

Carbon Footprinting and Decarbonisation of Storebrand's Equity Investments

Q1 2017



Matthew Smith
Head of Sustainable Investments

This report discloses the carbon intensity of Storebrand's equity investments in mutual funds and guaranteed portfolio.

Commitment to the Montréal Pledge and PDC

Storebrand joined two international initiatives in 2015 with a focus on reporting on and lowering the carbon intensity of our equity investments; the Montréal Pledge (<http://montrealpledge.org/>) and the Portfolio Decarbonisation Coalition (PDC, <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 intensity 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 intensity as well as the Portfolio Decarbonisation Coalition which entails a commitment to lower the footprint.

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 funds sector weighting is one of the most important aspects, as is significant investment in individual companies with high/low Carbon Intensity. Storebrand/SPP has seen a clear correlation between good performance on our sustainability fund rating and low carbon intensity.

Carbon Footprinting – what does it mean?

The Carbon Intensity 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 Intensity is the sum of all the companies' Carbon Intensities adjusted for the ownership share of the fund. Storebrand also calculates the Carbon Intensity of the fund's relevant index as a benchmark. It is important to note that Carbon Intensity is a point in time measurement that is subject to change and does not fully represent a fund's carbon risk. Analysis of portfolio companies' management quality, carbon emission 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 intensity metric.

As of today there is no global standard on how to calculate Carbon Intensity, and the methods are continuously adjusted and refined. Storebrand will follow the developments and adjust our reporting accordingly. Because there is no one standard, the reporting from different investors may not be comparable. In Sweden the financial sector has developed a voluntary standard for calculating and reporting on Carbon Intensity via the organisations Svensk Försäkring and Fondbolagens Förening. Storebrand reports according to this standard. For more information see (<http://www.fondbolagen.se/sv/Juridik/Foreningens-vagledning/Vagledning-for-fondbolagens-redovisning-av-fonders-koldioxidavtryck/>). 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.

Method of Calculation

Storebrand uses carbon data from Trucost to calculate the carbon footprint of our holdings. For more information please see (<https://www.trucost.com/publication/carbon-energy-transition-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 Intensity, since 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.

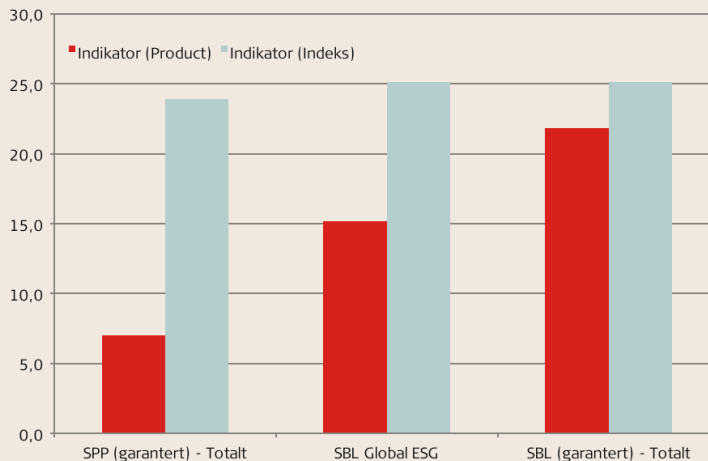
The reporting includes scope 1 and 2 as defined by the Green House Gas Protocol (www.ghgprotocol.org), which means the company's direct emissions from owned or controlled sources and indirect emissions from purchased energy. Storebrand reports according to the standard indicator for Carbon Intensity as defined by Svensk Försäkring and Fondbolagens Förening: Tonnes Co2 Emissions/1million Fund Currency Sales Revenue.

Results Q1 2017

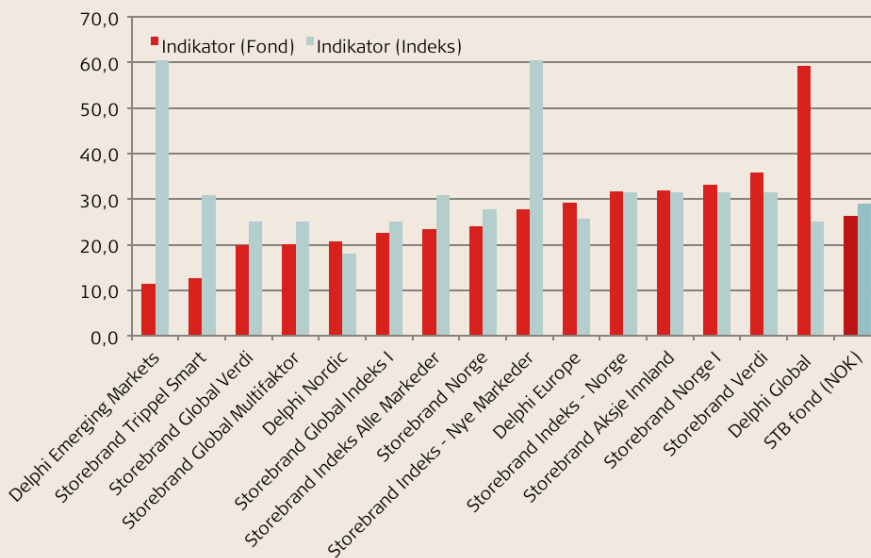
The results for Q1 2017 are presented in Table 1 - 3 below. Overall our funds and guaranteed products performed better in comparison with index. Compared with the results from the last quarter, the t CO₂e/1 mill NOK sales revenues showed a decrease of 3% from 27,1 (Q4, 2016) to 26,3 (Q1) in our mutual funds quoted in NOK. Our mutual funds quoted in SEK showed a slight increase of

1% from 17,3 (Q4, 2016) to 17,5 (Q1). All guaranteed products were better than their relevant indexes in Q1, 2017 in the same way as they were in four previous quarters. Indicator t CO₂e/1 mill NOK sales revenues in our guaranteed products quoted in NOK, increased by 3% from 16,9 to 17,3. Our guaranteed products quoted in SEK, showed a decrease of 14% from 8,2 to 7,0.

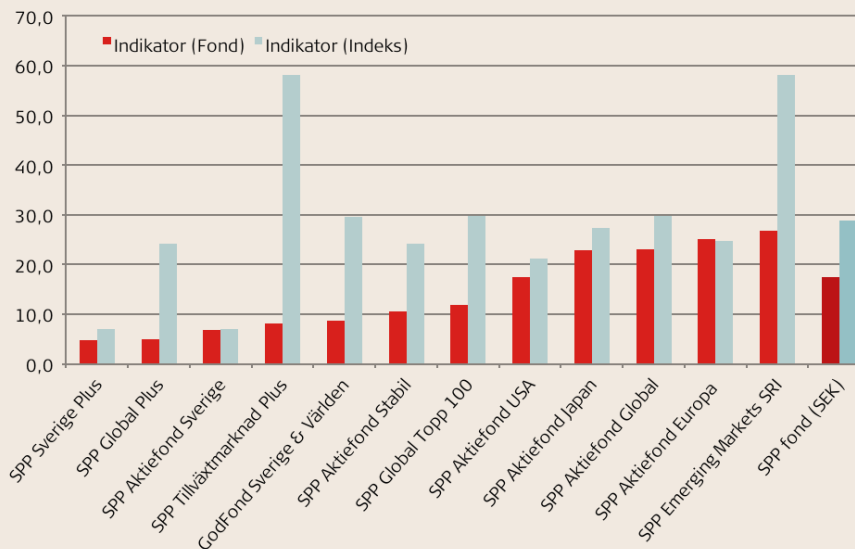
Carbon footprint in guaranteed products as compared to the relevant index (t CO2e/1 mill sales revenue)



Carbon Intensity in mutual funds listed in NOK (Storebrand funds) as compared to relevant index (t Co2e/1 million NOK Sales Revenue)



Carbon Intensity in mutual funds listed in SEK (SPP funds) as compared to relevant index (t Co2e/1 million SEK Sales Revenue)



Disclaimer

More information on Storebrand's investment practices and funds can be found on storebrand.com, storebrand.no 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.