

## Storebrand's sustainability reporting 2015

The sustainability scorecard shows the sustainability indicators defined by the Group – those that are the most important for Storebrand to report to the stock market. They are a key element in the reports submitted to relevant indices, such as the Dow Jones Sustainability Index and FTSE4Good. The Group's sustainability manager owns and follows up the sustainability scorecard. Ownership of the indicators is well-established within the Group. The sustainability manager and executive vice presidents for the business areas jointly set targets for Storebrand's sustainability work. Quarterly status reports are submitted to the executive management, and annual reports are submitted to the Board of Directors.

Storebrand has signed the UN Global Compact on responsible business practices. The Global Compact's principles encompass human rights, labour standards, and environment and anti-corruption standards. We support the UN Principles for Responsible Investment (PRI) and the UN Principles for Sustainable Insurance (PSI). Storebrand has been a driving force behind the development of the World Business Council for Sustainable Developments Vision 2050, and we are thus working towards a world in 2050 where "9 billion people are living well within the resource limits of the planet". Our sustainability work is regulated by guidelines that are revised annually and adopted by the Board of Storebrand ASA.

Storebrand has published environmental and corporate social responsibility reports since 1995, and these reports have been integrated into the Group's annual report since 2008. Storebrand uses the Global Reporting Initiative (GRI) version G4 guidelines as a tool for reporting on sustainability. Our reporting practice is essentially in accordance with GRI's reporting principles and satisfies level CORE. Storebrand desires transparency and requires compliance and quality in its sustainability work. The results have therefore been reviewed and certified by Deloitte AS. Their conclusion may be found in the auditor's report on page 161 of the annual report. This increases the credibility of the reporting and data, and also engenders greater internal confidence that the information has been collected, analysed, and the quality assured in a proper manner.

The report consists of two elements: the group's scorecard for sustainability and texts about the most important activities in 2015. The sustainability scorecard is published on pages 18-21 of the group's annual report, while the texts are published on pages 12-16. Reporting is limited to the group's activities in Norway, Sweden and the Baltic, where all companies that are in the consolidated financial statements are included. As far as possible, the sustainability scorecard reports results for the group as a whole. However differences in access to information and routines for collecting and compiling data mean that for some indicators, only the group's activities in Norway are reported. There is great emphasis on ensuring that information is complete and correct, but there may however be some uncertainty in respect of certain parts of the data material. Details in respect of definitions and delimitation of the individual indicators may be found at the bottom of this document.

The sustainability score card is built up around ESG (Environmental, Social and Governance) and the most important stakeholder groups (owners, customers, employees, suppliers and international and national society). Indicators have been developed for the most important intersections between the group and the stakeholder groups, that is to say, where the group significantly affects or is affected by the stakeholders. The action plan must reflect the group's long-term strategy for sustainability and the topics illustrated will vary little from one reporting period to another. The targets for each indicator are set for a two-year period and will reflect the group's ambitions in the short term for realising the strategy for sustainability. The annual report for 2015 reports results for 2014 and 2015, as well as targets for 2016.

Sustainability is a long-term theme. We therefore supplement our two-year targets with long-term five-year targets for the period 2013-2017. One of these merit special comment. Sustainability rating in Guaranteed Pension. The target measures average sustainability rating for equity and real estate in the Guaranteed portfolio. With the sustainability analysis and a rating from 0-100 as a starting point, the Groups Guaranteed portfolio is screened and given an average sustainability score for equity and real estate. The group has set a target for the percentage of the balance sheet that should be invested in what we find to be in the forefront of the restructuring for sustainability.

The texts on sustainability in the report illustrate topics that have been particularly important in 2015. Internal processes, the media picture in Norway and Sweden and dialogue with important stakeholders are factors that have been relevant when we selected and prioritised the topics to be illustrated in the texts. We anticipate that the report will mainly be used by owners, investors, customers, academics and national and international rating agencies.

### Interaction with stakeholders

Owners have the opportunity to give the group their input at the general meeting in which usual topics include the company's economic growth, and separate matters which individual shareholders would like answers to. The group informs owners, analysts, and investors about the company's value creation through stock exchange announcements, quarterly presentations, and in the annual report. We carry out customer surveys to find out what our customers think about us. We measure satisfaction and loyalty, in addition to looking at how our customers perceive our employees' skills, readiness to act, and

personal service. The results represent important management tools for our continuous improvement efforts. The group systematically follows up all complaints received, with clear requirements with regard to the quality of response, case processing time, and internal training. We also maintain a dialogue with stakeholders and customers on social media.

Dialogue with employees takes place in formal fora such as working environment committees, the group's board and employee representatives, through annual employee satisfaction surveys and formal channels such as the intranet, management meetings, and staff meetings. Job satisfaction, internal change processes, and compensation schemes are common topics of discussion with employees. Continued dialogue with employees at the head office with regard to indoor air quality, waste sorting, etc., has been important for the positive running of the head office for employees, the company, and the environment. The dialogue has, for instance, led to adjustments in indoor temperature and ventilation. Health and safety is covered by collective agreements with local trade unions in Norway and Sweden that apply to 100 per cent of the employees. Specific aspects covered include overtime, working environment, health issues and absence due to illness. In 2014, 1,300 employees participated in e-learning courses and 1,500 employees received training in areas such as insurance, asset management and ethics and corruption. All employees have systematic evaluations, including career development, with their immediate superiors twice a year.

Storebrand currently has several hundred suppliers. The major product areas by purchased volume are IT, electricity and operation of properties and services in insurance (health and related services, vehicle repairs, home repairs etc.).

IT purchasing includes hardware, software and services.

Specific sustainability-related risks involving IT suppliers may be about employees' rights in production or the company's role as supplier to regimes where censorship or control of the population are common.

Sustainability is an important part of Storebrand's purchasing policy and is an area that is emphasised when evaluating suppliers for new purchasing. In connection with purchasing, suppliers to Storebrand are encouraged to certify and document their policies for control of sub-contractors, policies for ethics, corruption, human rights etc., as well as information on whether the company is CO<sub>2</sub>-neutral and any environmental certification such as ISO 14001, the Swan ecolabel, Eco-Lighthouse, EMAS etc.

Storebrand performs a comprehensive analysis of every company that Storebrand invests in and excludes companies that violate international standards. In purchasing, such companies are also excluded from being suppliers to Storebrand. The list, which covers all sectors, currently includes 180 international companies. Storebrand has, for example, had large, global suppliers of IT excluded because of issues in various parts of their value chains, either upstream or downstream.

Many of Storebrand's suppliers and relations with them are regulated by various rules and are subject to supervision by the authorities in Sweden and Norway, such as Finansinspektionen in Sweden and Finanstillsynet in Norway.

The group is visible in the community through participation in important national and international fora, membership of organisations, at national and international conferences, and through articles and speeches in Norway and Sweden.

#### **Materiality analysis based on stakeholder dialogue**

The purpose of the materiality analysis is to obtain a picture of which subject areas it is most important for Storebrand to work on. Most important for the company and for society. We present the results of the analysis in a matrix that has benefits to society on the y axis and benefits to the company on the x axis.

As a basis for the matrix, Storebrand first produced background material taking into account current practice at Storebrand, other analysts' assessment of Storebrand, expert interviews, earlier dialogue with external stakeholders and case studies by other leaders in the same sector. The analysis gave 28 areas that might be material for Storebrand and then this first list was then tested externally and internally by means of questionnaires and workshops. The questionnaire was sent to selected external stakeholders and internal representatives. Storebrand also held a workshop in Stockholm with the responses to the questionnaire as a basis.

The most important stakeholders were selected on the basis of whether they significantly affect, or are affected by, us.

Storebrand primarily affects the world at large through the capital that Storebrand invests on behalf of its customers and through its direct business activities in the financial sector. Storebrand actively maintains a comprehensive sustainability analysis of all investments that are made, totalling some NOK 570 billion.

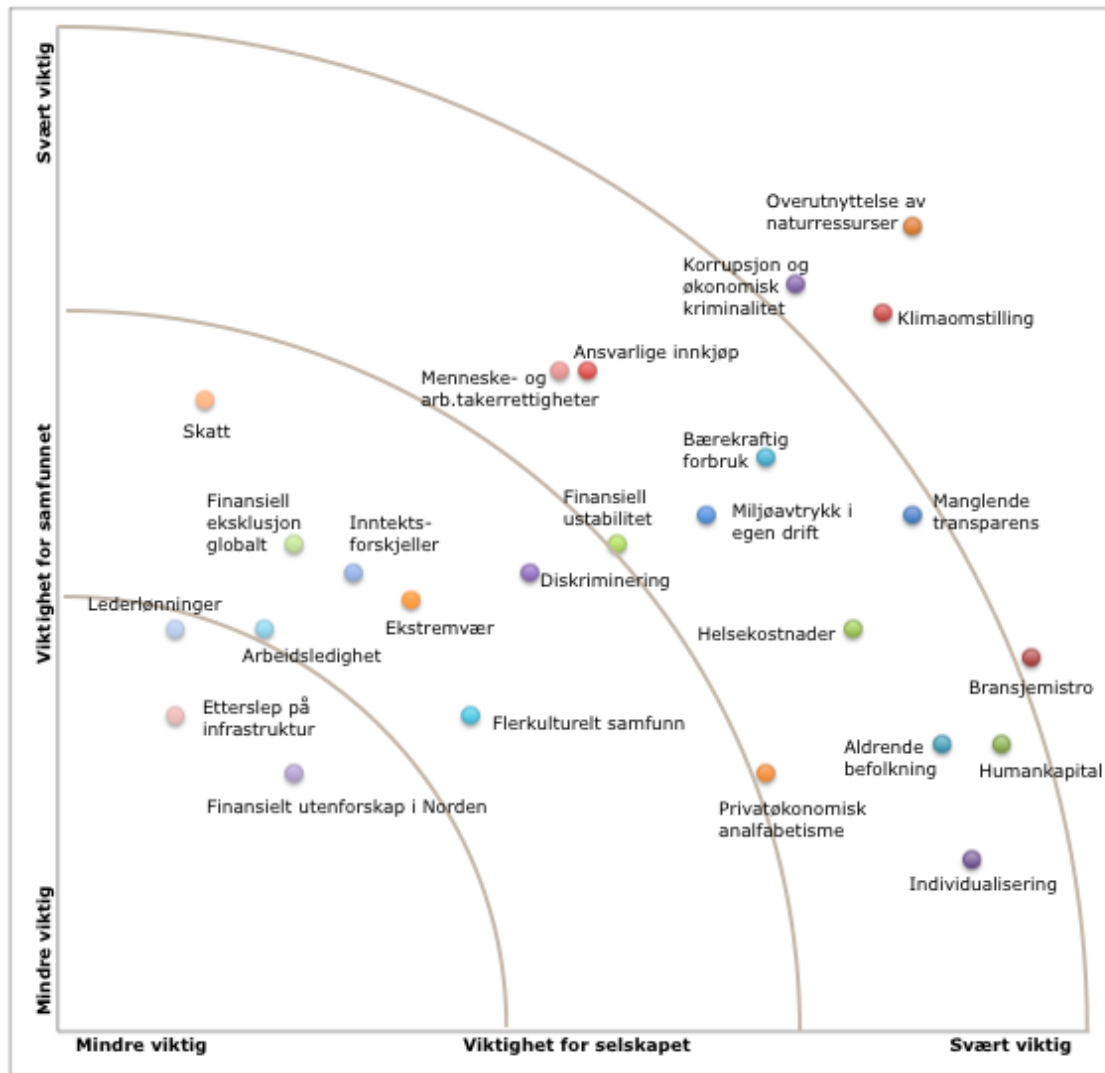
The materiality analysis shows that the most important areas for Storebrand to address are:

- 1) Lack of confidence in the financial sector
  - a. This is an aspect that Storebrand is directly affected by in relation to our primary customers. Storebrand also affects society and customers by acting in a responsible manner, by being on the customer's side and by actively pursuing and reporting the effect of sustainable capital management.
  - b. This aspect is relevant for all organisational parts of Storebrand, including administration, sales and capital management, and to a lesser extent operation of property and business-supporting functions such as IT.
- 2) Adaptation to climate change
  - a. Storebrand and its stakeholders consider that sustainability issues and adaptation to bring about a world with lower CO2 emissions are some of the most important issues of strategic and economic significance for most industries in all part of the world. This is a well-integrated part of Storebrand's capital management and the analysis applies to all managed funds. To date, Storebrand has excluded 48 companies for climate reasons, in areas such as carbon production, oil sands and palm oil.
  - b. This is relevant for all internal parts of Storebrand, including operation of property and travel, but the greatest effect occurs through our investments. This is therefore an integral part of our capital management.
- 3) Corruption and economic crime
  - a. The financial industry is based on confidence, and this is an aspect that affects trust and confidence in Storebrand.
  - b. This is equally important for all parts of Storebrand, for which reason it is part of the training package for all employees.
- 4) Over-exploitation of natural resources
  - a. Storebrand and its stakeholders consider that sustainability issues are some of the most important issues of strategic and economic significance for most industries in all part of the world. This is a well-integrated part of Storebrand's capital management and the analysis applies to all managed funds. The issue of over-exploitation of natural resources is one of three basic analysis areas in which Storebrand assesses all companies in its investment universe (currently about 2,500 companies).
  - b. Storebrand primarily affects this aspect through its investments, for which reason this is an integral part of our capital management. However, we also monitor the use of resources by monitoring travel and other office consumption.

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#### 6) **Materiality matrix**

Which areas in the field of sustainability is it most important for Storebrand to work on, in order to create value for the company and society?



Aldrende befolkning	<u>Aging population</u>	Inadequate handling of rising costs and new social challenges arising from an aging population
Ansvarlige innkjøp	<u>Responsible procurement</u>	Missing an overview of the origins and production conditions in the supply chain
Arbeidsledighet	<u>Unemployment</u>	Rising unemployment in Europe, especially among youth
Bransjemistro	<u>Industry distrust</u>	Weak or lack of confidence in the financial sector
Bærekraftig forbruk	<u>Sustainable consumption</u>	Private consumption is higher than society's long-term capacity, customers must consume more sustainable products
Diskriminering	<u>Discrimination</u>	Various opportunities based on gender, cultural background and performance
Ekstremvær	<u>Extreme weather</u>	Increasing extent of damage caused by extreme weather
Etterslep på infrastruktur	<u>Need for better infrastructure</u>	Back log of necessary investments in infrastructure, both related to transport, energy, water and waste water, waste and ICT
Finansiell eksklusjon globalt	<u>Financial exclusion globally</u>	The poor are caught in a spiral of poverty due to lack of access to financial services
Finansiell ustabilitet	<u>Financial instability</u>	Bubble economies, weak capital coverage in financial institution or increasing debt ratio.
Finansielt utenforskap i Norden	<u>Financial exclusion in the Nordic countries</u>	Weak groups in the Nordic countries get poorer safety net because of lack of access to financial services
Flerkulturelt samfunn	<u>Multicultural society</u>	Failure to make multi culturalism a resource in society
Helsekostnader	<u>Health costs</u>	Increasing welfare costs related to disability, illness and lifestyle (diet, alcohol and tobacco)
Humankapital	<u>Human capital</u>	Recruitment and skills development for employees
Individualisering	<u>Individualizing</u>	The transfer of responsibility from the welfare state to private individuals - health, pension etc.
Inntektsforskjeller	<u>Income differences</u>	Increasing difference in income between the richest and the poorest
Klimaomstilling	<u>Climate Restructuring</u>	Lack of restructuring among businesses, households and governments to a low carbon society
Korrupsjon og økonomisk kriminalitet	<u>Corruption and Economic Crime</u>	Gains offenses related to financial transactions
Lederlønninger	<u>Executive Compensation</u>	Business managers are rewarded disproportionately compared to owners (dividends) and employees (wages, pensions and job security)
Manglende transparens	<u>Lack of transparency</u>	Lack of transparency about internal processes and criteria
Menneske- og arbeidstakerrettigheter	<u>Human and labor rights</u>	Violations of basic human and labor rights
Miljøavtrykk i egen drift	<u>Environment Impression in their own operations</u>	Mismatch between its own operations and requirements of others - related to energy, water, paper, waste, flights etc.
Overutnyttelse av naturressurser	<u>Overexploitation of natural resources</u>	Not sustainable use of natural resources, pressure on ecosystem services and reduced biodiversity leads to competition for scarce resources
Privatøkonomisk analfabetisme	<u>Private Financial illiteracy</u>	Lack of understanding of personal finance
Skatt	<u>Tax</u>	Unethical adaptation of organizations and transactions to avoid paying taxes

## Explanation to the scorecard on sustainability 2015

Indicator	Definition and delineation
<b>Transparency</b>	
Solvency margin Storebrand Life Insurance	According to Note 47 in the Storebrand ASA Annual Report 2015.
Dow Jones Sustainability Index	Qualified for the index
<b>Trust in the financial sector</b>	
Net Promoter Score (NPS) Norway	Net Promoter Score (NPS) is a standard methodology that shows the

Sweden	<p>proportion of customers answering 9 and 10 minus the corresponding 0-6 on the question "On a scale from 0-10, to what extent would you recommend Storebrand to a family member, friend or colleague?"</p> <p>SPP completes top down NLS (Net loyalty Score) through telephone interviews with retail customers in order to track customer satisfaction against target. It is measured on every retail customer in SPP's database excl. roles that represent a business.</p>
Customers experience that all our relationships, solutions and measures are sustainable	<p>Quarterly survey by Norstat with the following questions:</p> <p>"Below are some statements about Storebrand. Please consider these on a scale from 1-10, where 1 is strongly disagree and 10 is strongly agree".</p> <p>One of these questions is related to the 3<sup>rd</sup> customer promise: All our relationships, solutions and measures are sustainable. Only measured for retail customers in Norway</p>
Processing time for complaints	<p>Share of registered complaints that have been processed within 3 weeks (21 calendar days or less) from processing start date-end date). The measurement does not include complaints handled by remote appeal bodies, including litigation. A complaint is a written or oral request from a customer who expresses dissatisfaction/disagreement with a decision and that leads to a written response from Storebrand. The measurement includes both health assessments and ordinary complaints from all parts of the Group.</p>
<b>Ethics and anti-corruption</b>	
Number of employees that complete e-learning courses	Number of employees that finish the e-learning course (210 ethics/18 corruption)
Ethics	
Corruption	
<b>Human Capital</b>	
Sick Leave	Number of sick leave hours divided by number of hours worked. Including SPP (incl. Nordben and Euroben), Storebrand Norway (10) companies and Storebrand Baltic.
Employees' job satisfaction	<p>Activities to define the Group's ambition related to employees' work satisfaction. The indicator is composed by four questions in a Questback survey;</p> <ol style="list-style-type: none"> <li>1. In general, how satisfied are you as an employee with your workplace?</li> <li>2. Imagine the perfect place to be employed: How close to this ideal is your workplace?</li> <li>3. I feel motivated in my job.</li> <li>4. I am looking forward to going to work every day.</li> </ol>
Proportion of female managers	Defined as a management position with personnel responsibilities. Project managers are not included.
Diversity	To what extent do you feel treated equally regardless of age, gender, belief, disability, ethnicity or sexual orientation?

Employees' awareness and support of Storebrand's corporate responsibility work	Composed by a question in the annual employee satisfaction survey conducted by Ennova: 1) I am aware of the main elements in Storebrand Group's CSR work.
<b>Climate Change</b>	
Storebrand Anbefalt Pensjon Sustainability rating Equity	Average sustainability score in the equity proportion of Storebrand Anbefalt Pensjon is measured by the sustainability score of Storebrand Ekstra Offensiv Pensjon. This portfolio has a targeted equity of 100% and is a combination of funds identical to the portfolio of Storebrand Anbefalt Pensjon. Each fund included in Storebrand Ekstra Offensiv Pensjon has an average sustainability score which is measured from each company's weight in the fund, multiplied by Storebrand's sustainability rating for the company. Companies without a sustainability rating are not included in the rating. The methodology is developed by Storebrands own department of sustainable investments.
SPP Fondsförsäkring- Total sustainability rating Fondstorget	Average sustainability rating for fondstorget in SPP. Each fund included in Fondstorget has an average sustainability score which is measured by each company's weight in the fund, multiplied by Storebrand's sustainability score for the company.
<i>Garantert Pensjon</i> Equity: Aggregated sustainability rating	Each position is given a sustainability rating from 0-100 which is weighted in the total portfolio of included positions
Real Estate: Aggregated sustainability rating	Proprietary method of measuring value weighted rating of real estate investments in the life portfolio given by each real estate environmental quality, environmental quality in operations and asset management, based on energyclass and environmental certification. Forestry investments not included.
Environmental requirements to suppliers	Part of Norwegian and Swedish existing suppliers with a main agreement, which is Co2 neutral, and eco-light certified, IS 14001 certified, miljöbas or similar.
CO <sub>2</sub> -emissions (metric tons)	CO <sub>2</sub> -emissions from the Group's Norwegian and Swedish operations. Includes direct and indirect emissions, including airtravel and other transportation, energy consumption and waste (scope1-3). Energy consumption in managed properties are measured and reported, but is not included in the Group's carbon footprint, as there is no emission from the Group's activities. The carbon footprint is calculated by CO2Focus AS based on their methodology. CO2Focus AS utilises a Nordic mix as the basis for calculating emissions from electric power.
Air travel (individual flights)	Number of individual flights pr. FTE made by the employees of the Group's Norwegian and Swedish business in service purposes.
<b>Resource effectiveness</b>	
Main office Norway and Sweden: Energy consumption	Temperature corrected energy consumption per square meter of heated area on the Group's headquarters at Lysaker Park. Total consumption registered by the energy supplier (electricity and district heating/cooling).
Water consumption	Measured water consumption in m <sup>3</sup> per m <sup>2</sup> heated area based on data registered in energinet.net.

Waste – rate of recycling	Waste sorting: rate of waste sorted at the source. Almost all waste is subject to recycling. The rest fraction not sorted at the source is mechanically sorted at the waste recycling centre.
Paper consumption	Consumption of office paper (copy- and bond paper), envelopes, advertising paper used in own graphical centre, including externally reprinted and regulatory letter attachments in metric tons.
Real Estate: Energy consumption	Temperature corrected energy consumption per square meter of heated area of invested real estate properties. Based on figures from the energy supplier energy supplier (electricity and district heating)
Water consumption	Measured water consumption in m <sup>3</sup> per m <sup>2</sup> heated area based on data registered in the environmental monitoring system in Norway.
Environmental certification of managed property	Percentage of area of managed properties in Norway and Sweden which are certified according to the Norwegian certification scheme Miljøfyrtårn, Miljöbyggnad, EU Green building, ISO 14001, Breeam, Leed or equivalent. Per square meter in Norway and Sweden. Real estate development sights and real estate where the tenant handles own energyagreements, energy construction and management thereof (barehouscontracts) are not included.