# Second-Party Opinion Storebrand Green Bond Framework



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# **Evaluation Summary**

Sustainalytics is of the opinion that the Storebrand Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Renewable Energy, Energy Efficiency, Clean Transportation, and Green Buildings – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9 and 11.



**PROJECT EVALUATION AND SELECTION** Storebrand's Green Bond Committee, chaired by the Group's CFO, will be responsible for evaluating and selecting the projects in line with the eligibility criteria under the Framework. The committee will meet at least on an annual basis. Storebrand has in place procedures for assessing the potential environmental and social risks associated with the eligible projects. Sustainalytics considers the project selection process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** Storebrand's CFO department will be responsible for the management and allocation of proceeds through a portfolio approach, using an internal tracking system. Storebrand intends to allocate net proceeds to eligible projects or assets within 12 months of issuance. Storebrand may temporarily invest unallocated proceeds in cash, cash equivalents or similar instruments, or in ESG-oriented funds. This is in line with market practice.



**REPORTING** Storebrand commits to annually report on the allocation of proceeds on its website while the bonds are outstanding. Allocation reporting will include information on the size of eligible green assets per category, the total amount of proceeds allocated to eligible assets per category, the ratio of new financing to refinancing, and the balance of unallocated proceeds. In addition, Storebrand intends to report on relevant impact metrics, where feasible. Sustainalytics views Storebrand's allocation and impact reporting as aligned with market practice.

# Introduction

Storebrand ASA ("Storebrand" or the "Group") is a financial services company providing banking, investment, insurance, and pension products in Norway, Sweden and Denmark. Headquartered in Lysaker, Norway, Storebrand has 2,368 employees and EUR 129 billion in assets under management as at end December 2024.<sup>1</sup>

Storebrand has developed the Storebrand Green Bond Framework dated April 2025 (the "Framework") under which the Group holding company (Storebrand ASA) or any of its subsidiaries<sup>2</sup> may issue green bonds in the following formats: covered bonds,<sup>3</sup> senior unsecured bonds,<sup>4</sup> and tier one or two bonds<sup>5</sup>. The Group intends to issue green bonds and use the proceeds to finance or refinance, in whole or in part, projects intended to have positive environmental benefits. The Framework defines eligibility criteria in the following areas:

- 1. Renewable Energy
- 2. Energy Efficiency
- 3. Clean Transportation
- 4. Green Buildings

Storebrand engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).<sup>6</sup> The Framework will be published in a separate document.<sup>7</sup>

### Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent<sup>8</sup> opinion on alignment of the Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2021, as administered by ICMA.
- The credibility and anticipated positive impacts of the use of proceeds.
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.18, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with representatives of Storebrand to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Storebrand representatives have confirmed that: (1) they understand it is the sole responsibility of Storebrand to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information; and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with it.

<sup>&</sup>lt;sup>1</sup> Storebrand ASA, "Annual report 2024", (2025), at: https://www.storebrand.com/welcome/investor-relations/corporate-governance/gm-invitation/\_/attachment/inline/f7268ecb-0b2b-44e3-b264-bb93a0a06afa:afbfc17fd8ac42a515a6a48fb54eaec364e37ae0/2024-annual-report-storebrand-asa.pdf

<sup>&</sup>lt;sup>2</sup> Storebrand will ensure all issuances will be aligned with the GBP.

<sup>&</sup>lt;sup>3</sup> Storebrand confirmed to Sustainalytics that: i) Storebrand has confirmed that it will issue covered green standard bonds as per the voluntary process guidelines published in the June 2022. Appendix 1 of the GBP 2021, and that the net proceeds for green covered bonds will be directed to eligible green assets under the Framework; ii) in the case of covered green collateral bonds, the underlying collateral will meet the Framework criteria; and iii) there will be no double counting of eligible projects under covered bonds or any other outstanding green financing instrument.

 <sup>&</sup>lt;sup>4</sup> Storebrand confirmed that there will be continuous allocation whenever the underlying eligible assets in the pool are amortized or removed for any reason, the pool will be replenished such that the value of outstanding eligible assets remains equal to or greater than the net proceeds.
 <sup>5</sup> Sustainalytics' opinion is only valid for the fixed income portion of hybrid securities.

<sup>&</sup>lt;sup>6</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <u>https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/.</u>

<sup>&</sup>lt;sup>7</sup> The Storebrand Green Bond Framework is available on Storebrand's website at: <u>https://www.storebrand.no/en/investor-relations/rating-and-funding</u>

<sup>&</sup>lt;sup>8</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Storebrand.

Sustainalytics' Second-Party Opinion assesses alignment of the Framework with market standards but provides no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the issuer.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee their realized allocation towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument in favour or against the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Storebrand has made available to Sustainalytics for the purpose of this Second-Party Opinion.

# Sustainalytics' Opinion

# Section 1: Sustainalytics' Opinion on the Storebrand Green Bond Framework

Sustainalytics is of the opinion that the Storebrand Green Bond Framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible categories, Renewable Energy, Energy Efficiency, Clean Transportation, and Green Buildings, are aligned with those recognized by the GBP.
  - Under the Renewable Energy category, the Group may finance or refinance the construction or operation of the following renewable energy generation projects in Europe and the US:
    - Solar photovoltaic, concentrated solar power (CSP) and solar thermal heating. Storebrand will limit CSP and solar thermal heating investments to those where more than 85% of the electricity generated from the facility is derived from solar energy.
    - Offshore and onshore wind power. Storebrand has communicated that offshore wind power may use fossil fuel backup not limited to power monitoring, operating and maintenance equipment, resilience or protection measures, and restart capabilities. In the case of marine renewables projects for heating and cooling, Sustainalytics recommends that fossil fuel backup be limited to power monitoring, operating and maintenance equipment, as well as resilience and protection measures, and restart capabilities.
    - Hydropower facilities where the facility adheres to any of the following criteria: i) the facility is a run-of-river plant and does not have an artificial reservoir; ii) the power density of the facility is above 5W/m<sup>2</sup>; or iii) the lifecycle GHG emissions are lower than 100g CO<sub>2</sub>e/kWh. Development or construction of new hydropower projects financed under the Framework will be subject to environmental and social impact assessments. Moreover, only projects without significant risks, expected negative impacts and any significant controversies will be financed. Sustainalytics notes that Storebrand has defined the estimated reservoir emissions intensity threshold at below 100 gCO<sub>2</sub>e/kWh, or power density of 5 MW. However, considering the longevity of hydropower assets, newly constructed facilities effectively lock in energy generation for a very extended period, favouring lower thresholds for new facilities. Sustainalytics encourages Storebrand to favour projects with emissions intensities below the 50g CO<sub>2</sub>e/kWh threshold.
    - Geothermal energy facilities with lifecycle GHG emissions lower than 100g CO<sub>2</sub>e/kWh. Lifecycle GHG emission savings will be calculated using Commission Recommendation 2013/179/EU<sup>9</sup> or, alternatively, using ISO 14067:2018<sup>10</sup> or ISO 14064-1:2018<sup>11</sup>. Quantified lifecycle GHG emissions will be verified by an independent third party. Sustainalytics considers the expenditures under this category to be aligned with market practice.

<sup>&</sup>lt;sup>9</sup> Eur-lex, "Commission Recommendation of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations", (2013), at: <u>https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013H0179</u>

<sup>&</sup>lt;sup>10</sup> ISO, "ISO 14067:2018", (2018), at: https://www.iso.org/standard/71206.html

<sup>&</sup>lt;sup>11</sup> ISO, "ISO 14064-1:2018", (2018), at: <u>https://www.iso.org/standard/66453.html</u>

- Under the Energy Efficiency category, the Group may finance or refinance the following energy efficient technologies and processes:
  - The construction and operation of energy storage infrastructure, including batteries and pumped hydropower storage facilities. Storage solutions may be connected directly to renewable energy sources, or to an electricity grid that meets any of the following criteria: i) the grid integrates at least 90% renewable electricity; ii) the grid integrates less than 90% renewable energy, and the share of renewables is expected to increase. Where the grid integrates less than 90% renewable energy, financing will be provided on a pro-rata basis, aligned with the proportion of renewables integrated into the grid; iii) the facilities are connected to the interconnected European system; iv) more than 67% of newly enabled generation installed capacity in the system is below the emissions threshold of 100 gCO<sub>2</sub>e/kWh, measured on a life cycle basis in accordance with electricity generation criteria over a rolling five-year period; or v) the average system grid emissions factor<sup>12</sup> is below the threshold value of 100 gCO<sub>2</sub>e/kWh, measured on a life cycle basis in accordance with electricity generation criteria over a rolling five-year period; or v) the average system grid emissions factor<sup>12</sup> is below the threshold value of 100 gCO<sub>2</sub>e/kWh, measured on a life cycle basis in accordance with electricity generation criteria over a rolling five-year period.
    - Sustainalytics notes that Storebrand may finance energy storage connected to any grid within the interconnected European system. Sustainalytics recognizes the critical need to expand utility-scale storage systems to enable the expansion of renewable energy, while also noting that the environmental benefit of storage systems depends on the carbon intensity of the grid to which they are connected, and that deploying such assets to carbon-intensive grids or associated systems may result in increased emissions. Sustainalytics encourages Storebrand to prioritize the installation of storage systems on grids that at least follow a credible decarbonization pathway, as defined by criteria iv) or v) above, and to report on the positive impact of such installations, where feasible.
    - Pumped hydropower storage facilities may also be connected to a grid that has at least 20% of intermittent renewables deployed or has a programme in place to increase the share of intermittent renewables to this level within the next 10 years, and where the facility can credibly demonstrate that the pumped storage will not be charged with an offpeak grid intensity higher than the intensity of the electricity that it will displace when it is discharged. All new pumped hydropower projects will undergo an environmental and social impact assessment conducted to assess and mitigate significant environmental and social risks, negative impacts and controversies.
  - The installation and operation of energy efficient electric heat pumps where the Global Warming Potential of refrigerants does not exceed 675, and which adhere to the energy efficiency requirements of Directive 2009/125/EC.<sup>13</sup> Heat pumps must have a refrigerant management plan in place, with measures to monitor and minimize leaks.
  - The construction and operation of electricity transmission and distribution infrastructure for grids that meet any of the following criteria: i) the facilities are connected to the interconnected European system; ii) more than 67% of newly enabled generation installed capacity in the system is below the emissions threshold of 100 gCO<sub>2</sub>e/kWh, measured on a life cycle basis in accordance with electricity generation criteria over a rolling five-year period; or iii) the average system grid emissions factor<sup>14</sup> is below the threshold value of 100 gCO<sub>2</sub>e/kWh, measured on a life cycle basis in accordance with electricity generation criteria over a rolling five-year period; or iii) the average system grid emissions factor<sup>14</sup> is below the threshold value of 100 gCO<sub>2</sub>e/kWh, measured on a life cycle basis in accordance with electricity generation criteria over a rolling five-year period.
    - For investments in transmission and distribution systems, the Framework intends to finance either specific projects with quantifiable energy

<sup>&</sup>lt;sup>12</sup> The average system grid emissions factor is calculated as the total annual emissions from power generation connected to the system divided by the total annual net electricity production in that system.

<sup>&</sup>lt;sup>13</sup> European Commission, "National transposition of Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of eco-design requirements for energy-related products", (2009), at: <u>https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=CELEX:32009L0125</u>

<sup>&</sup>lt;sup>14</sup> The average system grid emissions factor is calculated as the total annual emissions from power generation connected to the system divided by the total annual net electricity production in that system.

efficiency benefits<sup>15</sup> or systems that comply with the EU Taxonomy.<sup>16</sup> Sustainalytics considers the expansion and maintenance of resilient electricity grids broadly to be supportive of positive environmental outcomes and recognizes Storebrand's intent to largely align with the EU Taxonomy. Sustainalytics also notes that it is common market practice to finance transmission and distribution of assets employed predominantly to transmit or enable the use of renewable energy. Therefore, not requiring that assets align with emissions intensity thresholds or transition trajectories represents a deviation from common market practice that may allow for the financing of carbon-intensive energy transmission.

- Investments in district heating or cooling distribution including:
  - The construction and operation of distribution pipelines and associated infrastructure, where the system's energy mix meets any of the following criteria: i) at least 50% is derived renewable energy or waste heat; ii) at least 75% is derived from cogenerated heat; or iii) at least 50% is derived from a combination of renewables or waste heat and cogenerated heat.
  - The refurbishment of heating and cooling distribution pipelines and associated infrastructure, where the refurbishment results in the system meeting criteria i), ii) or iii) [listed in the bullet point above] within three years.
  - The installation of advanced pilot systems and modifications to lower temperature regimes.
  - Storebrand has confirmed to Sustainalytics that: i) waste heat from fossil fuel operations will be excluded; and ii) projects financed will be located in Norway and that for the incineration of municipal solid waste (MSW), financing will be limited to distribution systems that use MSW where the majority of recyclable waste is segregated prior to incineration.
- The transport of CO<sub>2</sub> which meets the following criteria: i) CO<sub>2</sub> leakages between the source installation and the injection point do not exceed 0.5% of the transported mass; ii) CO<sub>2</sub> is delivered to a permanent storage site that has a suitable underground geological formation, and complies with either Directive 2009/31/EC<sup>17</sup> (for storage sites within the EU), or with ISO 27914:2017<sup>18</sup> (for storage sites outside the EU); iii) appropriate leak detection and monitoring systems are in place and verified by third party reporting; and iv) for CO<sub>2</sub> derived from hard-to-abate industries, financing will be limited to companies with a credible decarbonization pathway, such as the Transition Pathway Initiative (TPI)<sup>19</sup> or Science-Based Targets Initiative (SBTi).<sup>20</sup> Storebrand has confirmed that CO<sub>2</sub> from fossil fuel extraction, production, and refining activities will be excluded from financing under the Framework. Sustainalytics notes that Storebrand's criteria are in line with the Substantial Contribution of the EU Taxonomy Climate Delegated Act<sup>21</sup> for the transport of CO<sub>2</sub> and underground permanent geological storage of CO<sub>2</sub>.
- Sustainalytics considers the expenditures under this category to be aligned with market practice.
- Under the Clean Transportation category, the Group may finance or refinance the following:
  - The purchase, financing, leasing, rental and operation of:

<sup>19</sup> Transition Pathway Initiative: <u>https://www.transitionpathwayinitiative.org/</u>

<sup>&</sup>lt;sup>15</sup> Benefits will include reduced technical losses and improved energy efficiency. Sustainalytics encourages Storebrand to report on the quantitative benefits achieved with the financing.

<sup>&</sup>lt;sup>16</sup> As per the EU Taxonomy Delegated Act, grids must either (i) have an emissions intensity of more than 67% of newly enabled generation capacity not exceeding 100 gCO2e/kWh, or (ii) have an average system grid emission factor that does not exceed 100 gCO2e/kWh, or (iii) be part of the interconnected European system.

<sup>&</sup>lt;sup>17</sup> Eur-lex, "Directive 2009/31/EC on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006", (2009), at: <u>https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009L0031</u>

<sup>&</sup>lt;sup>18</sup> International Standards Organization, "ISO 27914:2017, Carbon dioxide capture, transportation and geological storage – Geological storage", (2017), at: <u>https://www.iso.org/standard/64148.html</u>

<sup>&</sup>lt;sup>20</sup> Science-Based Targets Initiative: <u>https://sciencebasedtargets.org/</u>

<sup>&</sup>lt;sup>21</sup> Eur-lex, "Annex to the Commission Delegated Regulation (EU) establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives", (2021), at: <u>https://eurlex.europa.eu/resource.html?uri=cellar:d84ec73c-c773-11eb-a925-01aa75ed71a1.0021.02/DOC\_2&format=PDF</u>

- Passenger and freight trains, wagons and coaches with zero direct tailpipe CO<sub>2</sub> emissions, or passenger trains and coaches with zero direct tailpipe CO<sub>2</sub> emissions when operated on a track with necessary infrastructure, and which use a conventional engine where such infrastructure is not available (bimode). Storebrand will exclude freight transport mass containing more than 25% of fossil fuels.
  - Sustainalytics notes that bi-mode trains may still use fossil fuels until becoming fully electric in the future and considers trains with a carbon intensity below 50 gCO<sub>2</sub>/pkm for passenger and 25 gCO<sub>2</sub>/tkm for freight rail to drive positive environmental outcomes. Thus, Sustainalytics encourages Storebrand to report on the emissions intensity of bi-mode trains financed under the Framework.
- Road vehicles including buses with zero direct tailpipe CO<sub>2</sub> emissions. Storebrand has confirmed that it will exclude: i) freight trucks dedicated to the transport of fossil fuels or fossil fuels blended with alternative fuels; and ii) tank containers which transport fossil fuels or fossil fuels blended with alternative fuels.
- Water vessels with zero direct tailpipe CO<sub>2</sub> emissions. Storebrand has confirmed that it will exclude: i) vessels whose primary purpose is the transportation of fossil fuel freight, i.e. more than 25% share of fossil fuel freight in mass transported); ii) oil tankers or vessels transporting solely or mostly in mass coal and oil; iii) tank containers which transport fossil fuels or fossil fuels blended with alternative fuels; and iv) vessels for construction of marine renewables that may be used for other purposes, such as offshore oil and gas activities.
- The construction, modernization, maintenance and operation of infrastructure dedicated to the operation of vehicles with zero tailpipe CO<sub>2</sub> emissions such as electric charging points, electricity grid connection upgrades, hydrogen fueling stations or electric road systems (ERS) not used for transport or storage of fossil fuels.
  - Storebrand has confirmed that it will exclude: i) parking facilities; ii) roads, road bridges; and iii) retrofits of existing road infrastructure.
- Sustainalytics considers the expenditures under this category to be aligned with market practice.
- Under the Green Buildings category, the Group may finance or refinance the following in Europe:
  - Acquisition and ownership of buildings according to the following criteria:
    - Buildings built after 31st December 2020 in which the net primary energy demand (PED) is at least 10% lower than the PED resulting from the local nearly zero-energy buildings requirements.
    - Buildings built before and until 31st December 2020 that have an energy certificate A or belong to the top 15% of the national stock in terms of PED.
  - Renovations of buildings according to one of the following criteria:
    - The renovation meets the requirements for major renovations in accordance with the Directive 2010/31/EU (EPBD).<sup>22</sup> Sustainalytics notes that the EU Taxonomy<sup>23</sup> requires renovations to comply with the requirements for "major renovations" set in the applicable national and regional building regulations implementing the EPBD, so that the energy performance of the building or renovated part meets the cost-optimal minimum energy requirements of the EPBD. Sustainalytics therefore encourages Storebrand to report on the actual improvement on primary energy demand performance or energy savings achieved in comparison with the existing building stock in the area or region.
    - The renovation leads to at least a 30% reduction in PED.

<sup>&</sup>lt;sup>22</sup> European Parliament, "Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010", (2010), at: <u>https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32010L0031</u>

<sup>&</sup>lt;sup>23</sup> European Commission, "EU Taxonomy Delegated Act", (2021), at: <u>https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1\_en.pdf</u>

- Storebrand has confirmed that this activity refers to renovation expenditures and does not include the total value of the building.
- Storebrand has confirmed the exclusion of i) the development or acquisition of industrial facilities designed or intended for controversial activities having harmful social or environmental impact such as tobacco, weapons, gambling, pornography; and ii) buildings designed for the purpose of extraction, storage, transportation or manufacture of fossil fuels.
- Sustainalytics considers the expenditures under this category to be aligned with market practice
- Project Evaluation and Selection:
  - Storebrand's Green Bond Committee will be responsible for the evaluation and selection of projects in line with the eligibility criteria under the Framework. The Committee will meet at least on an annual basis and comprises the Group CFO, Chief Sustainability Officer, Head of Banking, Head of Investment Office: CIO or delegate, a Strategy & Finance team delegate, and a Sustainability team delegate.
  - During the project evaluation stage, the Green Bond Committee assesses if the potential projects comply with the Group's sustainability risk assessment criteria. Storebrand has established internal policies and processes to mitigate environmental and social risks commonly associated with the eligible projects. Sustainalytics considers these environmental and social risk management systems to be adequate. For additional details, please refer to Section 2.
  - Based on the established process for project evaluation and selection, and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - Storebrand's CFO department will be responsible for management of proceeds. The net proceeds will be managed on a portfolio basis and tracked using an internal management system.
  - Storebrand intends to allocate net proceeds to eligible projects or assets within 12 months
    of issuance. Pending full allocation, Storebrand may temporarily invest unallocated
    proceeds in cash, cash equivalents or similar instruments, or in ESG-oriented funds.
    Storebrand has confirmed that temporary investments will exclude instruments that finance
    carbon-intensive assets.
  - Based on the use of an internal tracking system and the disclosure of the temporary use of
    proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - Storebrand commits to report on allocation of proceeds annually while the bonds are outstanding. The allocation report will be made available on Storebrand's website.
  - Allocation reporting will include: i) the size of eligible green assets per category; ii) the total amount of proceeds allocated to eligible assets per category; iii) the ratio of new financing to refinancing; and iv) the balance of unallocated proceeds.
  - Storebrand will obtain limited assurance on the allocation reporting of proceeds issued under the Framework from an external independent auditor on an annual basis and make available the assurance report on its website.
  - Impact reporting may include metrics such as: i) annual renewable energy generation (MWh/GWh); ii) GHG emissions avoided or reduced (tCO<sub>2</sub>e, kgCO<sub>2</sub>e, %); and iii) annual reduction in energy consumption (kWh, %).
  - Based on the commitment to allocation and impact reporting, Sustainalytics considers this
    process to be in line with market practice.

## Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Storebrand Green Bond Framework aligns with the four core components of the GBP.

# Section 2: Sustainability Strategy of Storebrand

## Contribution to Storebrand's sustainability strategy

Storebrand's sustainability strategy focuses on managing physical and transition climate risks across the Group's own operations, investment, non-life insurance, banking, and real estate businesses. The Group has produced environmental reports since 1995 and sustainability reports since 1999, and it began integrating sustainability reporting into its annual report in 2008.<sup>24</sup>

<sup>&</sup>lt;sup>24</sup> Storebrand, "Sustainability library", at: https://www.storebrand.no/en/sustainability/sustainability-library

Storebrand has committed to achieve net zero GHG emissions in its investment portfolios by 2050 and developed a transition plan to reach this goal in 2024.<sup>25</sup> Under the plan, Storebrand has set interim 2030 targets specific to the asset classes it manages: i) Private equity portfolio, the carbon intensity<sup>26</sup> should not exceed 60% of the MSCI All Country World Index (ACWI) by 2030; ii) Real estate, the Group has set a target to reduce emissions intensity by 64% for residential buildings and 71% for commercial buildings by 2030 compared to a 2019 baseline; and iii) Infrastructure, 90% of investments should be in line with a net-zero pathway by 2030.<sup>27</sup>

The Group intends to meet these goals via several measures: using renewable energy and improving energy efficiency in buildings; active ownership; reallocations; government dialogue; and investment exclusions. As at end December 2024, the carbon intensity of the Group's private equity portfolio did not exceed 60% of the ACWI's carbon intensity, in line with its target and the Group will work to maintain this target going forward. Within its real estate portfolios, Storebrand has implemented solutions to reduce the energy intensity of the portfolio, including building energy efficiency measures, climate effective renovation and refurbishments, and operational optimization systems. The portfolio's emissions intensity has reduced in terms of location-based emissions due to an increase in the market-based emission factor for electricity, which has nearly doubled since 2019. Within the Group's infrastructure portfolio, 74% of investments were aligned with a net-zero pathway. The Group intends to actively engage with investment partners to ensure that infrastructure investment companies implement net-zero strategies.<sup>28</sup> Additionally, the Group excludes in coal, coal utilities, oil sand and unsustainable palm oil production.<sup>29</sup>

Sustainalytics is of the opinion that the Storebrand Green Bond Framework is aligned with Storebrand's overall sustainability strategy and initiatives and will further its actions on its key environmental priorities.

#### Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that proceeds from the bonds issued under the Framework will be directed towards eligible projects expected to have positive environmental impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Storebrand plays a limited role in the development of projects and assets being financed, but it remains exposed to risks associated with projects it may finance through offering lending and financial services. Some key environmental and social risks associated with the eligible projects may include issues involving: i) land use and biodiversity issues associated with large-scale infrastructure development; ii) emissions, effluents and waste generated in construction; iii) occupational health and safety; and iv) community relations.

Sustainalytics is of the opinion that Storebrand is able to manage or mitigate potential risks through implementation of the following:

- Concerning land use and biodiversity issues, Storebrand has established an Exclusions Policy, under which it commits to exclude investments in activities that cause serious environmental damage.<sup>30</sup> In assessing environmental damage, the Group considers the extent and reversibility of damage to ecosystems and human health.<sup>31</sup> The Group has established a Policy on Nature, under which it commits to uphold the precautionary principle in investment decision making, whereby if there is scientific uncertainty regarding the negative effect of an activity on nature, the activity will be avoided.<sup>32</sup>
- In relation to emissions, effluents and waste generated in construction, Storebrand has established a Sustainable Investment Policy, according to which it conducts ESG risk assessments on new investments in its real estate and infrastructure investments.<sup>33</sup> Storebrand

https://www.storebrand.no/en/sustainability/sustainability-library/\_/attachment/inline/585cf2a0-e156-4672-94d9-

793fedc32c8c:ee674750320431b4aeb6b3eb97092094e044688d/2024-transition-plan-for-climate-Storebrand-ASA.pdf

27 Ibid.

<sup>&</sup>lt;sup>25</sup> Storebrand ASA, "Transition Plan for Climate Storebrand ASA", (2024), at: <u>https://www.storebrand.no/en/sustainability/sustainability/library/\_/attachment/inline/585cf2a0-e156-4672-94d9-793fedc32c8c:ee674750320431b4aeb6b3eb97092094e044688d/2024-transition-plan-forclimate-Storebrand-ASA.pdf</u>

<sup>&</sup>lt;sup>26</sup> Storebrand defines carbon intensity as the weighted average of a companies' scope 1 and 2 emissions relative to revenue in tonnes of CO<sub>2</sub>e per NOK 1 million in sales income. The reduction in emissions is calculated based on a market-adjusted baseline for portfolios from 2018, compared to a corresponding updated and market-adjusted intensity. Storebrand ASA, "Transition Plan for Climate Storebrand ASA", (2024), at:

<sup>&</sup>lt;sup>28</sup> Storebrand ASA, "Transition Plan for Climate Storebrand ASA", (2024), at: <u>https://www.storebrand.no/en/sustainability/sustainability-</u> library/\_/attachment/inline/585cf2a0-e156-4672-94d9-793fedc32c8c:ee674750320431b4aeb6b3eb97092094e044688d/2024-transition-plan-forclimate-Storebrand-ASA.pdf

<sup>&</sup>lt;sup>29</sup> Storebrand, "Storebrand's Exclusion policy", at: <u>https://www.storebrand.com/sam/no/asset-management/sustainability/our-</u>

method/exclusions/storebrand-exclusion-policy#environmental-damage <sup>30</sup> lbid

<sup>&</sup>lt;sup>31</sup> Ibid.

<sup>&</sup>lt;sup>32</sup> Storebrand Asset Management, "Storebrand Policy on Nature", (2022), at: <u>https://www.storebrand.com/sam/nl/asset-</u>

management/sustainability/policies-and-governance/policy-on-nature

<sup>&</sup>lt;sup>33</sup> Storebrand Asset Management, "Sustainable Investment Policy", (2023), at: <u>https://www.storebrand.com/sam/no/asset-management/sustainability/policies-and-governance/sustainable-investment-policy</u>

pays particular attention to GHG emissions and resource use in these assessments.<sup>34</sup> All projects must comply with relevant legislation (governing environmentally responsible building practices) that is in place within the investee's country. Sustainalytics notes that Storebrand intends to finance projects in Europe and the US. In Norway, projects are subject to the country's Pollution Control Act, which establishes guidelines to minimize and prevent pollution, as well as mechanisms to manage waste and effluents generation.<sup>35</sup> In the EU, construction projects are required to comply with guidelines and regulations that aim to ensure that waste is managed without endangering human health or causing harm to the environment. These include the EU Construction and Demolition Waste Protocol and Guidelines,<sup>36</sup> the EU Waste Framework Directive,<sup>37</sup> the Waste Electrical and Electronic Equipment Directive<sup>38</sup> and the European Waste Shipment Regulation.<sup>39</sup> In the US, the Clean Air Act,<sup>40</sup> Clean Water Act,<sup>41</sup> the National Environmental Policy Act,<sup>42</sup> and the Environmental Protection Agency's regulations stemming from the Resource Conservation and Recovery Act<sup>43</sup> regulate waste, emissions and effluents generated during construction projects.

- To manage risks related to occupational health and safety, Storebrand conducts human rights due diligence assessments to identify, avoid, manage, and mitigate human rights risks in its investments.<sup>44</sup> The Group's due diligence focuses on the rights of workers in its own operations and its value chain, communities affected by its investments, and end user rights and safety. Furthermore, Storebrand has been a signatory of the UN Global Compact since 2000.45 Investments are required to be in alignment with the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Responsible Business Conduct for Institutional Investors.46
- Regarding community relations, Storebrand actively engages with its stakeholders through regular meetings, surveys, and digital channels to understand their needs and expectations. These considerations are integrated in planning and decision-making within the Group.<sup>47</sup> In addition, the Group's human rights due diligence assessment is conducted for all investments and includes considerations on the communities affected.48

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Storebrand has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

# Section 3: Impact of Use of Proceeds

All use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

## Importance of financing green buildings in Europe

The buildings sector is the largest consumer of energy in the EU, accounting for more than one-third of the EU's energy-related GHG emissions.<sup>49</sup> Considering that 85% of the EU's building stock was built before 2000 and 75% of it is energy inefficient, building renovations are expected to play a key role in

economy.ec.europa.eu/news/eu-construction-and-demolition-waste-protocol-2018-09-18\_en

48 Ibid.

<sup>&</sup>lt;sup>34</sup> Ibid.

<sup>&</sup>lt;sup>35</sup> Government of Norway, "Pollution Control Act", (1981), at: <u>https://www.regjeringen.no/en/dokumenter/pollution-control-act/id171893/</u>

<sup>&</sup>lt;sup>36</sup> European Commission, "EU Construction and Demolition Waste Protocol and Guidelines", (2018), at: https://single-market-

<sup>&</sup>lt;sup>37</sup> European Parliament, "Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives", at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32008L0098

<sup>&</sup>lt;sup>38</sup> European Parliament, "Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE)", (2012), at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32012L0019

<sup>&</sup>lt;sup>39</sup> European Commission, "Waste Framework Directive", at: <u>https://environment.ec.europa.eu/topics/waste-and-recycling/waste-framework-</u> directive en

<sup>40</sup> https://www.epa.gov/laws-regulations/summary-clean-air-act

<sup>&</sup>lt;sup>41</sup> US Environmental Protection Agency, "Summary of the Clean Water Act", (2022), at: <u>https://www.epa.gov/laws-regulations/summary-clean-</u> wateract#:~:text=(1972),quality%20standards%20for%20surface%20waters. <sup>42</sup> US Environmental Protection Agency, "National Environmental Policy Act", at: <u>https://www.epa.gov/nepa</u>

<sup>&</sup>lt;sup>43</sup> US Environmental Protection Agency, "Resource Conservation and Recovery Act (RCRA) Laws and Regulations", at: <u>https://www.epa.gov/rcra</u> <sup>44</sup> Storebrand Asset Management, "Sustainable Investment Policy", (2023), at: <u>https://www.storebrand.com/sam/no/asset-</u>

management/sustainability/policies-and-governance/sustainable-investment-policy

<sup>&</sup>lt;sup>45</sup> United Nations Global Compact, "Our Participants", at: <u>https://unglobalcompact.org/what-is-</u>

 $gc/participants/search%5Bkeywords\%5D=storebrand\&button=\&search\%5Bsort\_field\%5D=\&search\%5Bsort\_direction\%5D=asc\&search\%5Bsort\_direction\%5D=asc\&search\%5Bsort\_field\%5D=\&search\%5Bsort\_field\%5D=asc\&search\%5Dsort\_field\%5D=asc\&search\%5Bsort\_field\%5D=asc\&search\%5Dsort\_field\%5Dsor$ er\_page%5D=10

<sup>&</sup>lt;sup>46</sup> Storebrand Asset Management, "Sustainable Investment Policy", (2023), at: <u>https://www.storebrand.com/sam/no/asset-</u>

management/sustainability/policies-and-governance/sustainable-investment-policy

<sup>&</sup>lt;sup>47</sup> Storebrand ASA, "Annual report 2024", (2025), at: <u>https://www.storebrand.no/en/investor-relations/annual-</u>

reports/\_/attachment/inline/f7268ecb-0b2b-44e3-b264-bb93a0a06afa:afbfc17fd8ac42a515a6a48fb54eaec364e37ae0/2024-annual-reportstorebrand-asa.pdf

<sup>&</sup>lt;sup>49</sup> European Commission, "Energy performance of buildings directive", at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficientbuildings/energy-performance-buildings-directive\_en#facts-and-figures

decarbonization within the EU.<sup>50</sup> Only 11% of the EU's total building stock currently undergoes some level of renovation each year, with only 0.2% of it involving renovations that reduce energy consumption by at least 60%.<sup>51</sup> Norway's buildings sector is the largest energy consumer, accounting for 32% of Norway's energy consumption in 2021, with space heating accounting for 53% of all energy demand.<sup>52</sup> Additionally, the buildings sector contributed 370 ktCO<sub>2</sub>e or approximately 1% of Norwegian emissions.<sup>53</sup> Furthermore, energy demand for appliances and lighting in both residential and commercial buildings is expected to grow by approximately 33% between 2021 and 2050.<sup>54</sup> The UK's building sector is responsible for 41% of the country's energy consumption, 24% of energy related emissions, and 27% of total GHG emissions.<sup>55</sup> The UK's housing stock is the oldest in Europe, with 20.6% of houses built before 1919, and 85% relying on gas heating. Approximately 68% of the housing stock in the UK has uninsulated cavity walls and is therefore energy inefficient.<sup>56,57</sup> Homes in England and Wales have a median EPC band level of D.<sup>58</sup>

In the context of the 2030 Climate Target Plan and the European Green Deal, which set a target for climate neutrality by 2050 and an interim target of a 60% reduction in GHG emissions by 2030, against a 2015 baseline,<sup>59</sup> the European Commission revised the Energy Performance of Buildings Directive (EPBD) in 2023 to increase the rate of renovation in the EU, among other initiatives. In addition to the goal of achieving climate neutrality in the buildings sector by 2050, the EPBD now calls for a zero emissions target for all new public buildings and new private buildings by 2028 and 2030, respectively. This targets a 60% reduction in emissions from the sector by 2030 compared to 2015.60 Under its 2017 Climate Change Act, Norway set an ambition to achieve net zero by 2050.61 In 2022, Norway updated its Nationally Determined Contribution with enhanced targets for reducing emissions to 55% below 1990 levels by 2030.62 Specific to the buildings sector, Norway aims to reduce energy use in existing buildings by 10 TWh by 2030 compared to 2015.63 To realize its climate objectives for this sector, the Norwegian government banned the installation of fossil fuel-based heating systems in 2016, prohibited the use of oil in heating buildings in 2020 and has required energy performance certificates since 2010.64 Norway's building regulations, last updated in 2017, require buildings undergoing renovations and new buildings to have a maximum total net energy requirement level and meet energy requirements for individual building components, such as windows, doors and walls.<sup>65</sup> The UK's Integrated National Energy and Climate Plan outlines a target to achieve countrywide net zero emissions by 2050.66 In this context, the UK has established intermediate milestones for a 68% reduction in emissions by 2030 and 78% by 2035 relative to 1990 levels.<sup>67</sup> To meet these targets, GHG emissions from existing residential buildings will need to be reduced by an estimated 50% by 2035, and all new homes will need to be net zero ready by 2025.68,69 In addition, existing buildings will require deep energy retrofits and new developments will have to meet increasingly stringent standards, including strategies to reduce construction impacts and improve operational energy use and energy efficiency.<sup>70</sup>

<sup>52</sup> Norsk Industri, "Energy Transition Norway 2022", at: <u>https://www.norskindustri.no/siteassets/dokumenter/rapporter-og-brosjyrer/energy-transition-norway/2022/energy-transition-norway-2022\_web.pdf</u>

65 IEA, "Norway 2022: Energy Policy Review", at:

<sup>&</sup>lt;sup>50</sup> European Commission, "in Focus: Energy efficiency in buildings", (2020), at: <u>https://commission.europa.eu/news/focus-energy-efficiency-buildings-2020-02-17\_en?utm\_source</u>

<sup>&</sup>lt;sup>51</sup> European Commission, "A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives" (2020), at: <u>https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1603122220757&uri=CELEX:52020DC0662</u>

<sup>&</sup>lt;sup>53</sup> Ibid.

<sup>54</sup> Ibid.

<sup>&</sup>lt;sup>55</sup> International Energy Agency, "United Kingdom 2024, Energy Policy Review", (2024), at: <u>https://iea.blob.core.windows.net/assets/908bbafb-16e1-440b-bd86-5f894b56772d/UnitedKingdom2024.pdf</u>

<sup>&</sup>lt;sup>56</sup> UK Green Building Council, "Climate Change Mitigation", at: <u>https://www.ukgbc.org/climate-change-2/</u>

<sup>&</sup>lt;sup>57</sup> Piddington, J. et al. (2020), "The Housing Stock of The United Kingdom", BRE Trust, at: <u>https://files.bregroup.com/bretrust/The-Housing-Stock-of-the-United-Kingdom Report\_BRE-Trust.pdf</u>

<sup>&</sup>lt;sup>58</sup> Official National Statistics, "Energy efficiency housing in England and Wales: 2024", (2024), at: <u>https://www.ons.gov.uk/peoplepopulationandcommunity/housing/articles/energyefficiencyofhousinginenglandandwales/2024</u>
<sup>59</sup> Ibid.

<sup>&</sup>lt;sup>60</sup> European Commission, "Energy performance of buildings directive", at: <u>https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive\_en#facts-and-figures</u>

<sup>&</sup>lt;sup>61</sup> Government of Norway, "Climate Change Act", (2017), at: <u>https://www.regjeringen.no/en/dokumenter/climate-change-act/id2593351/</u>

 <sup>&</sup>lt;sup>62</sup> Climate Action Tracker, "Countries: Norway – Target Overview", (2022), at: <u>https://climateactiontracker.org/countries/norway/targets/</u>
 <sup>63</sup> IEA, "Norway 2022: Energy Policy Review", at: <u>https://iea.blob.core.windows.net/assets/de28c6a6-8240-41d9-9082-</u>

a5dd65d9f3eb/NORWAY2022.pdf

<sup>&</sup>lt;sup>64</sup> IEA, "Norway 2022: Executive summary", at: <u>https://www.iea.org/reports/norway-2022/executive-summary</u>

https://iea.blob.core.windows.net/assets/de28c6a6-8240-41d9-9082-a5dd65d9f3eb/NORWAY2022.pdf

<sup>&</sup>lt;sup>66</sup> UK Department for Business, Energy & Industrial Strategy, "The UK's Integrated National Energy and Climate Plan", (2020), at: <u>https://assets.publishing.service.gov.uk/media/60bdd2d2e90e0743ae8c284e/uk-integrated-national-energy-climate-plan-necp-31-january-2020.pdf</u>

<sup>&</sup>lt;sup>67</sup> UK government, "UK enshrines new target in law to slash emissions by 78% by 2035", (2021), at: <u>https://www.gov.uk/government/news/uk-enshrines-new-target-in-law-to-slash-emissions-by-78-by-2035</u>

<sup>&</sup>lt;sup>68</sup> UK Green Building Council, "Net Zero Whole Life Carbon Roadmap", (2021), at: <u>https://ukgbc.s3.eu-west-2.amazonaws.com/wp-content/uploads/2021/11/28194152/UKGBC-Whole-Life-Carbon-Roadmap-A-Pathway-to-Net-Zero.pdf</u>

<sup>&</sup>lt;sup>69</sup> UK government, "New homes to produce nearly a third less carbon", (2021), at: <u>https://www.gov.uk/government/news/new-homes-to-produce-nearly-a-third-less-carbon</u>

<sup>&</sup>lt;sup>70</sup> UK Green Building Council, "Net Zero Carbon Buildings: A Framework Definition", (2019), at: <u>https://www.ukgbc.org/ukgbc-work/net-zero-carbon-buildings-a-framework-definition/</u>

Based on the above, Sustainalytics expects Storebrand's financing of green buildings to contribute to reducing GHG emissions and energy consumption in the buildings sector in Europe and to support the countries' climate targets.

### **Contribution to SDGs**

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Storebrand Green Bond Framework are expected to advance the following SDG(s) and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
Energy Efficiency	7. Affordable and clean energy	7.3 By 2030, double the global rate of improvement in energy efficiency.
Clean Transportation 11. Sustainable cities and communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.	
	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.	
Green Buildings	9. Industry, innovation, and infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

# Conclusion

Storebrand has developed the Storebrand Green Bond Framework under which it may issue green bonds and use the proceeds to finance in whole or in part, projects expected to contribute to decarbonizing the building stock and to reducing GHG emissions in Europe and the US. Sustainalytics considers that the eligible projects are expected to provide positive environmental impacts.

The Framework outlines processes for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Storebrand Green Bond Framework is aligned with Storebrand's sustainability strategy and that the use of proceeds will contribute to the advancement of UN Sustainable Development Goals 7, 9 and 11. Additionally, Sustainalytics considers that Storebrand has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Storebrand is well positioned to issue green bonds and that the Storebrand Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

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