

Carbon Intensity of Storebrand's Equity Investments

Q3 2016



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This report discloses the carbon intensity of Storebrands equity investments in mutual funds and guaranteed portfolio

Storebrand joined two international initiatives during 2015 with a focus on reporting on and lowering the carbon intensity 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 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.

Storebrand's investment strategy is based 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. Investors can choose funds based on their general level of sustainability, and if they wish fossil free funds. See for example our platform (www.spp.se/privat/fondutbud/ordinarie-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/om-storebrand/barekraft/rapporter/>).

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. Storebrand has developed an extended analysis of all companies as a part of our tool the sustainability rating. Paradoxically, sometimes it is the best sustainable choice to invest in a fund with a high Carbon Intensity, but with good sustainable projections for the future.

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-vagledningar/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.

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.

Results Q3 2016

Please note: Storebrand has changed data provider for CO₂ emissions data between Q2 and Q3 2016, from MSCI to Trucost. This change impacts individual company results and also the overall measurements. Comparison to Q2 2016 should be done with caution.

The results for Q3 2016 are presented in Table 1 - 3 below.

All guaranteed products have a lower Carbon Intensity than their relevant indexes in Q3 2016 as they did in the two previous quarters.

Out of 14 mutual funds quoted in NOK; 8 had a lower Carbon Intensity than their relevant indexes. The funds reduced their overall Carbon Intensity with 14% while the relevant index increased with 30%. In Norway the stock market is dominated by a few high carbon intensive companies such as Statoil, Norsk Hydro and a large transportation sector with global reach. These companies are also market leaders in sustainability in their sectors which means that they lead the sector in terms of future low carbon intensive activities.

All of our 12 mutual funds quoted in SEK had a lower Carbon Intensity than their relevant indexes as they did in Q2 and Q3 2016. The funds reduced their Carbon Intensity with 6% between Q2 and Q3 2016 while the relevant index increased its Carbon Intensity with 24 %.

Are You Looking for Funds with Low Carbon Intensity?

All funds produced by Storebrand/SPP follow the Storebrand standard which excludes approximately 71 companies for climate reasons. For a full disclosure on which companies Storebrand does not invest in pls see www.storebrand.no/om-storebrand/barekraft/rapporter/attachment/4915?ts=154c845f161.

Storebrand assesses all funds available on our platforms from a sustainability perspective. We publish the sustainability level of all funds on our platforms as a guide to individual investors. As an investor, you can choose fossil free funds as a selection on our platforms.

SPP GodFond Sverige & Världen, SPP Sverige Plus, SPP Global Plus, SPP Tillväxtmarknad Plus as well as SPP Grön Obligationsfond (which is not an equity fund) are fossil free according to the Storebrand definition.

These funds exclude all companies with revenue from extraction of coal, oil and gas exceeding 5 % of total revenue. This means that most companies in the energy, utility and industrials sectors are excluded. We also exclude companies with large reserves of oil, coal and gas. (www.spp.se/om-spp/spp-fonder/fondlista).

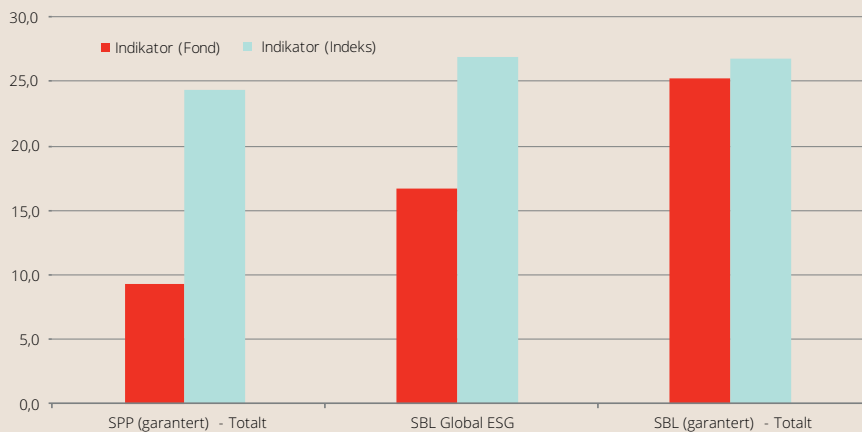
Sector funds focusing on sectors with low carbon impact like pharmaceuticals or IT have a lower climate impact, as do funds that focus on sustainability, such as renewable energy.

Method of Calculation

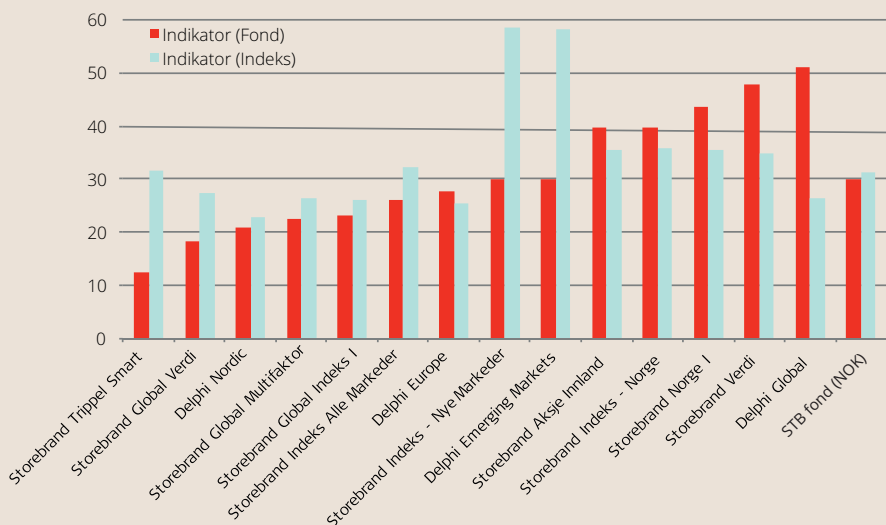
Storebrand uses carbon data from Truecost to calculate the carbon footprint of our holdings (for more information please see <https://www.trucost.com/publication/carbon-energy-transition-metrics/>). If we have carbon information covering less than 75% of the market share of the fund's equity holdings we will not report on that fund's Carbon Intensity as 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 (HYPERLINK "<http://www.ghgprotocol.org>" 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/1mio Fund Currency Sales Revenue.

Carbon Intensity in guaranteed products in Storebrand and SPP listed in NOK and SEK respectively as compared to the relevant index (t CO2e/1 million Product Currency Sales Revenue)



Carbon Intensity in mutual funds listed in NOK as compared to relevant index (t CO2e/1 million NOK Sales Revenue)



Carbon Intensity in mutual funds listed in SEK 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 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.