

A photograph of the Aurora Borealis (Northern Lights) in a snowy landscape. The aurora is a vibrant green, flowing across the dark, starry night sky. The ground is covered in snow, with a few bare trees in the foreground and middle ground. The overall scene is serene and natural.

# Green Bond

Allocation Report 2021

## Green Bond Key Figures

**€300m**

Raised through Storebrand's inaugural green bond issuance in March 2021

**Tier 2**

under Solvency II. Subordinated bond qualified as regulatory capital

**80+**

Investors

**BBB**

Standards and Poor rating

**4**

Green projects financed in the first round of allocations within 3 different categories; Properties, Renewable energy and Infrastructure

**€237.4m**

Allocated, giving a project refinancing rate of 79%. Remaining €62.5m will be allocated to eligible green projects

### Financial information

ISIN	Issue Date	Maturity Date	Principal	Amount (EUR)
XS2325328313	31. Mar. 2021	September 2051	300m EUR	300 000 000

### Sustainability at Storebrand

Sustainable development is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable development is often exemplified through the UN Sustainable Development Goals (SDGs). In recent years, it has become ever more evident that the financial sector has a key role to play in achieving the SDGs. Our pensions, savings and investments are powerful tools to address key challenges needed to realize the SDGs. As a significant asset owner, insurer and asset manager, we also see great economic opportunities in the alignment of investment portfolios to a sustainable agenda.

Companies with sustainability at the core of their business strategy are typically financially robust and well positioned to weather global climate and sustainability risks, and to benefit from opportunities. A growing body of evidence indicates that companies with a comprehensive strategy in line with the SDGs and Paris Agreement will create better long-term returns and may be better positioned to succeed in future markets. We focus on delivering products and services that create good financial returns and are also aligned with the objectives of the UN Sustainable Development Goals (SDGs).

Climate Action is an important SDG for Storebrand, both from a risk and an opportunity standpoint. Storebrand is committed to emphasize emissions reduction in the real economy and report on progress. This includes establishing intermediate targets every five years in line with Article 4.9 of the Paris Agreement. According to the Intergovernmental Panel on Climate Change ("IPCC"), limiting global warming to 1.5°C necessitates a fall in global GHG emissions by about 45 percent from 2010 levels by 2030, reaching 'net zero' by 2050. Any remaining emissions in 2050 would need to be balanced by removing CO<sub>2</sub> from the atmosphere.

## Climate Strategy and Targets

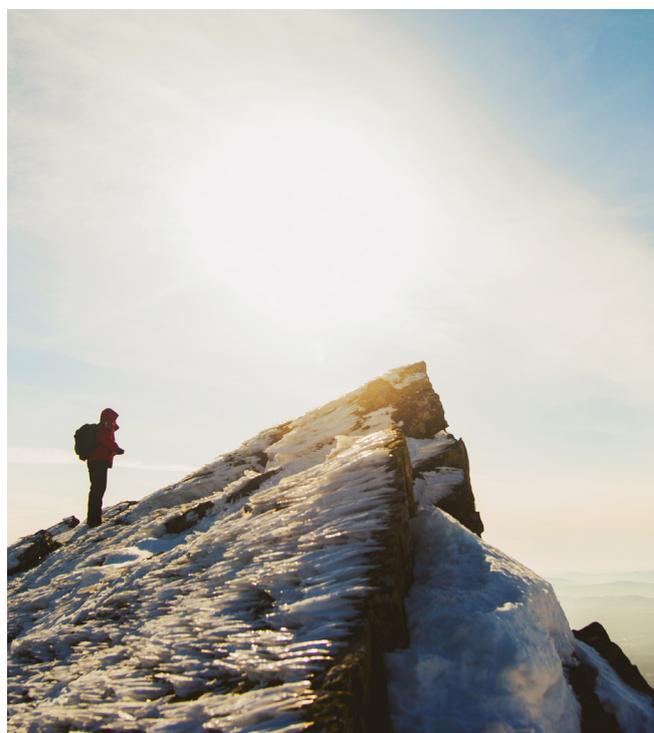
In 2020, Storebrand launched a new climate policy for investments which complements the Storebrand Group's Sustainable Investment Policy. The policy is divided into four main areas:

- Make investment decisions in line with scientific consensus by utilizing climate scenarios grounded in the Intergovernmental Panel on Climate Change (IPCC) climate models and relying on scenarios consistent with limiting global warming to 1.5C with no or limited overshoot.
- Reorient capital flows towards low-carbon, climate-resilient and transition companies by applying the definitions in the EU taxonomy to define activities and setting clear metrics to measure, monitor and disclose climate-related risks and capture the right investment opportunities.
- Avoid investments that contribute heavily to climate change. Based on a robust review of environmental impacts, exceptions from divestments may be made in cases where companies can demonstrate a clear and rapid transition pathway. Storebrand will no longer invest in companies that:
  - derive more than 5% of their revenues from coal
  - derive more than 5% of their revenue from oil sands-based activities
  - are involved in severe and/or systematic unsustainable production of palm oil soy cattle and timber. This can reduce the deforestation risk in portfolios, in line with our deforestation policy
  - deliberately and systematically work and lobby against the goals and targets enshrined in the Paris Agreement
- Use ownership position to stimulate ambitious climate practices at portfolio companies by engaging with and supporting companies with ambitious climate strategies. Furthermore, by engaging in initiatives such as PRI and Climate Action 100+.

**Emission targets for equity, corporate bonds, and real estate investments:** In line with the IPCC's 1.5°C scenarios and commitments communicated through Storebrand's climate strategy and the Net Zero Asset Owner Alliance (NZAOA), we aim to reduce the carbon footprint in the Storebrand Group's total equities, corporate bond, and direct real estate investments by at least 32 per cent by 2025 with the base year in 2018.

**Reorient capital towards solution companies:** Storebrand's target is that 15% of our total investments will be invested in what we define as solutions by 2025. It includes equity investments in solution companies, green bonds, certified green property, and investments in green infrastructure.

**Reducing emissions from our own operations:** For our own operations, we aim to reduce greenhouse gas emissions by 7.6 per cent per annum with 2019 as a baseline year, in line with the 1.5-degree target and the findings of the UN Emissions Gap Report 2019. Storebrand has been carbon neutral in our own operations since 2008 through the purchase of carbon offsets and guarantees of origin for electricity.



## Allocation reporting:

### Property Investments

In the period 2019-2021, one property project qualified as eligible for the use of green bond proceeds:

Location	Project Description	Label	Floor Space	Allocated Green Bond Proceeds at 01.12.
Ruseløkkveien 26, Oslo, Norway VIA Project	Development of a new commercial property building in Oslo	BREEAM Excellent Energy rating (EPC): A	47 763m <sup>2</sup>	1.86b NOK Approximately 186m EUR

### Green Infrastructure Investments:

In the period 2019-2021, three green infrastructure projects qualified as eligible assets for the use of green bond proceeds. One renewable energy installation associated with roof renovations in our property portfolio, and two direct infrastructure investments.

Location	Category	Project Description	Allocated Green Bond Proceeds at 01.12 2021
Lysaker Torg 5, 15 & 25, Lysaker, Norway	Renewable energy	Rehabilitation of rooftops including installation of solar panels and green rooftop areas. Building area 30 474m <sup>2</sup>	14m NOK Approximately 1.4m EUR
Knox County, Texas, USA Project Escalade	Renewable energy	Construction of a 336MW onshore wind turbine project	200m NOK Approximately 20m EUR
United Kingdom Agility Trains East	Clean transportation	Fleet of 65 new generation trains – 42 Electric and 23 bi-mode (diesel and electric) operating on the East Coast Main Line of the UK	300m NOK Approximately 30m EUR <sup>1</sup>

<sup>1</sup> "We confirm that planned allocations to freight rail infrastructure as part of Clean Transportation category will be under 10% of total proceeds of this bond."

## Impact reporting

The environmental impact of the projects described in the allocation reporting above are presented below. For property investments, impact is reported in terms of energy savings and/or avoided greenhouse gas emissions. For Infrastructure projects, the impact is reported as avoided energy use and/or avoided greenhouse gas emissions

### Property Investments:

Location	Estimated reduction in energy consumption for the entire project	Estimated reduction in carbon emissions for the entire project	Estimated impact of Storebrands share in the project
Ruseløkkveien 26, Oslo, Norway VIA Project	Renewable energy 3 606 822 kWh per annum / 47% <sup>2</sup>	433 tCO <sub>2</sub> e / 47%	216 tCO <sub>2</sub> e <sup>3</sup>

### Green Infrastructure Investments

Location	Estimated impact of the entire project	Estimated reduction in carbon emissions for the entire project	Estimated impact of Storebrands share in the project
Lysaker Torg 5, 15 & 25, Lysaker, Norway	150 MWh clean energy per year	18 tCO <sub>2</sub> e emissions <sup>3</sup>	18 tCO <sub>2</sub> e emissions per year <sup>3</sup> 5% reduction in annual energy consumption
Knox County, Texas, USA Project Escalade	1200 GWh clean energy per year	450 000 tCO <sub>2</sub> e	60 GWh energy production per year 22 543 tCO <sub>2</sub> e emissions avoided per year
United Kingdom Agility Trains East	21 million passengers every year – equivalent to 13 million car rides. 94% of mileage is driven by electric train fleet	Will be reported as data becomes available	Will be reported as data becomes available

<sup>2</sup> Estimated based on a reference energy consumption from the Norwegian regulations on technical requirements for construction works (TEK17): 145kWh/m<sup>2</sup> for office space and 210 kWh/m<sup>2</sup> for shopping area.

<sup>3</sup> Tonnes of CO<sub>2</sub> equivalents. Based on an emission factor of 0.12kg CO<sub>2</sub>e/kWh, which is a modest assumption based on the Futurebuilt criteria, and One-ClickLCA.com (Norwegian government towards zero carbon buildings)

# Project descriptions

## Ruseløkkveien 26 – VIA Project

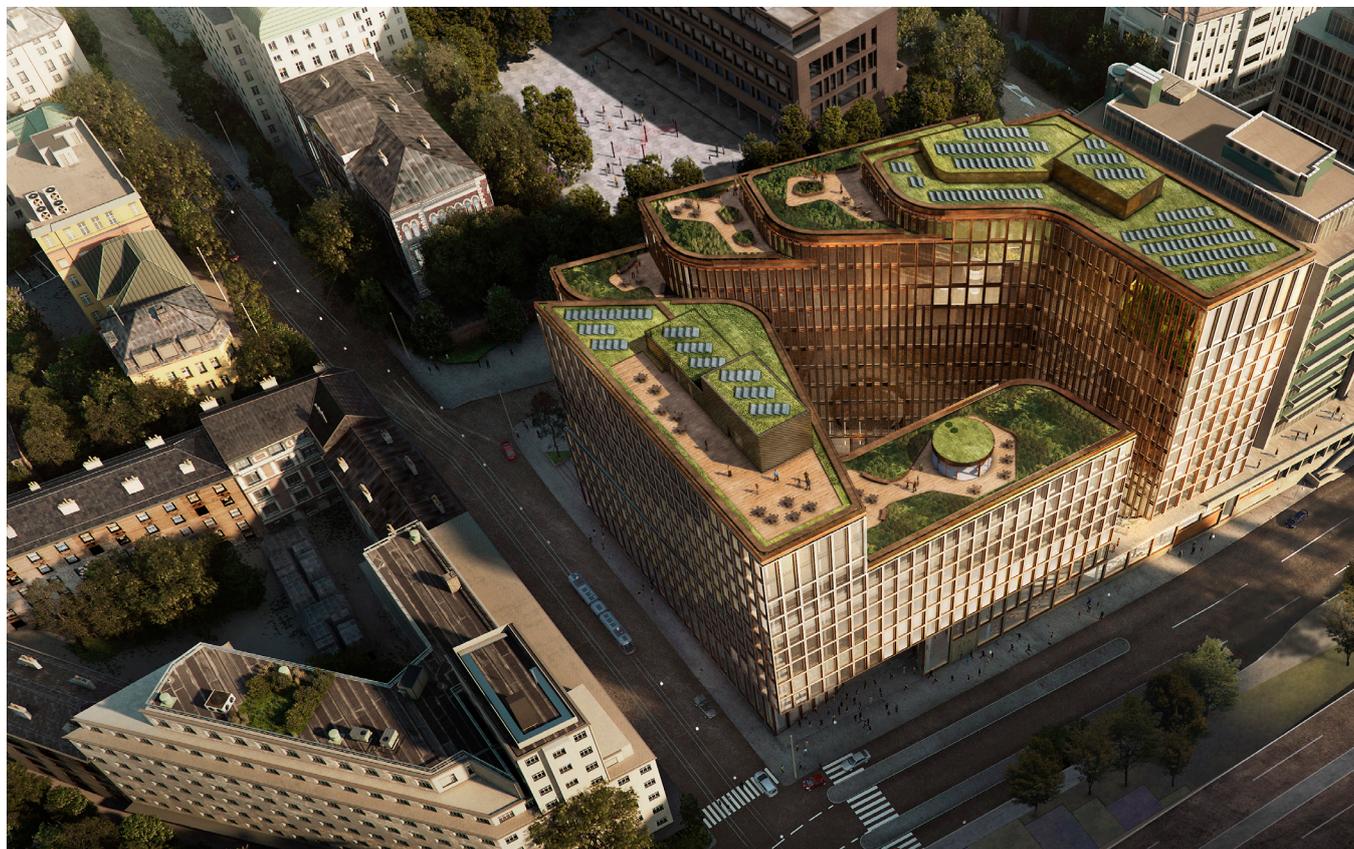


Foto: Schmidt / Hammer / Lassen Architects

Located in a central business district in Oslo, VIA is built with an ambition to be a project leading the way in efficient energy management and sustainable solutions when it comes to materials, technology and design. Everything from demolition, construction and operation in VIA is certified with Europe's leading environmental certification for buildings, BREEAM-NOR Excellent and Energy Class A.

A green and efficient energy concept is key. Based on ten geothermal wells and three heat pumps with the natural cooling agent CO<sub>2</sub>, winter space heating is collected from the ground, while heat from air conditioning in the summer is stored by being deposited back into the wells. This solution produces more than three times more energy than the electricity that is fed into the system. In the office areas, demand-controlled ventilation with variable air volume minimizes energy demand. All lighting is LED, regulated by demand and daylight supply/access.

Sustainable roofing combines solar panels, green roof with local pollinator friendly plants to promote biodiversity, and terraces giving people a supreme view of the fjord and the city.

Sustainability is not just about saving nature, but also choosing the right materials and an architecture that enables good experiences and interactions between people and the surroundings. In VIA, high environmental standards are combined with elegant architecture and a desire to give something back to the city. Two diagonals open the previously closed block structure, creating a new passage, more active corners with restaurants, and new sightlines letting the sun through.

Tenant health is promoted through high class bicycle parking, washing and repair facilities, along with wardrobes with sauna and a fitness studio. This can also reduce emissions from employee commuting and visitor transport.

## Lysaker Torg



In connection with roof renovations carried out in 2020, renewable energy production opportunities were realized. 600 solar panels, covering an area of roughly 2000 m<sup>2</sup>, are distributed on the roof tops of the three properties at Lysaker Torg 5, 15 og 25. With almost 200 kW peak production capacity, the installation will produce 150 000 renewable kWh annually from 2021, covering 5% of the total electricity demand of the buildings.

This investment is in line with the strategy of active ownership and continuous improvement of the sustainability standard for the buildings in our portfolio. Therefore, high quality green roofs were also established where possible, together with buxom plant boxes on the rooftop terraces, improving significantly the well-being of tenants, pollinating insects and biodiversity in general.

# Agility Trains East, United Kingdom

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## Project overview

65 train sets to replace diesel trains with 42 fully electric and 23 bi-mode train sets.

The investment has low downside risk due to a 27-year fixed lease guaranteed by UK Department for Transport.

## Impact

Electrification of major train lines in the UK. Increases passenger capacity to relieve other modes of transport.

When completed, the trains will transport 21 million passengers every year – equivalent to 13 million car rides.

94% of the mileage is driven by the electric train fleet, which amounts to over 10 million electric miles driven per year.

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# Project Escalade, onshore wind project, United States

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## Project overview

Investment in a wind farm in Texas, which is still under construction. The Wind farm has 65 turbines with a total capacity of 1 200 GWh per annum. The project is partnered with Taaleri, Vestas and Akuo.

## Impact

The project has a strong positive climate impact, considering that the electricity grid in Texas currently is 75% based on fossil fuels.

Escalade will provide renewable power to 112 000 households.

Contributes with 450 000 tonnes of avoided CO<sub>2</sub>-emissions  
- equivalent to removing 98 000 cars from the roads.

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