SKAGEN funds listed in NOK as compared to relevant index (t CO₂e / 1 million NOK Sales Revenue)

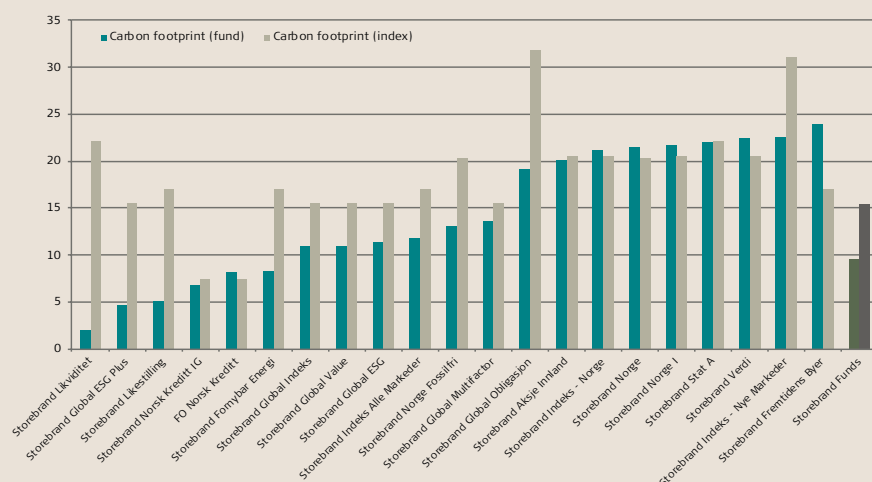
¹⁾ See Table 2, page 43: <https://www.fsb-tcfd.org/wp-content/uploads/2017/12/FINAL-TCFD-Annex-Amended-121517.pdf> (Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017)

Figure 3 – SPP Funds



Carbon Intensity in SPP funds listed in SEK as compared to relevant index (t CO2e / 1 million SEK Sales Revenue)

Figure 4 – Storebrand Funds



Carbon Intensity in Storebrand funds listed in NOK as compared to relevant index (t CO2e / 1 million NOK Sales Revenue)

Disclaimer

Carbon footprinting is just one of many metrics that need to be considered to get an overview of a fund's total climate-related risks. The carbon footprint is a snapshot of what the emissions from the companies in the fund's holdings look like. The calculations are not comprehensive and indirect emissions are not included. The metric does not measure how the portfolio contributes to a low-carbon society. More information on Storebrand's investment practices and funds can be found on delphi.no, skagenfondene.no, sppfonder.se and storebrandfunds.com. Historic revenue is not a guarantee for future revenues. Investments in mutual funds can both increase and decrease in value and it is not guaranteed that you will receive the entire original investment.