

Carbon Footprinting and Decarbonisation of Storebrand's Equity Investments

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This is the first report Storebrand has released that discloses the carbon footprint of our equity investments in our mutual funds and our guaranteed portfolio, and our de-carbonisation results from the same portfolio.

Storebrand has joined two international initiatives with a focus on reporting on and lowering the carbon footprint of our equity investments, the Montreal Pledge (<http://montrealpledge.org/>) and the Portfolio De-carbonisation Coalition (<http://unepfi.org/pdc/>). The climate issue is one of the most important strategic issues facing the world today, and has a direct impact both on 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. Carbon footprinting is one method of understanding climate impact. This is why we have chosen to support both the Montreal Pledge which drives reporting of the carbon footprint as well as the Portfolio Decarbonisation Coalition which entails a commitment to lower the footprint.

Storebrand's investment strategy is based partly on a comprehensive sustainability analysis of all investments in all asset classes. We focus on harnessing the opportunities of a sustainable, low carbon economy, and avoiding

the sustainability related risks of for example stranded assets. We continuously strive to increase the sustainability level of all investments and we provide tools and services to our customers making it possible for them to choose and understand the sustainability level of individual savings and funds. See for example the so called "Hållbarhetsnivån" ("Sustainability Level") which can be found on our platform (<https://www.spp.se/privat/sparande-trygghet/fondselektion/vart-fondutbud/>).

Climate impact is an integral and fundamental part of this analysis, resulting in for example exclusions of companies with poor climate strategies. A full report of excluded companies can be found here (<https://www.storebrand.no/site/stb.nsf/Pages/barekraftsrapporter.html>).

Storebrand's Lowered Carbon Footprint – commitment to the Portfolio Decarbonization Coalition

Storebrand joined the Portfolio Decarbonisation Coalition (PDC) in the second quarter of 2015. During the first six months of membership, Storebrand Life

moved a significant part of its global equity investments in the general account from an index portfolio to a portfolio enhanced for ESG. This resulted in the general account attaining a higher average sustainability score and a lower carbon footprint. As of Q3 2015 the general account had a carbon footprint of 2,0 kg Co2e/100 NOK, as compared to 2,6 kg Co2e/100 NOK in the MSCI World Index.

Carbon Footprinting – what does it mean?

The carbon footprint is a measurement of the carbon dioxide released by a company at a given time, in relation to the revenue of the company. In other words a measure of how carbon efficient the company is. A fund's carbon footprint is the sum of all the companies' carbon footprint adjusted for the ownership share of the fund. Storebrand also calculates the footprint of the fund's relevant index as a benchmark.

It is important to note that Carbon Footprint is a point in time measurement that is subject to change and does not fully represent a fund's carbon risk. Ana-

lysis of portfolio companies' management quality, carbon emissions trends, fossil fuel reserves and clean technology solutions are also needed to provide a fuller understanding of the risk involved. These factors are not reflected in the carbon footprint metric. Storebrand has developed this extended analysis of all companies over a period of four years. Paradoxically, sometimes it is the best sustainable choice to invest in a fund with a high carbon footprint, but with good sustainable projections for the future.

As of today there is no international standard on how to calculate the carbon footprint, and the method is continuously adjusted and refined. Storebrand will follow the development and adjust our reporting accordingly. Because there is no one standard, the reporting from different investors may not be comparable.

Data is not always available for individual companies, and there are still quality issues with the data and the methods of calculation. During a development phase it is natural that the results should be seen as indicative, and they should be used together with a broader forward looking sustainability analysis.

Reporting of Storebrand's Carbon Footprint – commitment to the Montreal Pledge

This report covers Storebrand's equity holdings in mutual funds as well as the equity investments in our guaranteed portfolios.

There are many factors that influence a fund's carbon footprint as presented here. A fund's sector weighting is one of the most important aspects, as is significant investment in individual companies with high/low carbon intensity. Storebrand/SPP has also seen a clear correlation between good performance on our sustainability fund rating and low carbon intensity.

The guaranteed portfolios in Storebrand and SPP which represent the majority

of our equity holdings all have a carbon footprint which is significantly lower than or equivalent to comparable indices. The guaranteed portfolio in SPP has a carbon footprint of 1,6 kg Co2e/100 SEK, which is lower than the comparable footprint of the indices MSCI World and Stockholm Benchmark Index (SBX) of 2,1 kg Co2e/100 SEK.

The guaranteed portfolio in Storebrand has a carbon footprint of 2,8 kg Co2e/100 NOK, which is equivalent to the comparable footprint of the indices MSCI World and Oslo Stock market Benchmark Index (OSEBX) of 2,8 kg Co2e/100 NOK.

The guaranteed portfolio in Storebrand optimized for sustainability (Global Enhanced ESG) has a carbon footprint of 2,0 kg Co2e/100 NOK, which is lower than comparable footprint of the index MSCI World of 2,6 kg Co2e/100 NOK.

The mutual funds produced by SPP/Storebrand range from significantly lower than index to somewhat higher than index. SPP/Storebrand index near funds exclude approximately 70 companies for climate reasons. The Norwegian stock market is dominated by a few high carbon intensive companies such as Statoil, Norsk Hydro and a large transporta-

tion sector with a global reach. These companies are also market leaders in sustainability in their sectors which means that they lead the sector in terms of future lower carbon intensive activities. The carbon footprint of our mutual funds is displayed in the graph below.

Are You Looking for Funds with a Low Carbon Footprint?

All funds produced by Storebrand/SPP follow the Storebrand standard which excludes as of Q3 2015 approximately 70 companies for climate reasons. Storebrand assesses all funds available on our platforms from a sustainability perspective as a guide to choose sustainable funds using a tool we call the sustainability level.

SPP God Fond Sverige och Världen as well as SPP Green Bond Fund (which is not an equity fund) are fossil free, as they for example also exclude the energy sector and companies on the Carbon Trakker 220 list (<https://www.spp.se/privat/sparande-trygghet/fonder/spp-fonder/vara-fonder/>).

Sector funds focusing on sectors with low carbon impact like pharmaceuticals or IT have a lower climate impact, as do funds that focus on sustainability, such as renewable energy.

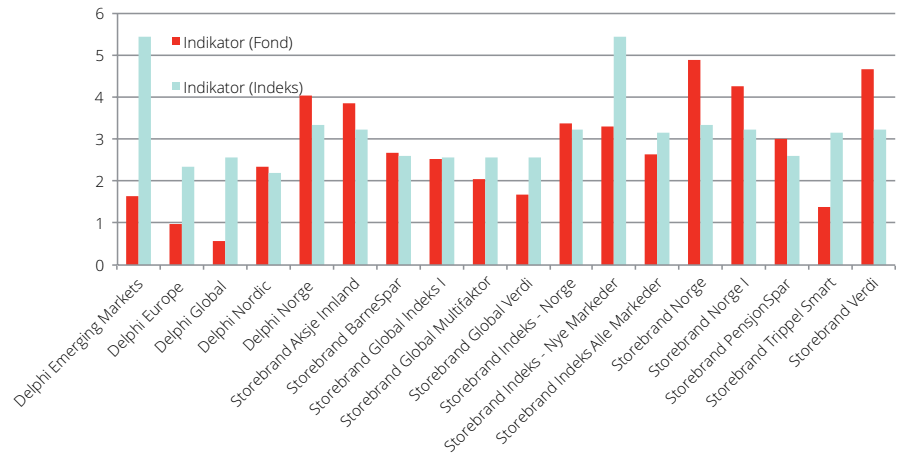


Method of Calculation

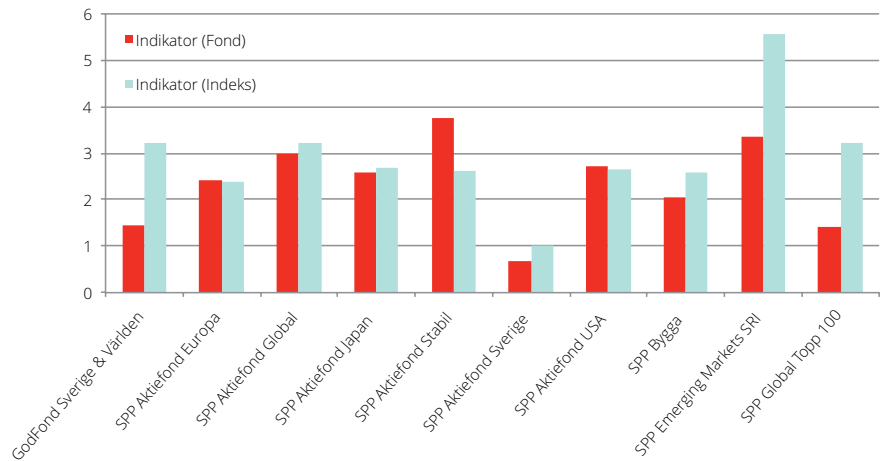
Storebrand uses carbon data from MSCI to calculate the carbon footprint of our holdings (see <https://www.msci.com/index-carbon-footprint-metrics>). If we have carbon information covering less than 75% of the market share of the fund's equity holdings we will not report on that fund's carbon footprint. Less than 75% coverage may result in a faulty or tilted result. In this report we have excluded a few funds due to lack of carbon data.

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

Carbon footprint in mutual funds listed in NOK as compared to relevant index (kg CO2e/100 NOK)



Carbon footprint in mutual funds listed in SEK as compared to relevant index (kg CO2e/100 SEK)



Disclaimer

More information on Storebrand's investment practices and funds can be found on storebrand.com and sppfonder.se. 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.