Storebrand

2024

Storebrand Asset Management

Climate and Nature Report

Integrated TCFD and TNFD Report

A message from the CEO

We recognize the need to build greater awareness of climate and nature-related assessment among financial and non-financial companies alike. As such, we have helped launch and support several initiatives that we believe can accelerate the transition to a sustainable economic system. In 2020, we were part of the founding members of an Informal Working Group (IWG) to prepare the launch of the Taskforce on Nature-related Financial Disclosures (TNFD) which is complementing the existing recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The TCFD framework, initially published in 2015, was a trailblazer in sustainability disclosures. It was voluntarily adopted by companies across the globe, and its recommendations have since been incorporated into mandatory reporting requirements in several jurisdictions.

Ensuring the integrity of net-zero investing must include taking into account nature. The vital role of biodiversity and ecosystems in climate change mitigation and adaptation is increasingly recognized among financial institutions. Nature-based approaches are often more cost-effective in the long term than purely technical approaches and can produce important additional socio-economic benefits for the environment, citizens, and the local economy. Addressing climate disclosure through IFRS S1 and S2 and other frameworks already requires incorporating some aspects of nature risk. We believe that it is rapidly becoming best practice for organizations to develop integrated climate and nature reporting frameworks and transition plans. That is why Storebrand Asset Management has become an inaugural TNFD Early Adopter starting to disclose aligned with TNFD recommendations from reporting year 2024.

We have already started to implement the TNFD methodology in our portfolios to better understand our nature-related risks and opportunities. I am pleased to already present our first joint Climate and Nature Report which explains how we integrate both climate and nature in investment decision while acknowledging that we still have work to do. We'll continue seeking improvement in our reporting over the coming years and expect to share more over time.

Jan Erik Saugestad,
CEO of Storebrand Asset Management

About Storebrand Asset Management (SAM)

Storebrand Asset Management AS (SAM) is a leader in the Nordic markets and pioneer in sustainable investments, with a growing footprint in select European markets. SAM is a wholly owned subsidiary of Storebrand ASA, which is listed on the Oslo Stock Exchange (ticker STB). The Storebrand Group has roots dating back to 1767 and is a leading player in the Nordic market for long-term savings, pensions, banking and insurance. In 1981, SAM was established to manage the assets of its parent Storebrand ASA. Since its inception, SAM has acquired external mandates and incorporated autonomous boutiques to form an asset management group.

SAM aims to be a Nordic asset management powerhouse by taking three market positions: being a local Nordic partner, the gateway to the Nordic region for foreign investors and a pioneer in sustainable investments. At the end of the year, SAM managed a total of NOK 1 212 billion of assets, of which 51 per cent was managed on behalf of internal customers within the Storebrand group, while 49 per cent was managed on behalf of external customers. SAM has a strong position in the Nordic markets, as demonstrated by: having received the highest flows amongst Nordic asset managers in 2023; and having been ranked as the sustainable investing leader by clients in our two biggest markets Sweden and Norway, according to external verification from Prospera in 2023.

Key Figures 2023

Assets under management, NOK billion:

1,212

Investment in solutions (NOK)/share of AuM:

154.9 billion / 12.8 %

Assets under management (AuM) screened for sustainability criteria

100 %

Investment in fossil-free funds (NOK)/share of AuM

569 billion / 47 %

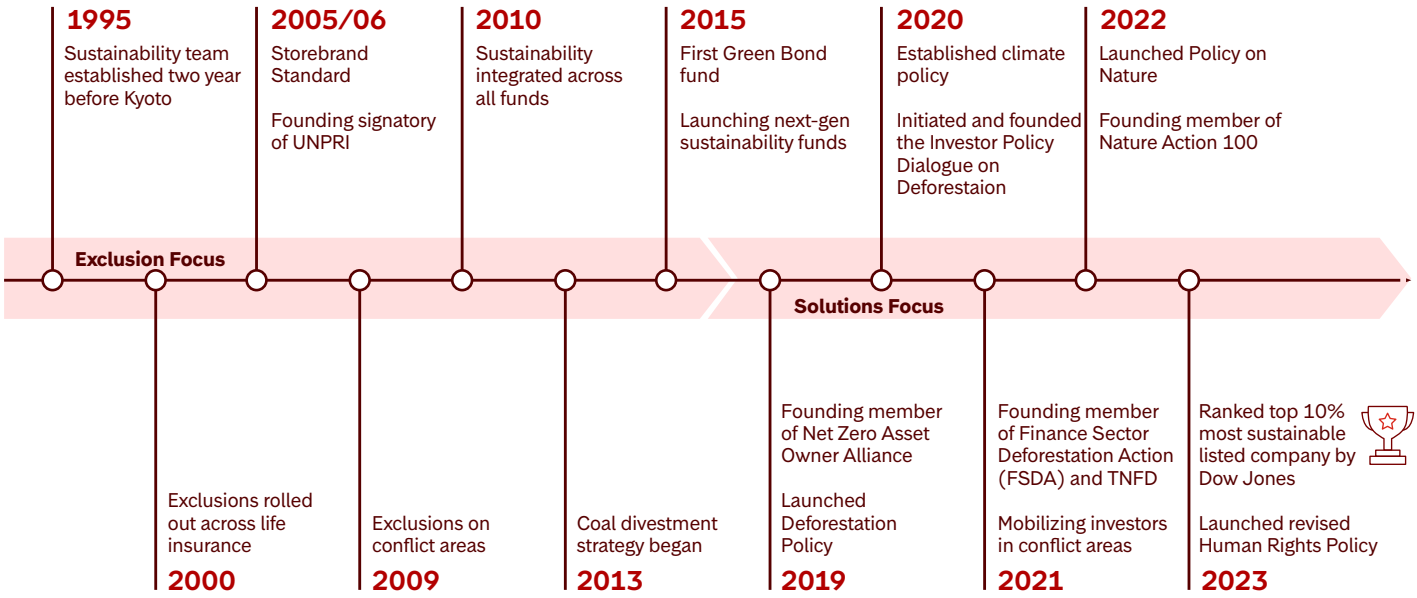
In addition to being a sustainability pioneer and having established some bold exclusion strategies, being early to integrate sustainability across all funds under management, SAM has demonstrated leadership in being a founding member of the UNPRI and initiatives such as Nature Action 100, in the Storebrand Group. Most recently, Storebrand ranked among the top 10% in the Dow Jones Sustainability Index.

Our investment beliefs are based on the assumption that the companies which contribute to solving our societal problems in a sustainable way will also be the most profitable in the long run. As a responsible shareholder and investor, we also aim to invest in a way that contributes to a more sustainable future and better world. More than ever, we are determined we need to play our role in transition: decarbonizing the economy, protecting biodiversity and supporting inclusive growth. These strong convictions permeate our strategic plan and will allow us to pursue our objective of generating long-term sustainable investment returns for our clients.

The scope of this report

This report is our first combined climate and nature report and covers the reporting year 2023. It aims to align with the recommendations of TCFD and TNFD. While the overall structure of the TNFD recommendations follow the same thematic areas as TCFD, additional core disclosures and metrics were added. At the time of publication, 320 companies globally, including SAM, had voluntarily adopted the TNFD with an intention to disclose between 2024 and 2025.

Storebrand Asset Management's Sustainable Investment Journey



Contents

Summary of SAM`s Responses to the TCFD and TNFD Recommended Disclosures within this Report			Pages
Governance Disclose information on Storebrand Asset Management`s governance with regard to climate and nature-related risks and opportunities			
a	Describe the board's oversight of climate and nature-related dependencies, impacts, risks and opportunities.	• Storebrand assesses climate and nature risk in the same framework as other business risks. The overall risk, including climate and nature risk, is summarized in the risk assessment carried out by the Group Executive Management and the Board twice a year. • The Board of Directors of Storebrand ASA sets the overall ambitions and principles for the Group's work within sustainable finance and investments, including climate change and nature. This includes overseeing the Climate Policy (2020), Nature Policy (2022) and Deforestation Policy (2019). The Board is responsible for ensuring and climate and nature-related issues are implemented, in accordance with national laws and directives and own policies.	10
b	Describe management's role in assessing and managing climate and nature-related dependencies, impacts, risks and opportunities	• SAM's executive management has the responsibility for the policies' implementation, and reports progress to the Board. • SAM has established an Internal Taskforce on Climate and Nature to coordinate and drive the implementation of its transition plan. The transition plan consists of two major components. The first is the transition of our investment portfolios to net-zero GHG emissions consistent with a 1.5C pathway by 2050. The second is the alignment of financial flows with the goals and targets of the Global Biodiversity Framework. The taskforce is led by the Chief Investment Officers, supported by the Risk and Ownership team, and includes members from other relevant teams. The Chief Investment Officers are responsible for regularly reporting to the SAM management and The Board of Directors of Storebrand ASA on the progress made twice a year. They will report regularly on specific indicators and will explain how the company is managing the investment-related risks and opportunities associated with these indicators. The following indicators will be reported to the board twice a year: – Progress on reduced emissions, based on the short-term targets that the company has set. – Progress on investments in capital flows towards low-carbon, climate-resilient and solution companies and/or companies that contribute to nature-positive outcomes. – Progress on nature-related commitments including deforestation. – Progress on engagement with sectors that contribute heavily to climate change and/or nature loss.	10
c	Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	• We are through our human right policy, committed to respect all internationally recognized human rights including those set out in the International Bill of Human Rights and the International Labour Organisation Declaration on Fundamental Principles and Rights at Work. We are dedicated to consistently follow the United Nations Guiding Principles on Business and Human Rights and the ten principles of the United Nations Global Compact. SAM is also committed to following the OECD guidelines for Multinational Enterprises and the United Nations Principles for Responsible Investments (PRI). • This is supervised by the Board and management in the same way as the work for climate and nature. The rights of indigenous peoples and local communities are also considered in our policies on climate, nature and deforestation, including in our expectation to companies.	10
Strategy Disclose the actual potential impacts of climate and nature-related risks and opportunities on SAM`s businesses, strategy, and financial planning where such information is material.			
a	Describe the climate and nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.	• SAM identifies a range of climate change-related risks, including physical, transition, reputational and legal risk. SAM also identifies a range of climate change-related opportunities, including investments in low carbon technologies, resource efficiency and circular economy, green buildings and sustainable real estate, green bonds and sustainable investments. • SAM has also taken a range of steps to identify nature-related impacts and dependencies. SAM uses tools like ENCORE (Exploring Natural Capital Opportunities, Risks, and Exposure) for high-level screening of exposure to direct nature-related impacts and dependencies in portfolio companies. The analysis identifies major drivers relevant to nature, biodiversity and ecosystem services. This helps us identify activities within our portfolio that are at the highest potential risk from disruption to ecosystem services, and which pose a higher risk to nature due to their potential negative impacts.	12-14
b	Describe the effect climate and nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	• Consideration of sustainability risks and opportunities has been embedded into our investment approach across all strategies since we first established our sustainability team in 1995. Since then, the attention to the financial materiality of climate change and nature has grown steadily. • SAM has several key commitments related to climate and nature including overall policies which applies to all asset under management.	15-16

c	Describe the resilience of the organisation's strategy to climate and nature-related risks and opportunities, taking into consideration different scenarios. For climate, these scenarios should also include a 2°C or lower scenario.	• By adapting our analysis to the NGFS climate scenarios, we are able to evaluate the robustness of our business and investment strategies across various climate-related scenarios, including a 2°C or lower scenario. We have a strategic ambition to contribute to the achievement of the 1.5 degree target.	16-19
d	Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	• SAM has begun mapping the locations of the direct operations of companies in our portfolio, starting with high biodiversity and ecologically sensitive areas, as described in Storebrand Nature Policy from 2022.	19-23
Risk Management Disclose how Storebrand Asset Management`s identifies, assesses and manages climate-related risks			
a	(i) Describe the organization's processes for identifying and assessing climate and nature-related risks. Moreover, describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.	• SAM's risk management framework sets out how we identify, measure, monitor, and report on the risks to which our business, customers and wider society are, or could be, exposed to climate and nature-related risks. • The identification process involves understanding the potential impacts of climate change and nature loss on various sectors and assets, as well as recognizing the specific vulnerabilities and opportunities that climate change and nature loss presents. We conduct exposure analysis to understand how these risks will impact our most material exposures. We use scenarios to understand how climate-related risks might impact our strategy, financial and operational resilience and the management actions we might need to take as a result. SAM uses a range of data sources to identify and inform its climate change and nature analyses, including, ESG rating agencies, scientific research and reports, industry-specific data, company disclosures and third-party research and analytics services.	12-23
b	Describe the organization's processes for managing climate and nature-related risks and the organisation's processes for monitoring nature-related dependencies, impacts, risks and opportunities.	• Once identified, SAM manages these risks through various strategies which are outlined in SAM climate and nature policies and key targets which we have outlined above. The three strategies include: 1. Exclusion of companies with significant contribution to environmental damage 2. Engagement to influence corporate behavior and policy makers 3. Allocation of capital to solution companies	25-27
c	Describe how processes for identifying, assessing, managing and monitoring climate- and nature-related risks are integrated into and inform the organisation's overall risk management processes.	• Our risk management framework is designed to take the appropriate risks to deliver returns to customers and owners. The framework covers all risks to which SAM may be exposed including sustainability issues. Storebrand publishes an annual Solvency and Financial Position (SFCR) report that helps customers and other stakeholders understand the risk in the business and how it is managed. The Board assesses risk in the process for own risk and solvency assessment (ORSA).	28
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material			
a	Disclose the metrics used by the organisation to assess and manage material climate and nature-related risks and opportunities in line with its strategy and risk management process	• SAM uses a large number of metrics to analyze the climate and nature-related risks and opportunities within different asset classes: 1. Carbon intensity 2. Fossil fuel exposure 3. Solution companies 4. High emitting sectors 5. Active Ownership 6. Exclusions 7. Science-Based Targets 8. Exposure to sectors with material nature related impacts and dependencies 9. Exposure to sensitive locations	30-36
b	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	• All our greenhouse gas emissions are reported in Metrics and Targets Section of this report.	34
c	Describe the targets used by the organization to manage climate and nature-related risks and opportunities and performance against targets.	• Progress against our climate and nature targets is available in the Metrics and Targets Section of this report but also in a separate Progress report published in September 2023.	34. 36-37

01

Governance

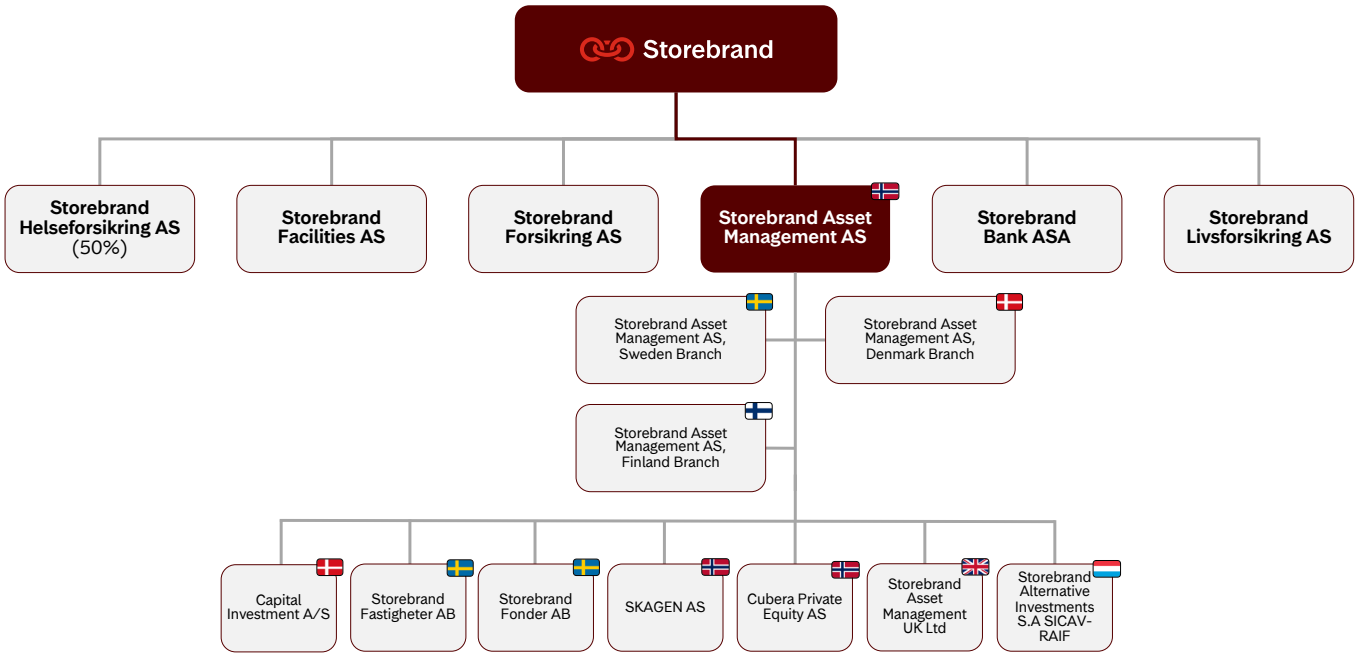
1. Governance

SAM owns several subsidiaries, collectively forming an asset management group with total assets under management of NOK 1212 billion. Leveraging our experience and expertise in managing assets from the Storebrand Group's life insurance companies, SAM operates a multi-boutique asset management concept with a distinct sustainability profile, serving institutional clients including pension funds and insurance companies, distributors, municipalities and private customers such as family offices, organizations and foundations.

As of the end of 2023, SAM operated under several brand names: "Storebrand Asset Management", "Delphi Fondene", "SKAGEN", "Storebrand Fonder", "Capital Investment" and "Cubera". Each of our brands operates with its own autonomous and complementary strategies, sharing common operational and technical platforms, policies and principles. This approach allows us to adapt to shifting investment markets and to our clients' investment demands and objectives. All SAM entities are bound by a policy framework, which includes a comprehensive set of sustainability principles and exclusion criteria (norm-based and product-based) that the respective entities must adhere to in their investment processes.

Organisation

Figure 1: Overview of Storebrand ASA organizational structure



The Board of Directors of Storebrand ASA sets the overall ambitions and principles for the Group's work within sustainable finance and investments, including climate change and nature. This includes overseeing the Climate Policy (2020), Nature Policy (2022) and Deforestation Policy (2019). The Board is responsible for ensuring and climate and nature-related issues are implemented, in accordance with national laws and directives and own policies.

SAM's executive management has the responsibility for the policies' implementation, and reports progress to the Board. SAM has established an Internal Taskforce on Climate and Nature to coordinate and drive the implementation of its transition plan. The transition plan consists of two major components. The first is the transition of our investment portfolios to net-zero GHG emissions consistent with a 1.5C pathway by 2050. The second is the alignment of financial flows with the goals and targets of the Global Biodiversity Framework. Our transition plan already incorporates some aspects of action on nature such as deforestation. Further elements of nature, including quantitative targets, will need to be incorporated into our transition plan over time.

The taskforce is led by the Chief Investment Officers, supported by the Risk and Ownership team, and includes members from other relevant teams. The Chief Investment Officers are responsible for regularly reporting to the SAM management and The Board of Directors of Storebrand ASA on the progress made twice a year. They will report regularly on specific indicators and will explain how the company is managing the investment-related risks and opportunities associated with these indicators. The following indicators will be reported to the board twice a year:

- Progress on reduced emissions, based on the short-term targets that the company has set.
- Progress on investments in capital flows towards low-carbon, climate-resilient and solution companies and/or companies that contribute to nature-positive outcomes.
- Progress on nature-related commitments including deforestation.
- Progress on engagement with sectors that contribute heavily to climate change and/or nature loss.

We are through our human right policy, committed to respect all internationally recognized human rights including those set out in the International Bill of Human Rights and the International Labour Organisation Declaration on Fundamental Principles and Rights at Work. We are dedicated to consistently follow the United Nations Guiding Principles on Business and Human Rights and the ten principles of the United Nations Global Compact. SAM is also committed to following the OECD guidelines for Multinational Enterprises and the United Nations Principles for Responsible Investments (PRI). We engage with a broad range of stakeholders in our assessment and response to both climate and nature-related risks and disclosures, including those working for or affected by our portfolio companies' operations including local communities and indigenous peoples. We work closely with civil society organizations on several fronts, including development of policies, data and expectations.

Human rights is supervised by the Board and management in the same way as the work for climate and nature. The rights of indigenous peoples and local communities are also considered in our policies on climate, nature and deforestation, including in our expectations to companies.

02

Strategy

2. Strategy

2.1 Climate risks and opportunities

Climate risk is now acknowledged as one of the greatest risks facing humanity. We are not only vulnerable to the systemic disruptions that climate change will unleash on ecosystems, societies, and our own portfolio companies, but we also recognize that we have a key role to play in accelerating decarbonization of the global economy and investing in climate resilience.

SAM identifies a range of climate change-related risks, including:

- *Physical Risks:* Physical risks are subdivided into acute risks and systemic risks. These are direct risks to company assets from climate change impacts like extreme weather events, affecting portfolio company valuations.
- *Transition Risks:* Risks associated with the transition to a low-carbon economy, including policy changes, technological advancements, and shifts in market preferences and social norms.
- *Reputational Risks:* Risks related to public perception and customer preferences, particularly for companies not aligning with evolving climate-related norms and expectations.
- *Legal Risks:* Risks from potential litigation and legal repercussions for failing to mitigate or disclose climate change impacts and strategies.

SAM also identifies a range of climate change-related opportunities, including:

- *Investment in Low-carbon Technologies:* Opportunities in investing in renewable energy, energy efficiency technologies, and other low-carbon innovations.
- *Green Bonds and Sustainable Investments:* Opportunities in investing in green bonds and other financial instruments focused on sustainability.
- *Energy Transition Opportunities:* Investment opportunities arising from the global shift from fossil fuels to renewable energy sources.
- *Resource Efficiency and Circular Economy:* Opportunities in companies and sectors focusing on improving resource efficiency and adopting circular economy principles.
- *Sustainable Agriculture and Forestry:* Opportunities in sustainable land use, agriculture, and forestry practices that contribute to climate mitigation and adaptation.
- *Climate Change Adaptation Solutions:* Opportunities in businesses that provide solutions for adapting to climate change impacts, such as infrastructure resilience.
- *Green Building and Sustainable Real Estate:* Investment opportunities in green building initiatives and sustainable real estate developments.
- *Innovation in Climate Adaptation and Mitigation:* Opportunities to invest in innovative technologies and practices that address climate change challenges.
- *Sustainable Transportation Solutions:* Opportunities in sustainable transportation technologies and infrastructure, such as electric vehicles and public transit systems.

2.2 Nature impacts and dependencies

According to World Economic Forum (WEF), $44 trillion of economic value generation – more than half of the world's total GDP – is moderately or highly dependent on nature and its services and is therefore exposed to risks arising from nature loss. In 2019 the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) published a major report containing the first major assessment of the status of global diversity since 2005. The IPBES Global Assessment Report estimated that 1 million animal and plant species are threatened with extinction.

IPBES identified the following main drivers of biodiversity loss:

- Land use change and nature deterioration
- Overexploitation
- Climate change
- Invasive species
- Pollution

Biodiversity loss affects nature's capacity to continue providing the ecosystem services on which the society and economy depends. Environmental change can trigger significant disruptions to economic production. Business risk may be related to the impacts of a company's operations on nature, or to the dependence of a business on ecosystem services as inputs to production. The Dasgupta Review has set out that such risks associated with biodiversity loss have significant macroeconomic and financial implications. Besides posing a systemic risk, the Review classified the financial risks associated with biodiversity loss into physical risks, such as changes in ecosystem services due to degradation of natural assets; litigation risks, such as legislation and fines from damage to natural assets; and transition risks, such as policy changes and shifts in social norms as the economy adjusts to more sustainable approaches.

SAM has also taken a range of steps to identify nature-related impacts and dependencies. SAM uses tools like ENCORE (Exploring Natural Capital Opportunities, Risks, and Exposure) for high-level screening of exposure to direct nature-related impacts and dependencies in portfolio companies. The analysis identifies major drivers relevant to nature, biodiversity and ecosystem services. To this end, we collaborated with UNEP-WCMC to use ENCORE to analyse the nature-risks to our portfolios. This helps us identify activities within our portfolio that are at the highest potential risk from disruption to ecosystem services, and which pose a higher risk to nature due to their potential negative impacts.

SAM's impact on nature
As shown in Figure 2 below, 40% of SAM's portfolio of equity and bonds is associated with either a High or Very High impact materiality rating in ENCORE. Our highest exposure to impact-related risks stems from the solid waste impact driver (see Figure 3). (Please note that an impact driver is not equivalent to an impact.) This is primarily due to the large weight of Financials in the portfolio and the fact that Financials in ENCORE are only associated with solid waste as a direct material impact driver. As such, it should be noted that the impacts associated with the investments made by Financials in SAM's portfolio are not captured here given that the analysis solely focuses on direct impacts. However, it remains important to note that in the scenario when Financials are being excluded from the analysis, results still show that solid waste has the highest ranking among all the impact drivers. Solid waste is followed by water pollutants, soil pollutants, water use and non-GHG air pollutants. Together, these are the most frequently occurring, highest materiality impact drivers.

Figure 2:
Percentage of the total portfolio associated with each materiality category (Very Low: 0%; Low: 2%; Medium: 58%; High: 36%; Very High: 4%).

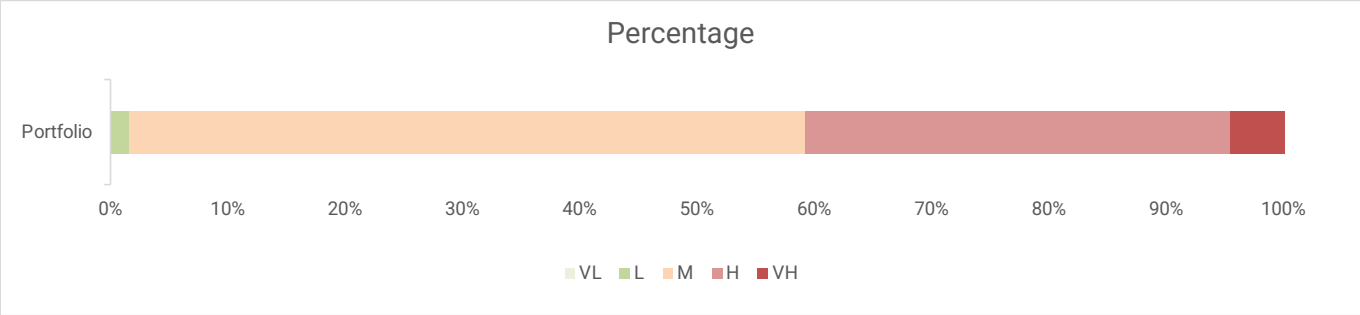
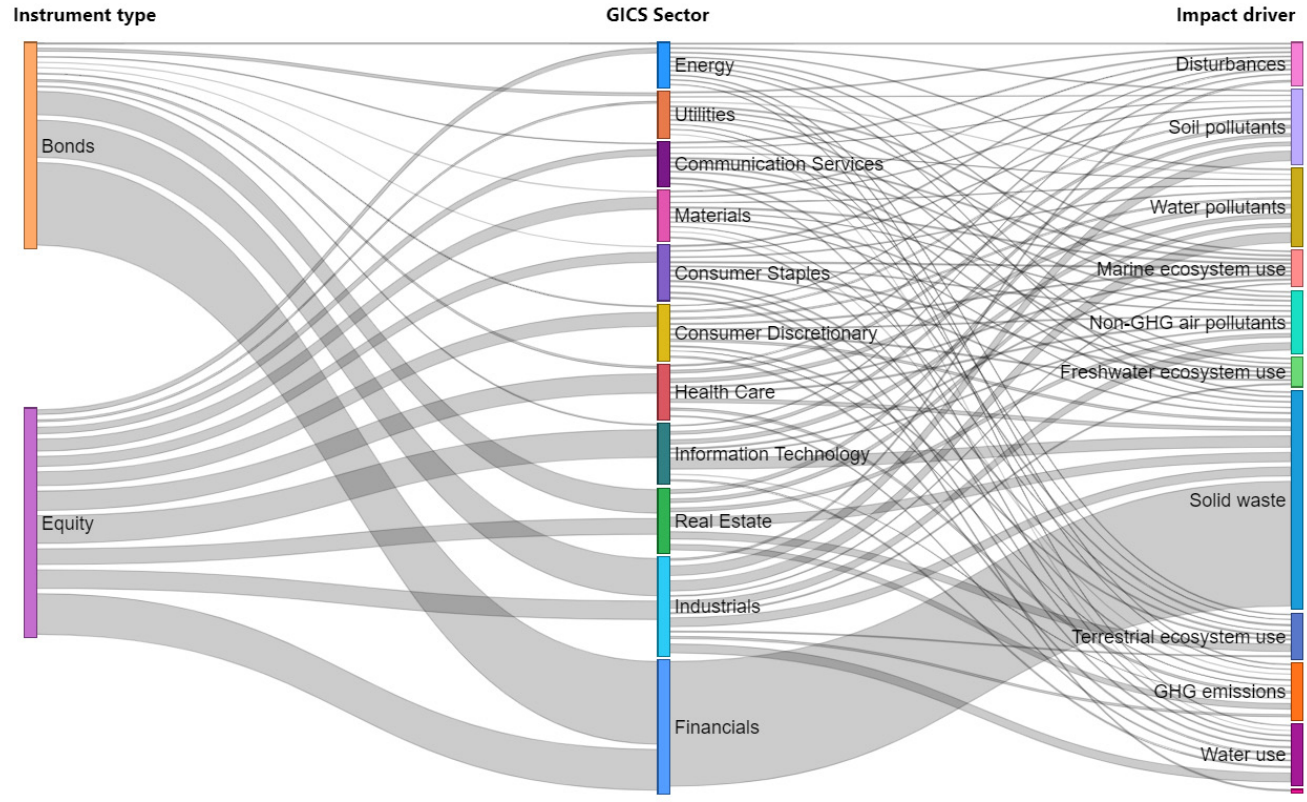
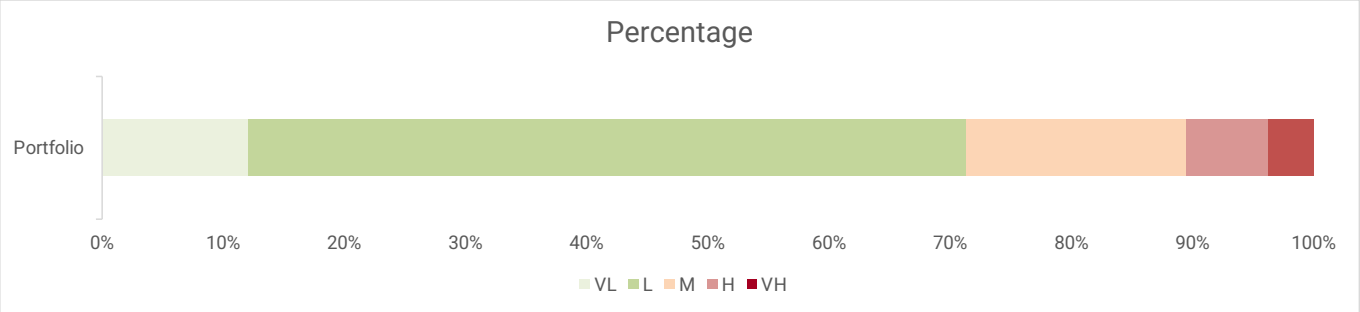


Figure 3:
Summary diagram of links between SAM's portfolio data, relevant GICS Sectors, and ENCORE impact drivers. Flows are weighted by impact materiality ratings and NOK invested in each GICS Sector. The bottom-most impact driver is 'Other resource use'.



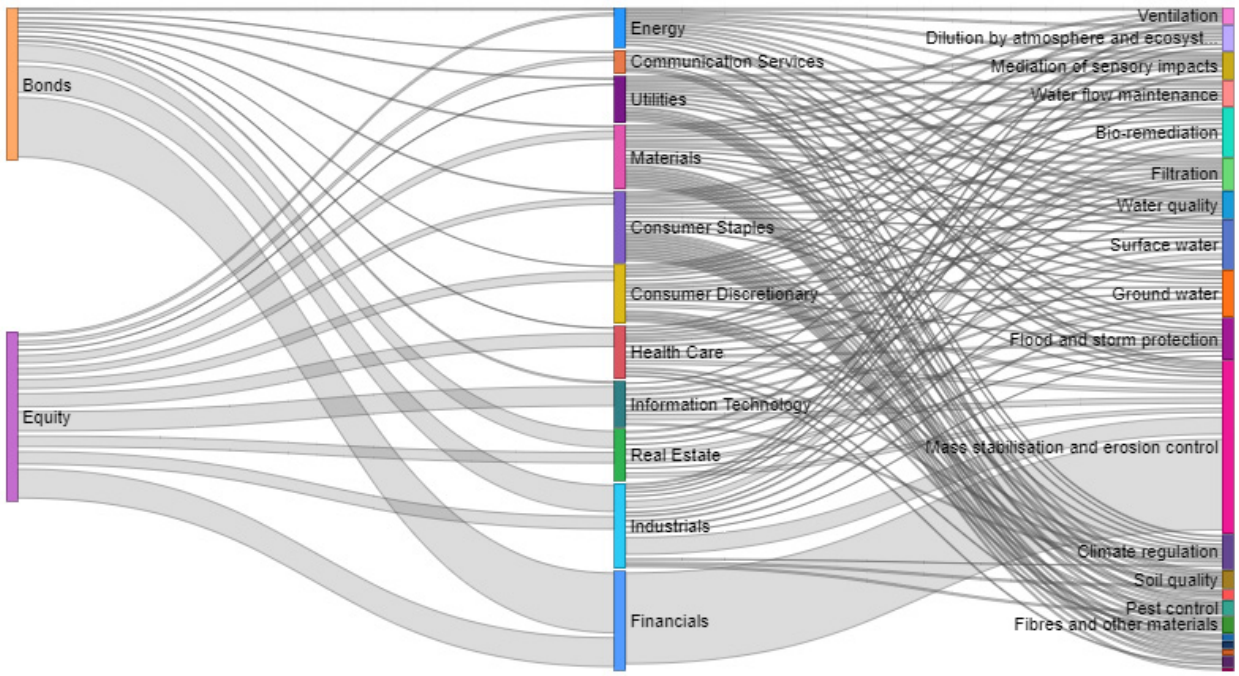
SAM's dependencies on nature and associated services
As shown in Figure 4 below, 11% of SAM's portfolio of equity and bonds is associated with either a High or Very High dependency materiality rating in ENCORE. SAM's highest exposure to dependency related risks stems from the mass stabilisation and erosion control ecosystem service (see Figure 5). This is followed by surface water, bio-remediation, ground water and flood and storm protection.

Figure 4:
Percentage of the total portfolio associated with each materiality category (Very Low: 12%; Low: 59%; Medium: 18%; High: 7%; Very High: 4%).



As with the impacts analysis, it should be noted that the dependencies associated with the investments or lending made by Financials in SAM's portfolio are not captured here given that the analysis solely focuses on direct dependencies. As such, there is a need to further understand what types of economic activities the Financials component of SAM's portfolio is investing in or lending to. However, it remains important to note that if Financials are excluded from the analysis, results still show that mass stabilisation and erosion control has the highest ranking among all the ecosystem services. All the risks arising from business activities that have a high dependency on nature should be mitigated through positive actions for nature in the mid to long term to enable the continued provision of ecosystem services upon which they depend. However, the process to mitigate dependency related risks takes time. As such, we will consider prioritising our actions in addressing the ecosystem services that our investee companies are most dependent on (i.e., mass stabilisation and erosion control, surface water, bio-remediation, ground water, and flood and storm protection). This may include developing engagement strategies that include dependency risks mitigation or using nature-based solutions as a way to support the provision of these ecosystem services.

Figure 5:
Summary diagram of links between SAM's portfolio data, relevant GICS Sectors, and ENCORE ecosystem services. Flows are weighted by dependency materiality ratings and NOK invested in each GICS Sector. The ecosystem services that are without labels are: buffering and attenuation of mass flows, animal-based energy, pollination, disease control, genetic materials, and maintenance of nursery habitats.



2.3 Effect of climate and nature-related risks and opportunities on SAM's policies and strategies

Consideration of sustainability risks and opportunities has been embedded into our investment approach across all strategies since we first established our sustainability team in 1995. Since then, the attention to the financial materiality of climate change and nature has grown steadily. We believe that the transition to a net-zero and nature-positive economy is accelerating, and that resource efficiency solutions will drive productivity and profitability. Integrating these views into our portfolios has led us away from carbon-intensive sectors and companies with high negative impact on the environment. While climate change and nature risks are different in character, they are often quite interconnected. Climate change can exacerbate nature risks, such as biodiversity loss and water scarcity, as rising temperatures and extreme weather events disrupt ecosystems. Conversely, nature risks can contribute to climate risks by affecting carbon sequestration and exacerbating greenhouse gas emissions. We consider both sets of risks together to make informed investment decisions, as they often overlap and have cumulative effects on asset performance and sustainability.

The categorisation into short, medium, and long-term helps SAM align its investment strategies with the evolving climate and nature-related risks and opportunities, and to structure targets, actions and objectives in a way that responds across time horizon.

We consider short, medium and long-term time horizons as follows:

- *Short-Term, up to 5-years:* This includes immediate actions and strategies that are being implemented or will be implemented in the near future. For example, immediate steps to reduce portfolio-level greenhouse gas emission, engage in active dialogues with companies about their climate change transition strategies, and exclude the most polluting companies from SAM's investment portfolios.
- *Medium-Term, from 5 to 15-years:* This includes targets such as achieving certain percentages of investments in sustainable or low-carbon technologies, meeting interim emissions reduction targets, and informs company and policy engagement activities.
- *Long-Term, beyond 15 years:* This refers to the strategic target to be net-zero greenhouse gas emissions across all assets under management by 2050.

Key commitments

Our climate and nature commitments apply to all assets under management.

Net-zero commitment: The initial iteration of our climate strategy was published in 2020 where we made a commitment to achieve net zero across all our assets under management by 2050. This provided information on our climate ambitions and how we could address climate risks and opportunities. Our long-term ambition is backed up by short-term strategies and we have set 1) a sub-portfolio target, 2) a financing target and 3) an engagement target for 2025.

Science based targets: to ensure a science-based approach, SAM has also committed to aligning 42% of its listed equity and corporate bond portfolio, by value of investments, with SBTi-validated targets by 2027.

Deforestation commitment: Storebrand's ambition is to have an investment portfolio that does not contribute to deforestation by 2025. Storebrand will not knowingly finance operations that are illegal, fail to protect high conservation value forests/land or violate the rights of workers and local people. As shareholders, we commit to applying both our influence and the formal tools at our disposal to induce our portfolio companies to meet our expectations and to operate in line with good international practices. This policy applies to all relevant companies in our portfolios, that are involved in production, trade, use or financing of forest-risk commodities, particularly palm oil, soy, timber, cattle products, rubber and cacao. The policy covers both upstream and downstream companies linked to forest-risk commodities through their operations and supply chains.

Nature commitment: As a signatory to the Finance for Biodiversity Pledge, we have also committed to collaborating and sharing knowledge, engaging with companies, assessing impact, setting targets and reporting publicly on biodiversity, all before 2025. With our investment activities, we aim to contribute to biodiversity protection. We will achieve this through increasing our positive impacts and reducing our negative impacts on nature, by strengthening and enhancing nature-related risk assessments in financial decision making.

Table 1: Key sustainability commitments and target dates

Category	Commitment	2025	2027	2030	2040	2050
Solutions	15% of AUM in solutions	●				
Emissions	Reduce portfolio emissions by 32%	●				
	Net zero emissions					●
Science based targets	42% of equity and bond portfolio STBi aligned		●			
	64% reduction in residential property emissions/m^2			●		
	71% reduction in commercial property emissions/m^2			●		
Biodiversity	Nature risk assessed and biodiversity targets set	●				
Deforestation	Zero commodity deforestation	●				
Human rights	Substantial alignment with UN guiding principles			●		
Living wages	Living wages acknowledged in target sectors			●		

Our sustainability strategy and investment strategy are integrated. Our method for sustainable investments is threefold: 1) Exclusion of companies with significant contribution to environmental damage, 2) engage to influence corporate behavior and policy makers and 3) allocation of capital to solution companies. We describe this more in detail under Risk Management and Mitigation.

2.4 The resilience of our strategies under different climate scenarios

Given the physical and policy uncertainty associated with climate change, SAM undertakes scenario analysis to provide a framework for assessing: i) climate impact, both positive and negative; and ii) resilience of our investment strategies. Scenario analysis breaks down potential futures into discrete data-based scenarios with projections as to what will happen in key economic sectors. This enables reasoned analysis as to the performance of financial assets when different assumptions are considered. As part of our efforts to continually improve our climate risk assessments, in 2023 we partnered with Canbury Insights Ltd to develop a more granular methodology for our climate scenario analysis.

A prominent set of data-based scenarios has been developed by the Network for Greening the Financial System (NGFS); these scenarios are designed to model different possible futures, considering the impact of climate-related factors on the financial system through the analysis of wide degree of variables. The NGFS data provides a number of different scenarios. Consistent with the TCFD recommendations, SAM considers three scenarios: 'orderly transition', 'disorderly transition' and 'hot-house world'.
By considering a range of scenarios, users can understand the potential impact of differing levels of physical risk (being highest in a 'hot-house world') and transition risk (maximised in 'disorderly transition'.) The specific scenarios chosen from the NGFS database for Storebrand Asset Management's analysis are:

- *Orderly Transition:* Net Zero 2050 - This models an ambitious scenario that limits global warming to 1.5°C through stringent implementation of climate policies and large-scale innovation, reaching net zero CO_2 emissions around 2050.
- *Disorderly Transition:* Delayed Transition - This assumes that global annual emissions do not decrease until 2030, after which strong policies are needed to limit warming to below 2°C. These policies differ across countries and regions and emissions initially exceed the Paris Climate Agreement carbon budget. However, the scenario also projects a more rapid decline in emissions in order to limit global temperature rise to 2°C.
- *Hot-house world:* Current policies - This scenario assumes that only currently implemented policies are preserved, leading to high physical risks. It assumes that emissions grow until 2080, leading to global temperature rise of at least 2.5°C. It also assumes irreversible changes such as higher sea level rise.

The *Nationally Determined Contributions scenario* is used as a base case that the other scenarios are compared to. This is because the pledges have been made in line with the Paris Agreement, and it is relatively certain that States will take action in pursuance of their commitments.

NGFS has a wide range of models with different assumptions and calculations. For this analysis we used the *Remind-MagPIE 3.2-4.6 IntegratedPhysicalDamages (median)* model.

SAM combines NGFS scenarios by analysing economic activities in terms of their '*Climate-Policy Relevant Sector' (CPRS)*. CPRS is a way of categorising companies based on their energy technology (including input substitutability of fossil fuels), role in the GHG emissions chain, and specific policy processes – in other words, grouping companies by the impact that climate policies could have on their revenues. There are nine overarching classes of CPRS: 1-fossil fuel, 2-utility, 3-energy intensive, 4-buildings, 5-transportation, 6-agriculture, 7-finance, 8-scientific R&D, and 9-other.

Using NGFS-supported documentation, we mapped all portfolio holdings via NACE class to corresponding CPRS and to the most appropriate *integrated assessment model (IAM) variable* for each NACE class. The identified IAM variable provides a measure of the production value of that NACE class and can be used as an indicative proxy for the prospects of each class. For example, the NACE class related to wind energy would be expressed in terms of EJ/year. The NGFS data would then project the amount of exajoules a year that would be produced using wind in the different climate scenarios. Given the complexities in mapping economies, a focus of the NGFS modelling is on key drivers of emissions and climate changes. As such, sectors with significant GHG emissions and / or highly sensitive to climate policies are prioritized, whereas other sectors may be aggregated under broader categories. As a result, only these prioritized sectors can be mapped directly to IAM variables, and roughly 30% of our holdings correspond to these production variables.

The next step was to analyse the % difference in the IAM variable under each scenario as compared to the baseline scenario (i.e. NDCs scenario), and to weight the IAM variable impact relative to the weight of positions that are mapped to that IAM variable.

The analysis was performed for each of our funds as well as aggregated for our entire portfolio. The result is a high-level overview of the potential climate risk of our portfolio and provides a starting point for more granular analysis of risks, resilience and opportunities.

Results of climate scenario analysis

Table 2 below shows the percentage difference in the IAM variable under each scenario as compared to the baseline scenario for short-, medium- and long-term horizons, here shown as the years 2030, 2040, and 2050. The percentages shown do not indicate changes in share price or value of holdings but are rather projections of potential positive and negative impacts on the various production variables with an underlying assumption this will link to company value. The actual impact on a portfolio will depend on several factors, specific to the companies themselves as opposed to the NACE codes of their economic activities. Further, we note that only around 30% of our holdings were mapped to an NGFS variable, for the reasons noted above. As such, the insights from the scenario analysis performed only apply to the portfolio weightage in scope.

For illustrative purposes we have highlighted some of the main positive and negative impacts in violet and red, respectively. It is notable that the largest positive or negative impacts across the different scenarios and time horizons are mainly driven by the same production variables.

To provide an example, the variable "Investment|Energy Supply|Electricity", which covers scale of investments into electricity generation, grid infrastructure etc., is projected to increase in the "Net Zero 2050" scenario, with rapid growth in 2030 but slowing towards 2050. This is consistent with the urgent need for large investments into electrification to meet net zero targets. In the "Current Policies" scenario, however, investment in electricity is projected to decrease markedly compared to the baseline "NDC" scenario. In the "Delayed Transition" scenario", this variable shows a decrease in the short term, but big increases in the medium and long term, corresponding to this scenario's assumption of climate change policies tightening significantly over time.

Another example is the variable "Primary Energy|Gas", measured in amount of energy produced from gas per year. In the "Net Zero 2050" scenario, the analysis shows large projected reductions in energy produced from gas, with almost 90% decrease by 2050, compared to the baseline scenario. In the "Current Policies" scenario, however, energy from natural gas is projected to increase, with a 63% increase over baseline in 2050. The "Delayed Transition" scenario projects a slight increase in 2030, but larger decreases in 2040 and 2050.

Climate Policy Relevant Sectors (CPRS)	NGFS Integrated Assessment Models (IAMs)	Short Term			Medium Term			Long Term			
		2030			2040			2050			Present
		Delayed Transition	Net Zero	Current Policies	Delayed Transition	Net Zero	Current Policies	Delayed Transition	Net Zero	Current Policies	Weights
Agriculture	Agricultural Production|Non-Energy|Crops	-0,01%	0,00%	0,04%	-0,03%	0,00%	0,03%	0,21%	-0,04%	0,02%	0,07%
Agriculture	Agricultural Production|Non-Energy|Livestock	-0,02%	-0,01%	0,00%	-0,07%	-0,04%	-0,02%	0,03%	0,06%	0,00%	0,39%
Buildings	Energy Service|Residential and Commercial|Floor Space	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,73%
Transportation	Energy Service|Transportation|Aviation	5,57%	-21,44%	4,44%	-13,70%	-32,69%	6,55%	-20,49%	-38,31%	6,80%	0,05%
Transportation	Energy Service|Transportation|Freight|International Shipping	2,23%	-13,95%	2,13%	-8,73%	-18,34%	3,64%	-12,86%	-21,06%	4,48%	0,90%
Transportation	Energy Service|Transportation|Freight|Railways	-0,77%	1,88%	-0,39%	-5,03%	-0,60%	0,87%	-7,32%	2,65%	0,98%	0,11%
Transportation	Energy Service|Transportation|Freight|Road	-0,02%	-2,95%	0,42%	-0,71%	-5,39%	0,64%	-1,58%	-5,04%	0,46%	0,04%
Transportation	Energy Service|Transportation|Navigation	4,49%	-15,89%	1,62%	-16,21%	-24,19%	4,92%	-23,86%	-21,17%	5,61%	0,00%
Transportation	Energy Service|Transportation|Passenger	0,62%	-4,33%	0,50%	-3,54%	-6,65%	1,14%	-5,42%	-6,96%	1,22%	0,12%
Transportation	Energy Service|Transportation|Passenger|Aviation	4,64%	-18,38%	3,78%	-12,32%	-28,24%	5,71%	-18,31%	-32,88%	6,02%	0,07%
Transportation	Energy Service|Transportation|Passenger|Railways	-0,34%	1,53%	-0,43%	-2,29%	1,58%	0,53%	-4,79%	3,21%	0,23%	0,10%
Transportation	Energy Service|Transportation|Passenger|Road|Bus	0,59%	0,17%	0,65%	-1,78%	1,01%	0,70%	-3,47%	2,92%	0,76%	0,09%
Transportation	Energy Service|Transportation|Rail	-0,12%	3,06%	0,01%	-3,02%	2,36%	0,48%	-4,26%	5,66%	0,52%	0,13%
Energy Intensive	Fertilizer Use|Nitrogen	-0,82%	0,47%	-1,10%	-10,77%	-10,60%	-0,96%	-14,51%	-14,03%	-1,20%	0,35%
Energy Intensive	Final Energy|Electricity	-0,86%	-4,04%	-1,00%	-1,68%	7,36%	-3,11%	3,12%	10,92%	-4,94%	1,40%
Energy Intensive	Final Energy|Industry	4,28%	-18,20%	4,15%	-18,41%	-25,42%	14,89%	-21,76%	-25,36%	24,78%	16,81%
Energy Intensive	Final Energy|Industry|Chemicals	3,31%	-16,49%	3,17%	-20,23%	-23,84%	10,23%	-20,15%	-24,08%	15,28%	4,45%
Fossil Fuel	Final Energy|Transportation|Liquids	1,60%	-4,73%	1,55%	-5,76%	-27,25%	4,12%	-15,47%	-48,40%	6,15%	0,01%
Transportation	Final Energy|Transportation|Passenger|Liquids	2,18%	-1,43%	2,16%	-8,52%	-23,14%	4,98%	-17,08%	-36,13%	6,12%	0,12%
Other	Investment|Energy Supply	-15,36%	39,63%	-15,44%	36,17%	37,65%	-16,61%	28,35%	15,83%	-17,52%	0,04%
Other	Investment|Energy Supply|Electricity	-17,68%	33,23%	-17,73%	26,10%	30,82%	-19,83%	25,90%	9,37%	-21,08%	0,18%
Fossil Fuel	Primary Energy|Fossil	9,46%	-27,93%	9,28%	-20,13%	-57,00%	34,33%	-48,36%	-74,06%	62,51%	0,34%
Fossil Fuel	Primary Energy|Gas	12,74%	-27,99%	12,58%	-28,97%	-72,16%	38,61%	-69,94%	-88,98%	63,13%	0,12%
Fossil Fuel	Primary Energy|Oil	2,42%	-6,28%	2,33%	-11,32%	-32,02%	4,83%	-25,56%	-60,48%	7,58%	0,48%
Energy Intensive	Production|Cement	1,68%	-21,26%	1,55%	-17,06%	-27,19%	5,56%	-19,71%	-19,82%	8,00%	0,22%
Energy Intensive	Production|Steel	1,81%	-25,67%	1,72%	-24,69%	-28,60%	13,35%	-22,86%	-26,18%	20,08%	0,49%
Utility	Secondary Energy|Electricity	-0,92%	-3,70%	-1,05%	-2,04%	10,75%	-5,44%	6,53%	18,90%	-14,95%	0,53%
Utility	Secondary Energy|Electricity|Wind	-14,96%	28,32%	-14,76%	-3,92%	37,50%	-25,35%	8,69%	28,95%	-31,77%	0,75%
Fossil Fuel	Secondary Energy|Gases|Natural Gas	7,05%	-23,03%	7,09%	-36,46%	-59,01%	23,53%	-60,68%	-83,19%	35,35%	0,04%
Energy Intensive	Secondary Energy|Hydrogen|Fossil	21,29%	-36,53%	21,24%	-10,54%	-94,40%	82,14%	-96,93%	-99,95%	174,58%	0,33%
Fossil Fuel	Secondary Energy|Liquids|Oil	2,44%	-6,30%	2,34%	-11,30%	-32,01%	4,84%	-25,56%	-60,48%	7,58%	1,13%
	Total covered portfolio exposure										30,61%

Nature and scenario analysis
The NGFS released a technical document in December 2023 providing recommendations towards the development of scenarios for assessing nature-related economic and financial risks. They note that this is a developing space, as the approach regarding climate cannot be copied over wholesale. This is because ecosystem functions and processes display an even higher degree of complexity than climate change, must be tracked across multiple metrics at different scales and exhibit non-linear dynamics. As such, the data-backed scenarios do not yet exist for nature. Instead, it is helpful to qualitatively think through the impact of different measures on nature, and the corresponding impact on portfolio value.

2.5 Locations of our assets in high biodiversity and ecologically sensitive areas

In line with recommendations from TNFD, we have begun mapping the locations of the direct operations of companies in our portfolio, starting with high biodiversity and ecologically sensitive areas, as described in Storebrand Nature Policy from 2022. Under the TNFD framework, local geographical context plays a crucial role in robust assessments of how financial assets are impacting the natural environment. The approach – LEAP (Locate, Evaluate, Assess, Prepare) – that the framework recommends companies and financial institutions take in identifying and managing their risks and opportunities related to nature, highlights the importance of obtaining geographic location data about their operations, supply chains and assets. However, a comprehensive understanding of asset geolocation is often highlighted as a significant challenge for financial institutions in assessing their nature-related risks and opportunities. So far, we have mapped the following activities in high biodiversity and ecologically sensitive areas:

Mining operations that conduct direct marine or riverine tailings disposal
All mining produces waste in the form of a fine rock powder called tailings. For decades, mining companies have struggled to dispose the tailings. Around the world, tailings are stored in large piles or in ponds behind earthen dams. In some areas where tailings dam construction is difficult (e.g. mountainous areas), mining companies have been allowed to dispose of tailings in river systems. In some coastal areas, submarine disposal has also been permitted. These methods are generally considered to be an undesirable option for waste management and are not permitted in new projects in most countries, except Norway and Papua New Guinea. Although initially cost-effective, the documented environmental impacts and the potential for long-term effects have prompted some companies to develop internal standards that prevent riverine or marine disposal. The International Union for Conservation of Nature IUCN says in a resolution that disposal of mining waste on the sea floor "may significantly harm the marine environment – for example by contamination of water and air through heavy metals, distribution of contaminants through submarine currents, destruction of marine and costal habitat and biodiversity, modification of the costal line, loss of natural and cultural heritage, sedimentation of bays and ports – and may affect human health and activities."

The NGO Earthworks has mapped the asset locations of companies that dispose tailings in river or marine systems. We have screened our portfolios based on this information and identified three companies in our portfolios.

Oil and gas drilling in the Arctic
The Arctic is often perceived as a harsh environment. But difficult living conditions have given rise to unique ecosystems in the far North. Some of the most iconic species in the world are endemic to the Arctic, such as the polar bear, walrus, narwhal, snowy owl and Arctic fox. But the Arctic also contains thousands of lesser-known species, often remarkably adapted to survive in extreme cold and highly variable climatic conditions. Extremes of cold and seasonality and limited accessibility have kept human influence low, allowing ecological processes to function largely undisturbed. But climate change and an increasing demand for Arctic resources are driving a new era of human activity with subsequent consequences for Arctic biodiversity. We have mapped companies that derive revenues from Arctic oil and gas drilling in our portfolios and identified one company.

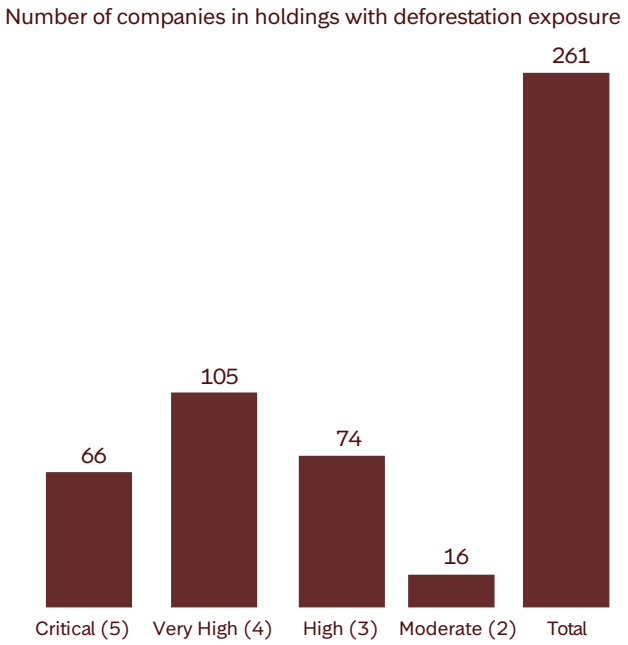
Companies involved in deep sea mining
Deep-sea mining (DSM) refers to the extraction of mineral deposits from the deep sea. Although the presence of major reserves of mineral on the deep seabed has been known for several decades, commercial extraction at these depths has not yet begun. The deep sea contains many of the most pristine, biodiverse, poorly studied, and evolutionarily remarkable ecosystems on our planet, which provide a broad range of critical ecosystem services. There is currently a paucity of data to support a detailed understanding of ecological relationships and impacts associated with deep-sea mining. Despite the fact that commercial deep-sea mining has not yet commenced, current scientific consensus suggests that deep-sea mining will be highly damaging to ocean ecosystems. WWF and Profundo have identified companies that can be associated with deep-sea mining activities. After screening, SAM was exposed to one pure-player company.

Companies with exposure to commodity-driven deforestation
Forests are critical ecosystems for the planet's climate and biodiversity. They play a vital role in maintaining the global carbon cycle, acting as carbon sinks, capturing, and storing carbon dioxide. Forests may also contain up to 80% of terrestrial species (WWF, 2023), and provide a range of other ecosystem services, including regulation of the water cycle. To identify operations with potential negative impacts on forest ecosystems is a priority for SAM. However, there is limited data available that links listed companies to deforestation and forest degradation in specific locations. As most tropical deforestation is driven by production of soft commodities like beef, palm oil, soy, pulp and paper, rubber, coffee and cocoa, our approach has been to assess investee companies' exposure to these commodities through their operations, supply chains or financial relationships.

To assess and disclose exposure to deforestation[1] risks, we leverage the Forest IQ data platform , a comprehensive resource developed by Global Canopy, Stockholm Environment Institute and Zoological Society of London. The Forest IQ data platform contains information on more than 2000 companies' exposure to commodity-driven deforestation and their efforts to eliminate deforestation, conversion and associated human rights violations from their operations, supply chains and financial relationships. It includes data from the following datasets: CDP, Deforestation Action Tracker, Forest 500, SEI York, Trase, ZSL SPOTT and RSPO. The forest risk commodities currently covered are palm oil, soy, beef, leather, timber, pulp & paper, natural rubber, cocoa, coffee, gold and coal. While the coverage in number of companies and commodities is expected to continue to grow, Forest IQ already covers the majority of companies and financial institutions in our investment universe with material exposure to commodity-driven deforestation.

In addition, the following key metrics have been employed by SAM to assess deforestation exposure.

Figure 6:
Metric 1 - Number of companies in holdings with deforestation exposure – by category

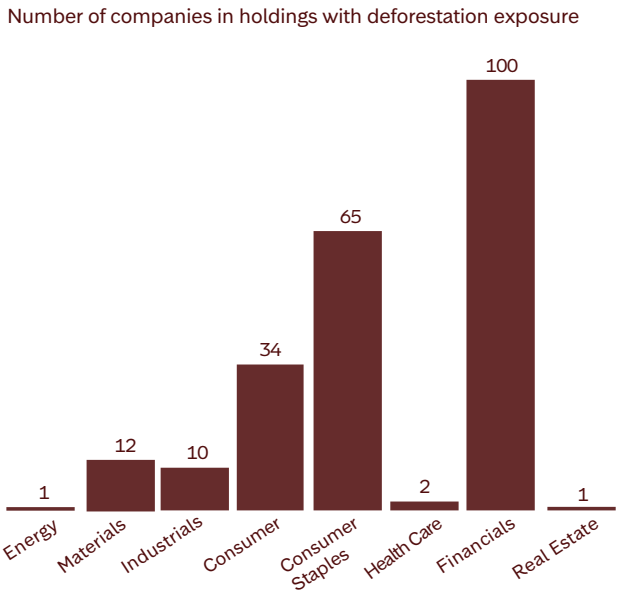


This metric assesses the level of exposure of our portfolio to companies potentially linked to deforestation. Forest IQ places companies in different exposure categories, by estimating volume of commodities sourced or produced with risk of deforestation. (Financial institutions are assessed by estimating the amount of finance provided to companies with exposure to deforestation.) We report on the number of companies, value of holdings, and percentage share of our total equity and bond investments held in companies that fall in the categories with the following exposure levels: Critical, Very High, High, and Moderate.

[1] https://forestiq.org

This provides a picture of how much of our portfolio is potentially exposed to deforestation risks.

Figure 7:
Metric 2 - Number of companies in holdings with deforestation exposure – by industry



This metric analyzes the distribution of companies identified under Metric 1 across different Global Industry Classification Standard (GICS) sectors. This shows which sectors in our portfolio are most exposed to deforestation risks.

Figure 8:
Metric 3 - Investments exposed to deforestation by industry and deforestation management score (in MNOK)

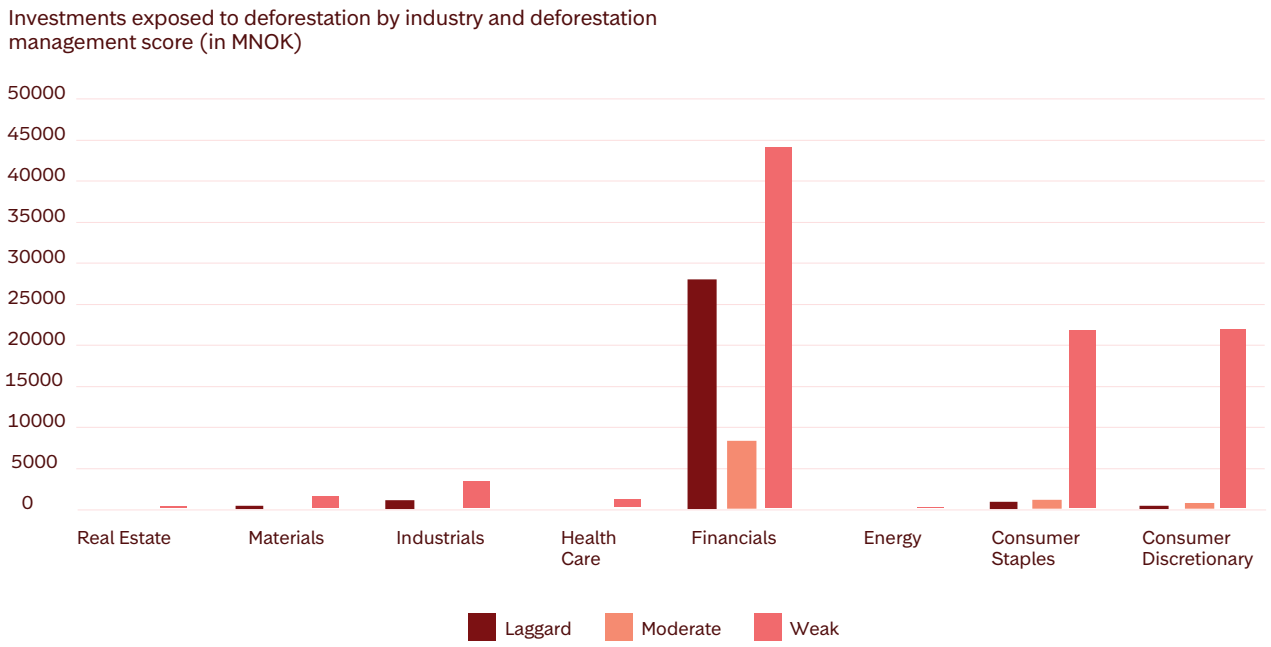
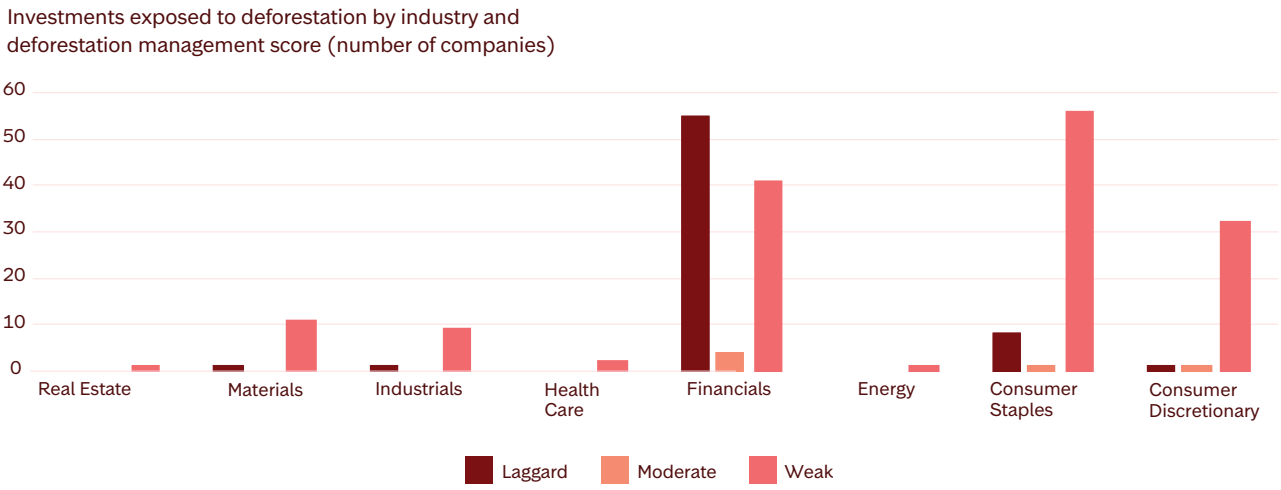


Figure 9:
Metric 3 - Investments exposed to deforestation by industry and deforestation management score (number of companies)



Metric 3 evaluates how well companies manage deforestation risks, categorizing them into five performance tiers: Laggard, Weak, Moderate, Advanced, and Leader. This is done by assessing the quality of their commitments, actions taken and quantifiable progress reporting. For companies identified under Metric 1, we disclose the number of companies and value of holdings distributed across these performance categories. This metric provides insights into the effectiveness of companies' deforestation risk management practices, which helps inform our stewardship efforts.

Data limitations

It should be noted that currently available data do not allow attributing actual deforestation impact to individual companies, due to the lack of transparency of global supply chains of forest risk commodities. What this analysis does is to estimate risk exposure and assess company performance to avoid deforestation, conversion and associated human rights abuses. However, for high risk producers and traders, we use Trase[2] data to further drill down and identify deforestation risk as measured in hectares of deforestation. Trase data draws upon satellite data for deforestation, infrastructure maps and commodity trade and taxation data, linking supply chain companies to places of production. We will continue to perform annual deforestation risk assessments, and to disclose the results and any further changes to methodology and data sources. As financial institutions' abilities to obtain critical geographic location data evolves, we will continue to map for the rest of our portfolio companies.

Extractives in tropical rainforest areas

Extractive operations, commercial mining and oil and gas extraction, often have large impacts on the environment, including land use change and deforestation. But compared to complex soft commodity supply chains, the impacts of extractive activities on ecologically sensitive areas are easier to map.

The report "Forest Risk Extractives: A Geo-Spatial Analysis" (WWF-Norway and Rainforest Foundation Norway, 2024)[3], examines the 'forest exposure' of all global mining and oil and gas terrestrial assets (mines, oil and gas wells, concessions, etc.), and link the results to parent company level. Using a global geospatial driven analysis, the study assessed two commercial extractive asset datasets against 15 forest related geospatial variables, including forest cover, forest loss, protected areas, Key Biodiversity Areas and Intact Forest Landscapes. Using this dataset, the study screened the portfolios of four Norwegian institutional investors, including SAM, to identify exposure to forest-risk extractives. The following table shows how SAM's exposure is listed in the report. It lists the number and area of active mining and oil and gas projects and concessions, respectively, that belong to listed companies in which SAM is a shareholder:

Table 3:
SAM's exposure to forest risk extractives

Total No. of 'Active' Mining Projects Assessed	947
Total Area of 'Active' Mining Projects Assessed (ha)	2975
Total No. of 'Active' Mining Concessions Assessed	32406
Total Area of 'Active' Mining Concessions Assessed (ha)	228823
Total No. of 'Active' Oil and Gas Wells Assessed	83861
Total Area of 'Active' Oil and Gas Wells Assessed (ha)	263457
Total No. of 'Active' Oil and Gas Concessions Assessed	6088
Total Area of 'Active' Oil and Gas Concessions Assessed (ha)	3477774

This has provided a useful starting point for our internal analysis. Using the same underlying dataset that the study is based on, with 15 different forest-relevant variables, we can identify priority locations and companies that merit further action, such as engagement, voting or exclusion.

Companies with high water risk

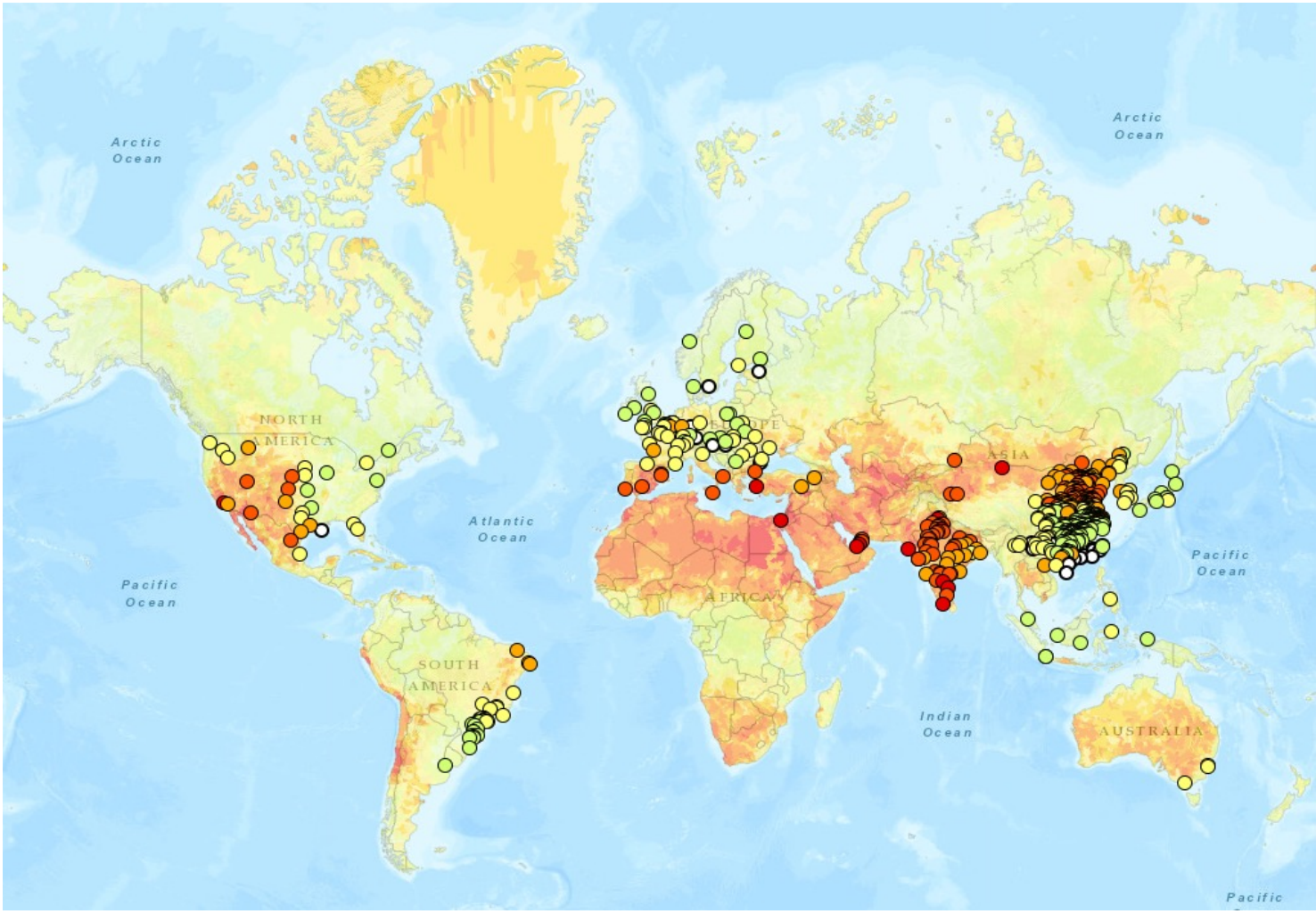
Water is a crucial factor for production, and its scarcity may lead to slower economic growth, with some regions experiencing a decline of GDP growth as much as 6 percent by 2050 due to water-related losses. In addition to economic consequences, the loss of water may also lead to severe social consequences. As water becomes scarcer, food prices can spike, igniting conflicts and driving migration.[4] For the financial sector, water risk increases the exposure to water-stranded assets and other knock-on effects such as non-delivery of products to offtake partners, hedging mismatches, increased clean-up liabilities and fines, shareholder class actions, and consequences for financial relationships.[5]

As an entry-point, SAM used ENCORE to map companies with very high water-related impacts and dependencies in our portfolio. To achieve a more granular analysis, companies identified through ENCORE as having very high-water risk were included in an asset-location screening[6] with the Water Risk Filter by WWF. The Water Risk Filter is a portfolio-level screening tool which assesses three types of risks: physical risk, regulatory risk, and reputational risk. The location-specific data was retrieved from open-source datasets from the Spatial Finance Initiative (SFI). These geospatial datasets allow for the locating of individual

[2] Trase - Insights and analysis on commodity trade sustainability - Trase
[3] Forest Risk Extractives: A Geo-Spatial Analysis" (WWF-Norway and Rainforest Foundation Norway, 2024)
[4] K8517.pdf
[5] High_and_Dry_Report_Final.pdf (cdp.net)

physical assets and the linkages between financial instruments and the real economy, which can be aggregated at a portfolio level.[7] Five datasets were downloaded and analyzed to investigate if some of our portfolio companies were included: beef abattoirs, cement, paper and pulp, petrochemicals, and waste management. In each SFI dataset, the ultimate parent of the owner of the asset was matched with the names of companies in our portfolio identified by ENCORE to have very high-water risk. This approach resulted in asset-location data for 30 matched companies across six industries: (1) paper and forest product production, (2) oil, gas, and consumable fuels, (3) construction materials, (4) chemicals and other materials production, (5) food and beverage production, (6) water utilities/water service providers. This produced 662 sites in total, which were then grouped and analyzed for water scarcity, in accordance with the main drivers of nature loss. The sites are also dispersed in various geographical areas, with most of the sites being located in China, India and Brazil, as illustrated below.

Figure 10:
The map presents the grouped sites exposed to water scarcity risk using the Water Risk Filters mapping module.



[6] SAM followed WWF guidance A for this as outlined in their methodology: BiodiversityRiskFilter_Methodology.pdf (kettufy.io)
[7] Spatial Finance Initiative - UK Centre for Greening Finance and Investment (CGFI)

03

Risk Mitigation and Management

3. Risk Mitigation and Management

SAM's risk management framework sets out how we identify, measure, monitor, and report on the risks to which our business, customers and wider society are, or could be, exposed to climate and nature-related risks. Both climate and nature are embedded in our overall policies and reporting systems to the board. The identification process involves understanding the potential impacts of climate change and nature loss on various sectors and assets, as well as recognizing the specific vulnerabilities and opportunities that climate change and nature loss presents. We conduct exposure analysis to understand how these risks will impact our most material exposures. We use scenarios to understand how climate-related risks might impact our strategy, financial and operational resilience and the management actions we might need to take as a result. SAM uses a range of data sources to identify and inform its climate change and nature analyses, including, ESG rating agencies, scientific research and reports, industry-specific data, company disclosures and third-party research and analytics services.

Once identified, SAM manages these risks through various strategies which are outlined in SAM climate and nature policies and key targets which we have outlined above. The three strategies include:

1. Exclusion of companies with significant contribution to environmental damage
2. Engagement to influence corporate behavior and policy makers
3. Allocation of capital to solution companies

3.1 Exclusion of companies with significant contributions to environmental damage, including high-risk sectors or assets

It is of fundamental importance that the companies we invest in follow international laws, norms and conventions. SAM will not invest in companies involved in activities that cause serious environmental damage. The criterion is based on The UN Convention on Biological Diversity and The UN Framework Convention on Climate Change amongst others. Established in 2005, Storebrand's Exclusion policy applies to all of SAM's internally managed funds and pension portfolios.

In evaluating a potential violation of our policy, important aspects include the extent and reversibility of the damage caused to ecosystems and people's health. The risk of recurrence is a key consideration. The cases considered most serious are those where the company lacks a systematic approach to limiting its environmental impact, thus causing irreversible damage to a large or vulnerable area or group of people.

The Storebrand Group has also chosen to exclude investments in companies within certain single product categories or industries that are unsustainable. These products or industries are associated with significant risks and liabilities from societal, environmental or health related harm. In some of these product categories there is also limited scope to influence companies to operate in a more sustainable way.

These companies include:

- Companies with more than 5 percent of revenue from coal-related activities
- Companies with more than 5 percent of their revenue from oil sands
- Companies with unsustainable production of soft commodities like palm oil, soy, cattle products, timber, cocoa, rubber, coffee, in addition to mining
- Companies involved in deep-sea mining
- Companies with mining operations that conduct marine or riverine tailings disposal
- Companies that deliberately and systematically work against the goals and targets enshrined in the Paris Agreement and/or the Kunming-Montreal Agreement
- Companies that derive more than 5 % of their revenues from Arctic drilling

In addition, approximately half of SAMs assets are screened for the fossil fuel extra criteria. These funds will not invest in companies which derive more than 5% of their revenue from the production or distribution of fossil fuels as well as relevant services to fossil fuel operations and/or whose fossil reserves exceed 100 million tonnes of CO2.

3.2 Engagement to influence corporates and policy makers

SAM's sustainable investment team is in dialogue with a large number of companies each year, seeking to influence them to move in a more sustainable direction. By questioning companies about their sustainability practices and development, we challenge them to be more proactive in addressing these issues. In our experience, we achieve the best results through cooperation with other investors and targeted engagement with companies where our ownership level is highest. We complement these dialogues by engaging with policymakers.

SAM has prioritised three thematic engagement themes for the 2024-2026 period, which includes climate change and nature in addition to human rights. Our engagement priorities are characterised by a focus on double materiality, addressing salient issues that have implications for the financial value of companies, as well as the companies' impact on the world at large. Strategically, we have also focused on issues where we have significant in-house expertise and experience, and where we believe we are well-placed to influence companies and policymakers in a positive direction.

Table 4: Overview of prioritized engagement themes related to climate and nature 2024-2025

Theme	Sub-Theme	Description
Climate	Top emitters	Emphasis will be placed on the emitters that generate the biggest amounts of owned emissions in our portfolios, on and companies that have significant impact on ecosystems with high carbon value. These dialogues have been carried out at the C-suite level and through our participation in the Climate Action 100+ and the Institutional Investors Group on Climate Change (IIGCC).
	Climate laggards	As part of our engagement strategy, we have also identified companies that are not ready for a transition to a low-carbon economy. Building on the data from Transition Pathway Initiative, Climate Action 100+ and self-collected data, climate laggards have been identified and direct concerns raised to the companies. Where laggards are held actively, this is flagged to investment analysts who have the opportunity to engage with companies on their climate change approach prior to voting. If we do not see any significant improvements, we will vote against the financial statements of these companies at the Annual General Meetings.
	Lobbying	Negative corporate interest, often represented by third-party organisations, can hinder policy action that aims to mitigate the impacts of climate change. We will engage with companies on their lobbying practices and encourage transparent and responsible political engagement. We will mainly do this through initiatives such as Climate Action 100+ or UNPRI SPRING where SAM is represented on the investor advisory committee.
Nature	Deforestation	As a part of our commitment to halting deforestation, we are engaging with companies in our portfolio that are involved in: production, trade, use or financing of forest-risk commodities and mining. We are doing this primarily through the Finance Sector Deforestation Action (FSDA). In addition, we will continue to engage with policymakers in selected countries on deforestation, mainly through the collaborative initiative, Investor Policy Dialogue on Deforestation (IPDD) where SAM is acting as the co-chair.
	Sustainable seafood	Seafood is one of the world's most highly traded and valuable commodities, with global demand expected to double by 2050. Yet a significant amount of seafood-related assets and revenue may be at risk due to overfishing, habitat degradation, nutrient pollution and disease. Companies, particularly within aquaculture, will be engaged to reduce some of the sector's environmental impacts including biodiversity loss. We expect the sector to address issues such as pressure on wild fish stocks, deforestation and habitat loss, antimicrobial resistance (AMR), pollution due to use of chemicals and waste, and animal welfare.
	Extractives in ecologically sensitive areas	We will prioritize engagement with companies that operate or source from ecologically sensitive areas such as the Arctic, tropical rainforests and the deep sea.

To achieve our goals, we collaborate with other investors through global initiatives and platforms where we play a leading role.

- Climate Action 100+ (CA 100+)
- Farm Animal Investment Risk and Return Initiative (FAIRR)
- Finance for Biodiversity (FfB)
- Finance Sector Deforestation Action (FSDA)
- Institutional Investor Group on Climate Change (IGCC)
- Investor Policy Dialogue on Deforestation (IPDD)
- Nature Action 100 (NA 100)
- Net Zero Asset Manager Initiative
- Principles for Responsible Investment Spring Initiative (PRI SPRING)
- Investor Initiative on Hazardous Chemicals (IIHC)

3.2.1 Voting

One of the methods we use for carrying out our responsibilities as a shareholder, is by exercising voting rights. We strive to exercise these voting rights aiming to maximise long term value creation, and in alignment with principles we have stated in our sustainable investment policies. Based on our engagement and voting policy, responsibility for voting is delegated to the responsible manager, or to the Risk & Ownership team, who determines how to exercise the voting rights in accordance with our policies. Voting rights are exercised either directly as part of management or using a system for exercising voting rights (known as proxy voting).

In October 2023, we adopted new policies: Introducing an updated Sustainable Investment Policy and a detailed engagement and voting policy, enhancing our approach to active ownership and voting. This track of work is planned to continue, with a revised voting guideline document that we have scheduled for release in 2024, offering insights into our specific voting strategies.

We combine engagement with support for shareholder proposals intended to improve management of ESG risks at investee companies. In 2023, we voted on 114 explicitly climate-related proposals, of which 78 were votes against company management's proposals. We voted on 12 nature-related proposals (excluding climate), of which 10 were votes against company management's proposals. All our voting activities and rationales are published on the Proxy Voting Dashboard on the Storebrand website.[8]

3.3 Allocation of capital to solution companies

We aim to invest 15 per cent of assets under management in solution companies, bond investments in solutions, green bonds, green infrastructure and environmentally certified real estate by 2025. "Solution companies" are companies that significantly contribute to sustainable development goals without causing substantial harm to environment or society.

Solutions

At the end of 2023, 12.9 per cent of our total assets were invested in solutions, up from 12.4 per cent in 2022. 9.6 per cent of our equity investments are invested in solution companies, 11.4 per cent of bond investments are invested in solutions and green bonds, 100 per cent of infrastructure investments are invested in green infrastructure and 61.9 per cent of real estate investments in certified green real estate.

Green bonds

By the end of 2023, we had invested NOK 40.7 billion in green bonds. This represents 9.8 per cent of our total bond investments, up from 8.3 per cent in 2022. SAM also makes bond investments in the category "Solutions". Our ambition is to increase our holdings in the category.

Real Estate

We continuously work towards reducing the climate and environmental footprint of our real estate operations. In 2023, emissions from our real estate investments in Norway and Sweden were 5.6 kg CO2 equivalents per square metre, marginally up from 5.5 kg in 2022, but over 40 per cent down against the reference year 2018. A 20 per cent reduction in energy consumption has contributed to this. We aim to increase the proportion of green investments according to the EU taxonomy and certify the properties according to the BREEAM environmental classification system or equivalent. In 2023 the proportion of real estate investments with an environmental certificate (BREEAM or equivalent) was 62 per cent. Despite an increase in the number of certified properties, our 2023 figure was down from 65 per cent in 2022, due to the availability of new and uncertified property stock for management.

Infrastructure

Storebrand manages capital for infrastructure investments that enable the transition to a green economy. The transition away from fossil fuels will require significant investment in renewable energy infrastructure, both from the public and private sector. Our infrastructure fund has made several investments to date and is currently still investing. Currently our infrastructure portfolio includes an investment in the City of Oslo's district heating network, an onshore wind farm in the United States, an offshore wind farm outside Scotland and two investments in electric train fleets in the United Kingdom. The fund has also invested into two assets under construction: an offshore wind farm in the German North Sea and an investment in two co-located solar energy plants with battery storage facilities in the United States.

Private Equity

Cubera published its first impact report in 2023, based on data collected from all funds and managers. Cubera will continue to collaborate with the private equity community, supporting industry initiatives, and actively involving investors to integrate sustainability into mandates and standardise data.

[8] Learn about our proxy voting - www.storebrand.com

3.4 SAM's overall risk management

Our risk management framework is designed to take the appropriate risks to deliver returns to customers and owners. At the same time, the framework will ensure that we protect our customers, owners, employees and other stakeholders from unwanted incidents and losses. The framework covers all risks to which SAM may be exposed. Despite geopolitical unrest and difficult global economic conditions, SAM delivered good results and strengthened its solidity in 2023. The Board of Directors of Storebrand ASA and the boards of its subsidiaries discuss and adopt risk appetite and risk strategy at least annually. Risk-taking is intended to help us achieve our strategic and commercial goals, ensure that our customers receive a competitive return on their pension assets, and that Storebrand receives sufficient payment for assuming risk. Overall risk-taking is controlled by setting limits for the level of risk and for the types of risks that are acceptable. Based on this, more detailed strategies are being drawn up for different risk categories. On the group level, Storebrand ASA publishes an annual Solvency and Financial Condition report (SFCR) that helps customers and other stakeholders understand the risk in the business and how it is managed. The Board assesses risk in the process for own risk and solvency assessment (ORSA). Financial market risk is SAM's biggest risk. In the short term, turbulent financial markets, particularly falling equity, credit and property markets, may result in investment losses, or falling interest rates may increase insurance liability. In the longer term, persistently low interest rates represent a risk because it reduces the ability to achieve guaranteed investment returns. Other risk areas considered are business risk, insurance risk, counterparty risk, operational risk, sustainability risk including climate risk, and liquidity risk.

Sustainability risk is assessed using double materiality, a method for assessing how the environment and nature, social conditions and corporate governance affect and are affected by a business. This means that SAM is considering both its own impact on the environment and people, and how environmental and social conditions may affect SAM's financial situation and value creation.

04

Metrics and targets

4. Metrics and targets

4.1 Metrics used by SAM

We have substantially reduced the carbon intensity and negative environmental impact of our portfolios. While it is difficult to isolate the various factors that led to this reduction, we have implemented several measures over the last few years that have impacted our financed emissions. For example, the implementation of our coal exclusions and expansion of the scope of the deforestation policy– and the ongoing tightening of climate and nature strategies have greatly reduced our exposure to the most carbon intensive companies and companies with high negative impact on nature.

On climate, SAM uses a large number of metrics to analyze the climate risks and opportunities within different asset classes such as carbon intensity, investments in solutions as well as indicators to assess companies' alignment towards net zero emissions. Consistent with including more asset classes where methodology and data allows, we will expand our financed emissions metric to include additional asset classes over the coming years.

Carbon intensity

A key metric we use to assess the climate impact of our investments is carbon intensity. Greenhouse gas (GHG) emissions include not only carbon dioxide (CO_2) but various other gases. To provide a standardized measure of their overall impact on climate change, emissions of the different gases are converted into CO_2 equivalents (CO_2e) based on their global warming potential. (Since CO_2e is used to report all kinds of GHG emissions, we use the terms "carbon intensity" and "GHG intensity" interchangeably.) The EU's Sustainable Finance Disclosure Regulation (SFDR) requires financial institutions to report on their financed emissions, using several metrics: total financed GHG emissions, carbon footprint, and GHG intensity of investee companies. These metrics are defined in Regulatory Technical Standards for the SFDR Delegated Regulation.

The SFDR requires GHG disclosures to include scope 1, 2, and 3 emissions:

- Scope 1: Direct emissions from owned or controlled sources.
- Scope 2: Indirect emissions from the generation of purchased energy, such as electricity used by the company.
- Scope 3: Indirect emissions that occur in the value chain of the reporting company, including both upstream and downstream activities.

As defined by SFDR, carbon intensity measures the amount of GHG emissions produced by a company relative to its revenue. Specifically, it is calculated as the ratio of a company's GHG emissions (in tons of CO_2 equivalents) to its revenue (in millions of Euros, as per SFDR, but can be calculated for any currency). This metric indicates how efficiently a company operates with regards to its GHG emissions and is useful to compare companies of different sizes and to monitor developments over time.

The carbon intensity of a fund and our entire investment portfolio is determined using the Weighted Average Carbon Intensity (WACI) methodology. The carbon intensity of a portfolio is equal to the sum of all positions' portfolio weight multiplied by the company carbon intensity. This approach illustrates one aspect of climate risk associated with each fund's investments, as well as aggregated for all our investments.

In compliance with the SFDR, we include scope 1, 2, and 3 emissions in our disclosure of carbon intensity in our entity-level annual statement on principal adverse impacts ("PAI statement") and our fund-level SFDR reports. This calculation uses revenues in Euro.

However, assessing portfolio carbon intensity in this way can be problematic, due to challenges associated with scope 3 emissions data. For these reasons we also disclose a carbon intensity score for our funds and entire portfolio, which only includes scope 1 and 2 emissions. This metric uses revenues in NOK but can also be provided in any other fund currency. The same approach is used to measure progress towards Storebrand's target of reducing carbon intensity of investments by 32% from 2018 to 2025.

We believe that focusing on scope 1 and scope 2 in our climate target progress reporting and our fund reports provides a more consistent and reliable assessment of the carbon intensity of our investments at this time. However, transparency is ensured by the inclusion of Scope 3 in our SFDR reporting. Despite data challenges, scope 3 emissions are very important to understanding companies' climate impact and exposure to climate risk. As the quality and availability of Scope 3 data improve, we will continue to evaluate how best to integrate these emissions into our reporting practices.

Fossil fuel exposure

- ***Investments in fossil-free products:*** These are sum of funds/products with a mandate that requires them to be fossil free. The companies in the portfolio may not derive more than 5 per cent of their revenues from the production and/or distribution of fossil energy, or more than 25 per cent of their revenues from products and services to the oil and gas industry, and fossil reserves must not exceed 100 million tonnes of CO2.
- ***Investments in stocks with fossil exposure:*** Share of investments in equities invested in fossil fuel businesses. This includes companies that derive revenues from the production and/or distribution of fossil fuels. Investments in companies based on SFDR's definition of Principal Adverse Impact Indicator 1.4
- ***Investments in bonds with fossil exposure***: Share of investments in bonds invested in fossil fuel businesses. This includes companies that derive revenues from the production and/or distribution of fossil fuels. Investments in companies based on SFDR's definition of Principal Adverse Impact Indicator 1.4.

Solutions

- ***Investments in solutions:*** (solution companies, green bonds, green infrastructure and real estate with environmental certification): Total share of assets under management invested in sustainable solutions. Sustainable solutions consist of green bonds, environmentally certified real estate, investments in green infrastructure and shares in companies that we believe are well positioned to solve challenges related to the UN Sustainable Development Goals.
- ***Equity investments in solutions:*** Share of investments in equities in solution companies Storebrand and SPP. These are investments in shares in companies that we believe are well positioned to solve challenges related to the UN Sustainable Development Goals. Investments in solution companies are segmented into four thematic areas: renewable energy and climate solutions, the cities of the future, circular economy and equal opportunities.
- ***Bond investments in solutions:*** Share of investments in green bonds or solutions companies multiplied by the relevant company's solution weights. These are investments in bonds in companies that we believe are well positioned to solve challenges related to the UN Sustainable Development Goals. Investments in solution companies are segmented into four thematic areas: renewable energy and climate solutions, the cities of the future, circular economy and equal opportunities.
- ***Investments in green bonds:*** Share of investments in green bonds. Green bonds are for companies that both meet the Storebrand standard and are in line with international standards such as the Green Bond Principles, the forthcoming EU Green Bond standard, and with the International Capital Market Association (ICMA) framework.
- ***Investments in green infrastructure:*** Share of investments in sustainable infrastructure. The fund (Storebrand Infrastructure Fund) invests in projects that contribute to a green transition, for example through onshore wind power, offshore wind and electric trainsets.
- ***Investments in certified green real estate:*** Share of direct real estate investments under management in Norway, Sweden and Denmark with environmental certification. The certification system is mainly BREEAM, but can also be LEED, Svanen or Miljöbyggnad

Exposure to high-emitting sectors
This shows our exposure to high-emitting sectors as a share of total equity investments. The definition of high-emitting sectors follows the recommendations of the Net Zero Asset Owner Alliance, and includes the following GICS codes:

Table 5: Definition of high-emitting sectors and their GICS codes

High-emitting sectors	GICS codes
Aluminium	15104010
Aviation	20302010, 20301010
Cement	15102010
Chemicals	15101050, 15101040, 15101030, 15101020, 15101010
Energy	10102050, 10102040, 10102030, 10102020, 10102010, 10101020, 10101010
Heavy Duty Automobiles	20304020
Light Duty Automobiles	25102010
Shipping	20303010
Steel	15104050
Utilities	55105010, 55103010, 55102010, 55101010

Number of companies and policymakers engaged on climate and nature
We use our leverage as a large shareholder to vote, and have meaningful engagement with investees and policy-makers, on both climate and nature-related issues. This helps us manage environmental risks by better understanding our investee companies' transition plans and urging them to enhance their approaches where needed. We also believe that helping to shape legal frameworks, regulations, standards and guidance relating to climate change and nature is integral to reducing systemic risks related to climate change and biodiversity loss and is aligned with our fiduciary duties to our clients

Most of our engagement is based on prioritization/priority themes, including our assessment of the significance of a particular matter, holding size, scope to effect change, and opportunities to collaborate with other investors. In a smaller number of cases, we undertake engagement in reaction to company incidents or controversies. This is based on our engagement strategy which emphasizes a positive impact (proactive engagement) in addition to redressing wrongs (reactive engagement). Therefore, we prioritize engagements where we think we can have a better opportunity to obtain results and positive impact in alignment with our policies. This means better quality engagements for longer periods of time and when possible, with other investors for more leverage. This also allows for more proactive engagement.

In 2023 we engaged with 853 investees and policymakers on climate and nature. This include dialogues that are new, ongoing and finished. Most of these are through coalitions which we have outlined in the Strategy section.

Number of companies excluded due to severe climate and environmental damage
All our holdings are continuously screened by using data from various third-party data providers. As part of the exclusion process, our investment universe is monitored daily for potential conduct-based breaches, and screened quarterly to assess if companies are in breach of any of our criterion. Our Exclusion Policy contains both conduct and product-based exclusion approaches and is a key tool in managing climate and nature-related risks in our portfolios. By the end of 2023, 161 of the companies on our exclusions list that apply to all funds, were excluded due to climate or environmental damage.

Table 6: Storebrand exclusion lists for all funds (left) and funds applying extended criteria (right)

Category	Newly Excluded	Total Excluded
Environment		20
Corruption and Financial Crime		9
Human Rights	1	57
Tobacco		28
Cannabis		0
Controversial Weapons	4	40
Coal	4	117
Oil Sands		5
Lobbying	1	4
Arctic Drilling		0
Marine/Riverine Tailings Disposal	1	4
Deep-Sea Mining		1
Deforestation		14
State Controlled Companies		15
Total	12	314*
Observation List		4

Category	Newly Excluded	Total Excluded
Serious Environmental Damage		33
Corruption	1	12
Human Rights	1	95
Controversial Weapons		40
Fossil Fuels	13	517
Tobacco		28
Alcohol	2	88
Weapons/arms		63
Gambling		38
Cannabis		0
Adult Entertainment		0
Total	17	953*

**Some companies are excluded on the basis of several criteria. Storebrand also does not invest in companies that have been excluded by Norges Bank from the Government Pension Funds – Global. We have also excluded 25 countries that are systematically corrupt, systematically suppress basic social and political rights, or that are subject to EU sanctions and UN Security Council Sanctions.*

Share of investments in companies with targets validated by SBTI

We also measure alignment of global net zero goals of our investments in companies. Our assessment is based on Science Based Targets initiative (SBTi). This assessment helps us to better understand the carbon reduction targets of the corporates we finance, the credibility of their climate strategies.

Table 7: Summary of main indicators on climate and nature-related risks and opportunities, as well as active ownership

Category	Indicators	Metrics	2020	2021	2022	2023
Greenhouse Gas Emissions						
	Total GHG absolute emissions from equity investments	Tonnes of CO2e Scope 1-2	3 113 714	2 504 453	2 492 038	2 299 432
	Total GHG absolute emissions emissions from corporate bond investments	Tonnes of CO2e Scope 1-2	616 743	262 922	391 993	264 822
	Total GHG absolute emissions from direct real estate investments (location-based)	Tonnes CO2e scope 1-2	25,84	23,85	23,66	28,95
	GHG intensity from equities and corporate bond investments	Tonnes of CO2e (scope 1-2) per NOK 1 million in sales income	11,00	11,30	11,00	7,20
	GHG intensity from equities investments	Tonnes of CO2e (scope 1-2) per NOK 1 million in sales income	12.4 (17.3)	12.2 (16.8)	13.3 (17.5)	8.6 (13.7)
	GHG intensity from corporate bond investments	Tonnes of CO2e (scope 1-2) per NOK 1 million in sales income	6.2 (6.1)	7.6 (6.6)	4.5 (4.2)	3.3 (3.5)
	GHG intensity from direct real estate investments (location-based, scope 1-2)	Kg Co2e/m2	15,52	14,57	14,30	15,69
Fossil Exposure						
	AuM in fossil-free products	NOK billion invested in fossil-free products / Share of total AUM	379.2 / 39%	483 / 44%	449 / 44%	569 / 47%
	Equity investments in companies active in fossil fuel sectors (defined in SFDR PAI 1.4.)	Share of total equity investments	new	new	4,93%	4,17%
	Bond investments in companies active in fossil fuel sector (defined in SFDR PAI 1.4.)	Share of total bond investments	new	new	0,33%	1,26%
Solutions						
	Investments in solutions (solutions companies, green bonds, green infrastructure and property with environmental certification)	NOK billion / share of total assets	92,6 / 9,6%	123,1 / 11,2%	126,8 / 12,4%	154.9 / 12.8%
	Equity investments in solutions	NOK billion/ share of total equity investments	50,3 / 13%	62.6 / 13%	39,3 / 9%	55,1 / 9,56%
	Bond investments in solutions	NOK billion/ share of total bond investments	new	new	35.0 / 9%	47,3 / 11,35%
	Investments in green bonds	NOK billion/ share of total bond investments	22,2 / 5%	25,7 / 6%	32 / 8.3%	40,7 / 9,8%
	Investments in green infrastructure	NOK billion / share of total infrastructure investments	new	1,5 / 100%	3,52 / 100%	3,7/100%
	Investments in certified green property	NOK billion/ share of certifiable real estate investments	20,1 / 43%	33,3 / 68%	49,0 / 64,6%	48,8 / 61,9%
High Emitting Sectors						
	Exposure to high emitting sectors (defined by NZAOA)	NOK billion / share of equity investments	32,2 / 8%	42,5 / 9%	49.7 / 11.3%	59.5 / 10.32%
Active Ownership						
	Engagements related to climate and environmental risks and opportunities	Number of active company dialogues	433	318	465	853
Exclusions						
	Exclusions from investment universe due to serious climate and environmental damage	Number of companies excluded	139	176	199	161
Science-based Targets						
	Listed equity and corporate bond investments in companies with Science-based targets validated by SBTi.	Share of total equity and bond investments	new	new	23,4	31,4

Exposure to sectors with material nature related impacts and dependencies
In line with the TNFD recommendations, we also disclose the exposure to a defined set of sectors considered to have material nature-related dependencies and impacts. This metric demonstrates that a financial institution has undertaken an initial nature-related exposure assessment with a sector lens.

Table 8: Exposure to sectors with material nature-related impacts and dependencies (listed equity and corporate bonds)

Sectors with material material nature-related dependencies and impacts	Sum of market value in EUR	Material sector exposure	Share of total AuM (equity and bonds)
Automobiles & Components	1 825 076 434,26	9%	2,06%
Construction & Engineering, Real Estate management etc.	1 073 767 013,48	5%	1,21%
Consumer Durables & Apparel	819 665 822,16	4%	0,93%
Energy	1 426 636 193,29	7%	1,61%
Food & Beverage	2 033 347 656,81	10%	2,30%
Household and Personal products	249 085 606,58	1%	0,28%
Materials	3 375 439 870,08	17%	3,81%
Pharmaceuticals and biotechnology	2 734 086 590,18	14%	3,09%
Semiconductors and semiconductor equipment	3 240 267 568,54	16%	3,66%
Transportation	2 177 924 276,02	11%	2,46%
Utilities; Environmental facilities Services	1 218 924 567,84	6%	1,38%
Grand Total	20 174 221 599,25	100%	22,79%

Exposure to sensitive locations
In line with the TNFD recommendations, we also disclose exposure to sensitive locations. TNFD defines sensitive locations as follows

- Areas important for biodiversity; and/or
- Areas of high ecosystem integrity; and/or
- Areas of rapid decline in ecosystem integrity; and/or
- Areas of high physical water risks; and/or
- Areas of importance for ecosystem service provision, including benefits to Indigenous Peoples, Local Communities and affected stakeholders.

As described in the Strategy section of this report, SAM is employing a dashboard approach to assessing data on exposure to sensitive locations, based on different datasets of varying scope and coverage. This approach allows us to focus on specific high-risk areas and sub-sectors in our risk mitigation strategy. However, this approach is not well suited to disclosing in accordance with TNFD metric FI.C0.1, which requests disclosure of value of investments in companies with assets and/or activities in sensitive locations. We are continually considering new data products that may increase the coverage and scope of our assessment of exposure to sensitive locations. In this report, we will use SFDR Principal Adverse Indicator 1.7 as a proxy to disclose on TNFD metric FI.C0.1:

Table 9: Overview of exposure to biodiversity sensitive areas

PAI indicator 1.7	Metric	2022	2023
Investments in companies with direct operations in or near to biodiversity sensitive areas where activities may negatively affect those areas (SFDR PAI 1.7)	Share of total equity and bond investment	6,49%	5,27%

SAM annually discloses the principal adverse impacts (PAI) of all mandatory PAI indicators, as well as several additional indicators. This list will be reviewed at least annually and updated accordingly when access and quality of data improves. SAM already uses environmental, social and governance data in a sustainability rating and for other screening and engagement purposes, but it will now also be used specifically for the screening of principal adverse sustainability impacts. As all economic activity has some form of impact, we will use this screening to further identify and manage sustainability risks from our investments.

4.2 SAMs targets and performance against these targets

We have committed to several sustainability-related targets for our investments and have established several short-term targets, as well as long-term targets until 2050. Our sustainability commitments and targets underpin and inform our investment strategy and require that our product design and engagement approach integrate environmental and societal concerns for long term economic benefit. These targets are fundamental to our fiduciary duty in delivering strong long-term returns to our clients. The significance of these commitments to our business means that they must be ambitious but achievable within the nature of our activities. We have several goals designed to meet our external commitment to the Net Zero Asset Managers Initiative (NZAMI). Further, around half of our AUM is managed on behalf of companies in the Storebrand Group, which has verified Science Based Targets (covering all AUM) and is a founding member of the Net Zero Asset Owners Alliance (NZAOA). The commitments are therefore designed in collaboration across Storebrand Group companies to ensure relevance. We have in the Strategy Section of this report outlined our key commitments and targets on sustainability. Figure 11 shows the progress against the main key commitments. Progress against our climate and nature targets is also available in a separate Progress report published in September 2023.[9]

[9] Materiality analysis report (storebrand.com)

Figure 11: Performance against the key commitments and targets