Storebrand

Sustainability-related disclosures

Storebrand Japan
2026-01-13

Summary for financial products that promote environmental or social characteristics in pursuant to EU Regulation 2019/2088 on sustainability-related disclosures in the financial sector (SFDR).

No sustainable investment objective

Storebrand Japan promotes environmental and social characteristics but does not target sustainable investments. The fund plans to invest around 20 percent in sustainable investments, but with a minimum level of 15 percent. The Fund promotes environmental and social characteristics by integrating environmental, social and governance (ESG) aspects into all its investments. These aspects include both ESG risks and climate change mitigation. As part of promoting environmental and social characteristics, the fund may also invest in sustainable investments, according to the assessment methodology applied by the fund management company.

Environmental or social characteristics of the financial product

The Fund promotes environmental characteristics by:

- The Fund promotes environmental characteristics by investing in companies whose economic activities are deemed to contribute to an environmental objective under the UN Sustainable Development Goals and the Paris Agreement and/or activities aligned with the EU taxonomy.
- Apply exclusion criteria for companies with activities linked to fossil fuels or with large fossil fuel reserves, as well as companies that violate international norms and conventions on environmental issues.
- Take into account the main negative impacts on sustainability factors (PAI) related to the environment and climate.

The fund promotes social characteristics by:

- Investing in companies whose economic activities are deemed to contribute to a social objective as defined by the UN Sustainable Development Goals and the Paris Agreement.
- Applying exclusion criteria for companies with activities related to prohibited weapons, nuclear weapons, arms and munitions, alcohol, tobacco, cannabis, pornography, commercial gambling and by excluding companies that are confirmed to act in violation of international norms and conventions related to human rights, labour law or anti-corruption and bribery.
- Consider the main negative impacts on sustainability factors (PAI) related to human rights, labour law and anti-corruption and bribery.
- Promote good corporate governance and sustainable business practices through active ownership and advocacy.

For an investment to be considered sustainable, at least one of the following criteria must be met:

- The company or issuer has at least 25 % of its revenue directed towards an environmental or social goal contributing to the achievement of the Global Goals, SDG's.
- Issuer with at least 25 % of their reported CapEx, OpEx or revenue aligned with the EU Taxonomy.
- Issuer with at least 25 % green revenues.
- The investment is a green-, social-, sustainable bond or a sustainability-linked bond, where the financial and/or structural characteristics of the debt instrument are tied to predefined sustainability goals.

Investment strategy

We integrate sustainability into investment decisions through our processes and practies with three methods:

Exclusion strategy:
The Fund does not invest in companies involved in products and services that are at high risk of having an adverse negative impact on the outside world and society and to reduce the risk in the Fund. The Fund applies sustainability requirements in the form of an exclusion strategy, which means that the Fund refrains from investing in companies that violate international norms and conventions. It includes human rights, labour law and international law, corruption and economic crime, serious climate and environmental damage, deforestation and controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons). The Fund also excludes companies with operations linked to tobacco, weapons, alcohol, gambling, pornography, cannabis, fossil fuels (coal, oil, gas), oil sands and companies with large fossil reserves. The exclusions that result from this are binding on the Fund company in the management of the Fund.

Sustainability analysis:
The Fund has specific and stated criteria for selecting companies based on environmental, social and corporate governance issues. Each individual company that is selected for the Fund, and continuously after the acquisition of a security, is assessed and graded based on our fundamental sustainability analysis where the companies are classified based on many different sustainability indicators, have comprehensive systems for managing ESG risks and contribute positively to the UN's Global Sustainability Goals. In the sustainability analysis, both ESG risks and SDG opportunities are analysed and combined into a rating. 50 percent of the rating is based on the ESG risks and 50 percent on the SDG opportunities. The SDG rating measures opportunities linked to the UN's Global Sustainability Goals and the Paris Agreement with a focus on products and services that help achieve the SDGs. Equality makes up 10 percentage points of the SDG grade.

Asset Stewardship:
As owners, we exercise active ownership to drive value creation and sustainable improvements in the companies we invest in. This strengthens the companies' long-term development, reduces risks, and improves the quality of our investments. We work both proactively to promote the development of companies' sustainability efforts and reactively in cases where

companies fail to live up to the international norms and conventions that we support. Our engagement activities are carried out through direct dialogue with companies, in collaboration with other investors, and through participation in industry initiatives. These dialogues are generally led by our Risk and Ownership team and are sometimes conducted together with, or by, our asset managers. Collaboration with other investors is a central part of our engagement efforts, as collective action often has greater impact and increases the likelihood of achieving concrete results. We generally vote at general meetings where we have a significant ownership, on matters deemed to be in the interests of the shareholders and on matters that are not in line with our ownership governance policy.

Proportion of investments

The fund invests directly in companies on the stock market. The minimum proportion of the fund's investments used to achieve the environmental or social characteristics promoted by the fund shall be 90 percent. The minimum proportion of the fund's investments shall be15 percent sustainable investments. For all investments in the fund, at the time of investment and on an ongoing basis, checks are carried out against the fund company's exclusion criteria to ensure that no companies violate Storebrand's exclusion policy, and that the fund complies with the environmental/social characteristics the fund promotes and the proportion of sustainable investments that the Fund promises to make.

Monitoring of environmental or social characteristics

Storebrand's Investment Control and Analytics (ICA) department monitors daily that the fund's environmental and social characteristics are being complied with. The monitoring includes, among other things, checking the proportion of sustainable investments, the fund's sustainability indicators, and compliance with the fund's exclusion criteria, with the aim of ensuring that no companies violate these. The following sustainability indicators are used to assess the environmental/social characteristics of the fund:

- Share of sustainable investments (%)
- The fund's carbon footprint calculated based on the holdings' greenhouse gas emissions (scope 1 and 2)
- The fund's sustainability rating (scale 1-10), based on Storebrand's own assessment that takes into account environmental, social and governance aspects
- Proportion of the fund's investments linked to companies in the fossil fuel sector (PAI 4)
- Existence of violations of the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises (PAI 10)
- Exposure to controversial weapons, including anti-personnel mines, cluster munitions, chemical and biological weapons (PAI 14)
- Revenue from the production and distribution of prohibited weapons, nuclear weapons, other weapons and munitions, as well as from activities related to alcohol, tobacco, cannabis, pornography, commercial gambling and fossil fuels

Methodologies

The fund applies ongoing monitoring at the holding level to ensure that companies operating in sectors excluded by the fund and/or companies that violate international standards and conventions are not included in the fund. Information on each individual company in the fund is obtained from our selected data providers. The fund's binding commitments are followed up on a daily basis. Any change in the assessment of a company is flagged in the fund's ongoing monitoring. The Risk and Ownership team validates the information, and the company is excluded from the fund if it violates the fund's established sustainability criteria. Storebrand calculations are based on methods that are anchored in the SFDR regulations and by our data suppliers. For further information, we would like to refer to our data providers' method descriptions.

Data sources and processing

Storebrand has conducted a thorough evaluation of different data providers. Data is primarily collected from external data providers and the most important are Sustainalytics, ISS and Trucost. Storebrand has chosen these because we consider them to be leading market data and analysis providers of ESG and sustainability analyses of companies. They provide data and analyses on ESG risk, corporate governance, controversies, country risk ratings, product engagement and more. Storebrand has worked with them for years and is comfortable with their methodology, data coverage and estimation methods. Storebrand uses different data providers to calculate ESG-related KPIs, key figures, exclusions and other proprietary KPIs. Storebrand continuously evaluates the selection of data providers on the market to ensure continuous quality in the deliveries.

Limitations to methodologies and data

The adverse Impact indicators for sustainability factors are presented based on data availability for the underlying securities in the fund. As data quality and availability improves, we will continuously consider them to take these into account and mitigate the negative impacts. The main limitations are the lack of data for some of the indicators. This is because many companies have not started reporting the data yet. In general, there is low coverage of reported data from companies compared to the estimated data. Coverage also varies across the different PAI indicators, but the reported data will increase in the future. The availability of reliable, consistent, and complete sustainability data is one of the biggest challenges in sustainable investment, but the demand for more and better sustainability data is continuously increasing, including through new EU regulation.

Due diligence

Storebrand has due diligence procedures in place to ensure that sustainability risks and the sustainability requirements set for the fund are considered in investment decisions. As part of the process, all holdings undergo a quarterly screening. The screening ensures that we do not have any companies in our investment universe that violate Storebrand's policy for sustainable investments. It is performed using data from our selected third-party data providers and is conducted on approximately 4,000 companies. Storebrand's Risk and Ownership team is responsible for monitoring the occurrence of controversial events and excluding companies that violate our norm and product-based exclusion criteria, as well as evaluating the norm-based incidents to assess the extent to which the companies identified by our data providers violate Storebrand's sustainable investment policy.
Storebrand's Investment Control and Analytics (ICA) department is responsible for verifying that management complies with individual mandates as well as internal and external laws and regulations. As part of the daily compliance controls, all trades.

Engagement policies

Being active owners is a way to reduce risks, improve quality and prevent negative consequences in our funds. We use our position as owners to influence companies in a more sustainable direction. One method does not solve everything, but we believe in combined efforts for lasting change through a combination of our methods: Inclusion, Exclusion and Active ownership. Storebrand is an active owner. This means that we take advantage of the opportunities for ownership influence that the funds' various shareholdings provide. One of the main tools for influence is through voting at general meetings and, individually or together with others, establishing dialogue with the companies in question at various levels, both at management and board level. Both tools can be very effective in addressing environmental, social or governance (ESG) issues to reduce negative sustainability impact. Read more in the document "Storebrand Fonders riktlinjer för aktieägarengagemang" available at [https://www.storebrandfonder.se/hallbarhet/rapporter-och-policys.](https://www.storebrandfonder.se/hallbarhet/rapporter-och-policys)

Designated reference benchmark

No reference benchmark has been designated for the purpose of assessing the attainment of the sustainability investment objective sought by the Fund.