

Sustainable Investments

Extra Criteria beyond the Storebrand Standard

Storebrand's extra criteria build upon the Storebrand Standard for sustainable investments. The extra criteria will only apply to **selected funds and saving profiles**.

The Storebrand Standard excludes companies that are in breach of international norms and conventions or involved in unacceptable operations. The standard covers the following themes: human rights and international law, corruption, corporate criminality, severe climate and environmental damage, controversial weapons (landmines, cluster munitions and nuclear weapons) and tobacco. In addition, companies with low sustainability ratings (in high-risk industries) are also covered.

1. Extra Criteria: Production and distribution of fossil fuels.

Storebrand will not invest in companies:

- a. 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
- b. whose fossil reserves exceed 100 million tonnes of CO₂

Storebrand/SPP defines 'production and distribution' to include all activities linked to the **extraction, refining and transport or distribution** of fossil fuels. Companies that manufacture products derived from fossil fuels such as plastic, asphalt or synthetic rubber are not included. Public bodies such as states or local government entities are not within the scope of this criterion. Services are defined as any activity pertaining to the provision of relevant services to fossil fuel operations and other logistical activities relation to it. These include transportation, shipping and storage of fossil fuels.

- a. The following corporate activities are considered breaches of this criterion. If a company derives more than 5% of its revenue from **one and/or several** of these activities, the company will be excluded.

Extraction

- Drilling oil and gas wells
- Support activities for oil and gas operations
- Tar sands extraction
- Bituminous coal and lignite surface mining
- Natural gas liquid extraction
- Crude petroleum and natural gas extraction
- Bituminous coal underground mining
- Mining and oil and gas field machinery manufacturing

Refining

- Petroleum refineries

Transport and distribution

- Gasoline stations
- Natural gas distribution
- Petroleum power generation
- Coal power generation
- Natural gas power generation
- Pipeline transportation

- b. The threshold of 100 million tonnes of CO₂ in fossil reserves was chosen because companies with larger reserves will be the most affected by the implementation of the Paris Agreement. If a two-degree target is to be achieved, large reserves of fossil fuels will have to remain in the ground, so-called 'stranded assets'.

Data Sources:

Trucost: Storebrand uses Trucost as its main supplier of fossil data. The above-mentioned activities are defined by Trucost.

ISS-Ethix: Storebrand also receive Sector-based Screening on Fossil Fuel from ISS-Ethix

GICS: As a safety net to prevent fossil investments due to missing data from the above mentioned data vendors, we also use GICS information as a complementary method for identifying and excluding fossil companies.

Other data sources: Storebrand is actively working to obtain as comprehensive data as possible regarding companies that are at risk of breaching our criterion. As such, other sources of information are also used, provided that the sources are considered credible. The lack of a recognised definition of fossil-free investments means that companies that are in a grey zone for exclusion must also be considered. These companies are assessed on a case-by-case basis.

2. Extra criteria: Alcohol, Adult entertainment, Arms and Gambling.

Alcohol

Storebrand will not invest in companies that generate revenue from the production of alcoholic beverages or ingredients used only in alcoholic beverages. In addition, Storebrand will not invest in companies that derive more than 5% of their revenue from the distribution of alcoholic beverages. Data source: Sustainalytics Product Screen and ISS-Ethix Product Screen.

Adult entertainment

Storebrand will not invest in companies that derive more than 5% of their revenue from the production or distribution of adult entertainment. Data source: Sustainalytics Product Screen and ISS-Ethix Product Screen.

Arms

Storebrand will not invest in companies that derive more than 5% of their revenue from the production or distribution of arms, whether private or public. The criteria also include the sale of products and services tailored to (support) arms, as well as, products and services that are not arms-related but tailor-made for the defence industry or the military. Data source: Sustainalytics Product Screen and ISS-Ethix Product Screen.

See criteria fact sheet for more information.

Gambling

Storebrand will not invest in companies that derive more than 5% of their revenue from gambling business activities. The criteria also include the sale of equipment and services tailored to such business activities. Data source: Sustainalytics Product Screen and ISS-Ethix Product Screen.

3. Extra criteria: Market-oriented screening beyond the Storebrand Standard

In certain markets, industry standards for exclusion based on international norms and conventions, product screening and unacceptable operations may be even stricter than the Storebrand Standard. In these cases, further screening is carried out to ensure compliance with industry practices. Companies that are in violation of these standards/practices shall not be invested in. Data source: Sustainalytics Product Screen and ISS-Ethix Norm Screen.

4. Extra criteria: Green bonds

The following exclusion criteria applies to the purchase of green bonds beyond the Storebrand Standard.

The funds shall not buy bonds from issuers that:

- Do not fulfil the requirements set out in the extra criteria: "Alcohol, Adult entertainment, Arms and Gambling."
- Do not fulfil the requirements set out in the extra criteria: "Market-Oriented screening beyond the Storebrand Standard."
- Are companies classified according to the Global Industry Classification Standard (GICS) Sector 10, Energy
- Derive a maximum of 50% of their revenue from fossil fuel production according to the Trucost definition given above.
- Have more than 100 million tonnes of CO2 in fossil reserves

Last Updated: February 2021

Responsible for policy: Risk and Ownership Team, Storebrand Asset Management