storebrand

Sustainability-related disclosures

The information presented below is provided pursuant to EU regulation 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR).

Storebrand Europa 2023-01-01

(a) Summary

Storebrand Europa is an index-oriented equity fund that invests in a wide range of shares in different sectors in the european stock markets. The Fund promotes a transition to a world with low carbon dioxide emissions (greenhouse gases) by excluding companies with operations linked to fossil fuels or large fossil fuel reserves as well as companies that violates international norms and conventions related to environmental issues.

Storebrand Europa promotes environmental and social characteristics but does not have sustainable investments as its objective. At least 80 percent of the assets are aligned with its promoted characteristics, including a minimum of 10 percent sustainable investments. Other assets include cash and the like for liquidity management. All the underlying securities are assessed for adverse impacts as part of a do no significant harm process (DNSH).

The Fund's environmentally sustainable investments contribute to the following environmental objectives defined in the EU taxonomy for environmentally sustainable activities: climate change mitigation and climate change adaptation.

The Fund integrates ESG aspects (environmental, social and corporate governance issues) into the decisions. These aspects include both ESG risks and limiting climate change. In the Sustainability analysis of the companies, we measure, among other things, financially significant risks regarding environmental, social and corporate governance issues that have a significant impact on the company's financial value. We analyze both ESG risks and SDG opportunities (the UN's global sustainability goals) and weigh these together into a rating.

The Fund considers social characteristics by excluding investments in companies with business operations linked to banned weapons, nuclear weapons, weapons and war materials, alcohol, tobacco, cannabis, pornography, and commercial gambling, as well as by excluding companies that violate international norms and conventions related to human rights, labor law or combating corruption and bribery.

The fund's share of sustainable investments is made in companies that we call solution companies (that is, companies whose products, services or business models are deemed to have a positive contribution to sustainable development, for example companies within themes such as renewable energy, sustainable urban development, circular economy, sustainable consumption and equal opportunities) or companies with a high ESG level in our sustainability analysis and which meet one or more of the sub-goals in the UN's Global Sustainability Goals and the Paris Agreement and which at the same time do not cause significant damage to any other sustainable goal and follow good corporate governance.

Investments that count as sustainable investments have passed Storebrand's DNSH test to ensure that the companies do not cause significant harm to environmental objective and that they comply with international standards and conventions. Storebrand's DNSH-test consists of an exclusionary screening of companies which exceed set thresholds. The exclusionary screening consists of three components: 1) norm-based exclusion screening, 2) product-based exclusion screening and 3) sovereign bond screening.

Companies that are non-compliant with the below are not eligible as sustainable investments.

In the DNSH test, the Fund takes into account the following indicators from Table 1 in Annex I:

PAI 4 Exposure to companies active in the fossil fuel sector

PAI 7 Activities negatively affecting biodiversity sensitive areas

PAI 8 Emissions to water

PAI 9 Hazardous waste

PAI 10 Violations of UNGC principles and OECD guidelines

PAI 14 Exposure to controversial weapons

PAI 16 Sovereigns: Investee countries subject to social violations

In addition, The Fund considers the following indicator from Table 2 of Annex 1:

P AI 15 Deforestation

Sustainability risks are defined as an actual or potentially significant negative impact on the value of the investment. The risk that an investment return is negatively affected by sustainability risks varies depending on the specific company risk, asset class and region. Therefore, it is important to be transparent in what the weighted sustainability risk in the fund looks like. Higher sustainability risk means a higher probability that negative consequences will be realized. Management of sustainability risks includes exclusion, include), reduction of the carbon dioxide intensity in the fund as well as engagement, i.e. dialogue and active ownership management. Our belief is that we reduce the risk of potential negative effects on the fund's return by taking sustainability risks into account in our investments, that the fund has far-reaching exclusion criteria and that through active ownership we minimize and mitigate the sustainability risks in the companies we invest in. Something we believe is important to achieve the best possible risk-adjusted return for our shareholders. As a result of its exclusion strategy regarding fossil fuels and the integration of sustainability in the investment process, the fund has a low exposure to the companies with the highest climate-related risk, i.e., companies with exposure to coal, oil, and gas.

Integration of sustainability risks and the fund's exclusions is binding for the fund company when managing the fund. As part of the daily follow-up and compliance check, it is checked that all trades and positions do not violate Storebrands Fonder's policy for sustainable investments, compliance with the fund's exclusion criteria and that the environmental/social characteristics that the fund promotes are complied with.

By excluding companies that do not follow the OECD's guidelines for multinational companies, the UN's guiding principles for companies and human rights and the ILO's conventions, the fund will invest in companies that meet the basic requirements in terms of good corporate governance.

In all of its management, the fund company considers the main principal adverse impacts of investment decisions for sustainability factors and manages principal adverse impacts through impact dialogues and active ownership governance work and uses both internal and external analysis as a basis for how the fund company votes at general meetings.

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 are involved in activities that the fund company considers incompatible with sustainable development. Any deviations are handled by exclusion. To analyze investments and exclude companies that violate the fund's exclusion criteria, we use a variety of data sources. For product-based exclusion criteria, we use a limit of 5 percent of the companies' revenues for the companies to for the companies to be excluded. This is according to the recommendations of The Swedish Investment Fund Association, which has determined that up to five percent of the turnover in the company in which one invests can refer to the unwanted activity, when a fund company emphasizes that investments in certain activities are selected out. In most cases, the income is from these industries 0 percent or close to 0 percent, but they can therefore amount to a maximum of 5 percent. For controversial weapons, it is always 0 percent that applies to both production and distribution. For exact limits see the fund company's website. The process to exclude a company is very extensive. It contains both internal and external data and assessments are carried out by our Risk & Ownership team. The excluded companies are removed from the fund's investment universe and a company can be excluded on several criteria.

For norm-based criteria, an assessment of the degree of seriousness, the risk of repetition and the handling of the case by company management is made, among other things. The norm-based incidents are analyzed and presented anonymously to an investment committee that decides on possible exclusion.

It is the Risk & Ownership Management team that dedicatedly analyzes the companies we invest in based on environmental, social and corporate governance issues (ESG) and which consists of a broad set of specialist skills and is integrated with asset management.

Storebrand use its position as owners to influence companies to improve corporate behavior and reduce adverse sustainability impact. Through active ownership, we reduce risks, improve the quality of our investments and influence companies to move in a more sustainable direction. Storebrand do not believe that just one method solves everything, but believe in a combination of dialogue, exclusion, inclusion, and integration.

(b) No sustainable investment objective

Storebrand Europa promotes environmental and social characteristics but does not have sustainable investments as its objective. At least 80 percent of the assets are aligned with its promoted characteristics, including a minimum of 10 percent sustainable investments. Other assets include cash and the like for liquidity management. All the underlying securities are assessed for adverse impacts as part of a do no significant harm process (DNSH).

The manager takes sustainability risks into account in its investment decisions and integrates ESG-aspects into the decisions. These aspects include both ESG risks and limiting climate change. In the Sustainability analysis of the companies, we measure, among other things, financially significant risks regarding environmental, social, and corporate governance issues that have a significant impact on the company's financial value. We analyze both ESG risks and SDG opportunities and weigh these together into a rating. 50 percent of the rating is based on ESG risks and 50 percent on 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. Gender equality constitutes 10 percentage points of the SDG rating. Storebrand Europa does not invest in any companies that violate Storebrand Fonder's sustainability criteria, which reduces the sustainability risk in the fund.

Sustainability risks are defined as an actual or potentially significant negative impact on the value of the investment. The risk that an investment return is negatively affected by sustainability risks varies depending on the specific company risk, asset class and region. Therefore, it is important to be transparent in what the weighted sustainability risk in the fund looks like. Higher sustainability risk means a higher probability that negative consequences will be realized. Our conviction is that we reduce the risk of potential negative effects on the fund's return by taking sustainability risks into account in our investments, that the fund has far-reaching exclusion criteria and that through active ownership we minimize and mitigates the sustainability risks in the companies we invest in.

The objective of our sustainability criteria is to reduce the risk in our funds and contribute to generating a good risk-adjusted return. In addition, we want to ensure that we invest in accordance with international norms and conventions, such as the UN Declaration on Human Rights, while avoiding product categories and sectors that are not sustainable. Certain economic activities and sectors are at high risk of causing significant damage to the outside world and society. To ensure that the product does not invest in these, a screening of the fund's holdings is carried out to identify the companies that violate our exclusion criteria and exceed set limits.

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 are involved in activities which the fund company considers incompatible with the fund's our Risk & Ownership team. The excluded companies are removed from the fund's investment universe and a company can be excluded on several criteria.The team follows a methodology that is based on a screening process where the investments exposure and impact on several sustainability indicators are measured.

The result of this screening will give an indication of whether the investment is exposed to adverse impacts, based on the indicators we measure. If any of our investments are exposed to impacts that we concider to be significant, then the investment is concidered to harm our environmental or social objectives and the financial instrument will be excluded from Fund's investment universe.

All investments are subject to a screening process to assess whether the investee is negatively affecting environmental or social objectives related to:

- Significant damage to the environment or climate,
- Significant harm to workers, communities and society, such as severe and systematical violations of international law and human rights,
- Significant damage through gross corruption and financial crime,
- Production and distribution of controversial weapons,
- Production and distribution of tobacco and cannabis,
- Production and distribution of alcohol,
- Production and distribution of pornography,
- Production and distribution of commercial gaming activities,
- Production and distribution of coal, oil and gas, as well as large fossil reserves,
- Production and distribution of oil sands,
- Unsustainable production of palm oil,
- Companies that actively lobby against the goals of the Paris Agreement,
- Countries that lack basic institutions to prevent corruption, meet basic laying social and political rights and contributing to maintaining international peace and security.

Sustainability risks are defined as an actual or potentially significant negative impact on the value of the investment. The risk that an investment return is negatively affected by sustainability risks varies depending on the specific company risk, asset class and region. Therefore, it is important to be transparent in what the weighted sustainability risk in the fund looks like. Higher sustainability risk means a higher probability that negative consequences will be realized. Management of sustainability risks includes exclusion, include), reduction of the carbon dioxide intensity in the fund as well as engagement, i.e. dialogue and active ownership management. Our belief is that we reduce the risk of potential negative effects on the fund's return by taking sustainability risks into account in our investments, that the fund has far-reaching exclusion criteria and that through active ownership we minimize and mitigate the sustainability risks in the companies we invest in. Something we believe is important to achieve the best possible risk-adjusted return for our shareholders. As a result of its exclusion strategy regarding fossil fuels and the integration of sustainability in the investment process, the fund has a low exposure to the companies with the highest climate-related risk, i.e., companies with exposure to coal, oil, and gas.

Investments that count as sustainable investments have passed Storebrand's DNSH test to ensure that the companies do not cause significant harm to environmental objective and that they comply with international standards and conventions. Storebrand's DNSH-test consists of an exclusionary screening of companies which exceed set thresholds. The exclusionary screening consists of three components: 1) norm-based exclusion screening, 2) product-based exclusion screening and 3) sovereign bond screening.

Companies that are non-compliant with the below are not eligible as sustainable investments.

In the DNSH test, the Fund takes into account the following indicators from Table 1 in Annex I:

PAI 4 Exposure to companies active in the fossil fuel sector

PAI 7 Activities negatively affecting biodiversity sensitive areas

PAI 8 Emissions to water

PAI 9 Hazardous waste

PAI 10 Violations of UNGC principles and OECD guidelines

PAI 14 Exposure to controversial weapons

PAI 16 Sovereigns: Investee countries subject to social violations

In addition, The Fund considers the following indicator from Table 2 of Annex 1:

PAI 15 Deforestation

The Fund's investment universe is monitored daily for potential breaches of Storebrand Sustainable Investment Policy and screened quarterly to assess if companies are in breach of this sustainability 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 and positions are controlled for breaches on the Group Sustainability Policy, including the above-mentioned exclusion criteria's.

(c) Sustainable investment of the financial of the financial

Storebrand Europa promotes ESG aspects (environmental, social and corporate governance issues) into the decisions. These aspects include both ESG risks and limiting climate change. In the Sustainability analysis of the companies, we measure, among other things, financially significant risks regarding environmental, social and corporate governance issues that have a significant impact on the company's financial value. We analyze both ESG risks and SDG opportunities (the UN's global sustainability goals) and weigh these together into a rating.

The Fund's environmentally sustainable investments contribute to the following environmental objectives defined in the EU taxonomy for environmentally sustainable activities: climate change mitigation and climate.

☒ **Environmental characteristics** (e.g., the company's impact on the environment and climate)

☒ **Social characteristics** (e.g., human rights, labor rights and equal opportunities)

☒ **Good governance practices** (e.g., shareholders rights, issues related to remuneration of executives and measures against corruption).

The Fund seeks to achieve its sustainable investment objective by investing notably in companies within four themes;

- The Fund seeks to contribute to a transition to a world with low carbon dioxide emissions (greenhouse gases) by excluding entities which derive a large part of their net sales from the production and/or distribution of fossil fuels and entities with large fossil fuel reserves.
- The Fund considers social characteristics by excluding investments in companies with business operations linked to banned weapons, nuclear weapons, weapons and war materials, alcohol, tobacco, cannabis, pornography and commercial gambling, as well as by excluding companies that violate international norms and conventions related to human rights, labor law or combating corruption and bribery.
- As part of the objective of making sustainable investments in the areas specified above, The Fund also applies an exclusion strategy. The Fund excludes investments in companies with business activities associated with fossil fuels and in companies that violate international norms and conventions related to environmental issues.

(d) Investment strategy

Storebrand Europa is an index-oriented equity fund that promote both environmental and social characteristics by integrating ESG aspects (environmental, social and corporate governance issues) into the decisions. These aspects include both ESG risks and limiting climate change. In the Sustainabil-ity analysis of the companies, we measure, among other things, financially significant risks regarding environmental, social and corporate governance issues that have a significant impact on the company's financial value. We analyze both ESG risks and SDG opportunities (the UN's global sustainability goals) and weigh these together into a rating. The Fund promotes a transition to a world with low carbon dioxide emissions (greenhouse gases) by excluding companies with operations linked to fossil fuels or large fossil fuel reserves as well as companies that violates international norms and conventions related to environmental issues.

In order to promote environmental and social characteristics, the following three methods are central to The Fund's investment strategy:

- Inclusions
- Exclusions
- Active Ownership

The Investment Manager takes sustainability risks into account in its investment decisions and integrates ESG aspects into the decisions. These aspects include both ESG risks and limiting climate change. In the sustainability analysis of the companies, the Investment Manager measures, among other things, financially significant risks regarding environmental, social and corporate governance issues that have a significant impact on the company's financial value.

The Investment Manager analyzes both ESG risks and SDG opportunities and weighs these together into a rating. 50 percent of the rating is based on ESG risks and 50 percent on 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. Gender equality constitutes 10 percentage points of the SDG rating.

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, labor law and international law, corruption and economic crime, serious climate and environmental damage, deforestation and controversial weapons (landmines, cluster bombs, 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 when managing the fund.

Our specialists in sustainable investments and corporate governance together with our managers have ongoing dialogue and meetings with the companies, by telephone, e-mail or personal meetings. This takes place both reactively if a controversial event has occurred and proactively within our prioritized areas of influence. In the case of common issues, we join forces with other large owners through our involvement in, among other things, PRI (UN Principles for Responsible Investment) to gain greater influence. 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.

(e) Proportion of investments

The fund invests directly in companies on the stock market. The fund will invest at least 10 percent in sustainable investments, but plans investments that the level should be around 30 percent. The remaining part of the investments is in line with the fund's promotion of environmental and/or social characteristics and a smaller proportion of cash for liquidity management.

According to the regulations, it must be reported for each fund how much of the fund's investments are compatible with the taxonomy. The companies in which the fund invests have not yet begun to report the extent to which their operations are compatible with the EU taxonomy. Therefore, the fund company assesses that it is currently not possible to provide reliable information about what proportion of the fund's investments are compatible with the taxonomy and reports against the stated background that 0 percent of the fund's investments are compatible with the EU taxonomy.

(f) Monitoring of environmental or social characteristics

Storebrand's unit Investment Control & Analytics monitors daily that the environmental/social characteristics promoted by the fund are complied with as well as the proportion of sustainable investments. In addition, the fund's exclusion criteria are checked to ensure that no companies violate them and that the companies do not violate international standards and conventions. The fund's sustainability indicators are also followed up by ICA.

The following sustainability indicators are used to assess the environmental/social characteristics of the fund:

- Storebrand Sustainability ESG Score
- Share of Green revenue
- Carbon intensity scope 1 and 2
- PAI 4. Exposure to companies active in the fossil fuel sector
- PAI 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- PAI 14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)
- Revenues from business activities related to the production and distribution of nuclear weapons, weapons, alcohol, tobacco, cannabis, pornography, commercial gambling, and fossil fuels

(g) Methodologies

Storebrand Europa promotes environmental characteristics by actively investing in companies that contribute to a transition to a world with low carbon dioxide emissions (greenhouse gases) by excluding companies with operations linked to fossil fuels or large fossil fuel reserves as well as companies that cause serious environmental or climate damage. The fund promotes social characteristics by excluding companies that violate international norms and conventions related to environmental issues.

The fund contributes to social characteristics by excluding companies that violate international norms and conventions related to environmental issues. The fund integrates ESG aspects (environmental, social, and corporate governance issues) in all its investments. These aspects include both ESG risks and limiting climate change. In our sustainability analysis of the companies, we measure, among other things, financially significant risks regarding environmental, social, and corporate governance issues that have a significant impact on the company's financial value. We analyze both ESG risks and SDG opportunities (the UN's Global Sustainability Goals) and weigh them together into a rating.

The Fund applies ongoing follow-up at holding level to ensure that companies with activities in sectors excluded by the fund and/or companies that violate international norms and conventions are detected. This means that information about each individual company in the fund is obtained from our data suppliers. In the event of a change in the assessment of a company, it is flagged in the fund's ongoing monitoring, the information is validated by the manager and the company is excluded from the fund given correct information.

The fund's characteristics and its exclusion criteria can be found in Storebrand's policy for sustainable investments. Daily follow-up and quarterly analyzes where new companies can be excluded, but also where new companies can be included again in the fund's investment universe. The fund company continuously reviews the fund's characteristics and indicators so that the characteristics are achieved.

Our calculations are based on methods based on the SFDR regulations and prepared by our data suppliers. Further method descriptions, we refer to our data suppliers' method description.

(h) Data sources and processing

Storebrand have done a thorough assessment of the different data providers. Data is primarily collected from external data providers, namely Sustainalytics, ISS and Trucost. Storebrand have chosen those as we consider them as market leading data and analysis providers of ESG and sustainability analysis on corporates. They supply data and analysis on ESG risk, corporate governance, controversies, country risk ratings, product involvement and more. We have worked with them for several years and are confident in their methodology, data coverage and methods for estimations.

Storebrand uses various data providers to calculate ESG related KPIs, key figures as well as for exclusions and other proprietary KPIs.

Storebrand continuously evaluates the selection of data suppliers available on the market to ensure continuous quality in the deliveries.

(i) Limitations to methodologies and data

The indicators for principle adverse impact are accounted for based on the underlying securities' data availability. As the data quality and availability improves, we will be considering a range of methods to account for these and mitigate adverse impact. These methods will be applied taking into consideration the type of strategies that best fit specific portfolios' sustainability objectives, as well as Storebrand's general sustainability strategies that apply across all asset classes. The main limitations are lack of data for some of the indicators. This is due to the fact that many companies do not disclose this information. In general, there is a low coverage on reported data from the companies as compared to estimated data, and to a varying degree depending on the PAI. But we are foreseeing that the level of reported data from companies will increase going forward.

If data gaps are identified, Storebrand will initiate a dialogue with the different entities to collect more information. Since we receive data from different providers there are instances where the information is inconsistent. In these cases, the Risk and Ownership will conduct our own additional research and analysis on the company and potential issue. In any case we will contact the company to verify the information and the data providers to hear why the data differs.

There might be discrepancies depending on the chosen data provider and their methodology. Environmental and social characteristics and/or objectives are to be met with the best available data, depending on which data provider provides the best methodology and coverage. But given that there are several ESG data providers in the market, there will be different interpretations and therefore different outputs and results on the same indicator, depending on the data provider or methodology of choice. We are aware of this limitation and has therefore chosen the providers we believe provide a robust methodology for each specific PAI.

We know that different data providers to some extent report different figures, as all data is not based on the companies' own reports but on estimates. Even when there is data directly from the companies, it is often not reviewed by a third party but the companies' own assessments. We always make an assessment of the data providers to choose the one that can deliver the best quality for different data points, and therefore we have several different data providers. In addition, we do many qualitative analyzes as a supplement to purchased data, and for some alternative assets we receive data directly from the companies.

The availability of reliable, consistent, and complete sustainability data is one of the biggest challenges in sustainable investments, but the demands for more and sustainability data are continuously increasing through, among other things, new EU regulation.

The Taxonomy Regulation (EU) 2020/852 (the "EU Taxonomy") is a classification system that aims to establish common criteria for environmentally sustainable activities. In this respect, The Fund shall report the proportion of its investments that are consistent with the EU Taxonomy. The companies in which The Fund invests have not yet begun to report the extent to which their activities are consistent with the EU taxonomy. Accordingly, the Investment Manager believes that it currently is not possible to provide reliable information about the proportion of The Fund's investments that are consistent with the EU Taxonomy and, in light of this, reports that 0 percent of The Fund's investments are consistent with the EU taxonomy.

(j) Due diligence

Storebrand has due diligence procedures in place to ensure that sustainability risks and the sustainability requirements set for the fund are taken into account in the investment decisions. Our has due diligence procedures in place to ensure that sustainability risks and the sustainability requirements set for the fund are taken into account in the investment decisions. Our due diligence procedure is a screening of our holdings carried out quarterly. The screening for breach of our Sustainable Investment Policy is carried out by using data from our third-party data providers, which monitor approx. over 4 000 companies making our investment universe.

Storebrand's Risk- & Ownership team is responsible for assessing to what degree the companies identified by our data providers are in violation of the Sustainable Investment Policy. All holdings are continuously screened by third party data providers which send "company alerts" once a month, including background information on the possible event. The controversial event/incidents of highest severity are then analyzed by our experts on the specific topic in the Risk & Ownership team. The team prioritizes conduct-based cases for norm-based exclusion based on the scope of the harm, the severity, the risk of recurrence and the irreversibility of the adverse impact caused by the company at hand and by using a predefined scoring table to ensure consistency in the evaluation process. The final decision to exclude a company based on a conduct-based norm-breach, and thus mitigate and prevent the adverse impact, is based on assessment of the issue by Storebrand's Investment Committee. The committee comprises several representatives of the Storebrand Group's senior management team and other executives, who meet on a quarterly basis. Companies will be excluded if the adverse impact and the breaches of our standards are considered severe and the risk of recurrence is assessed as high (after engaging with the company on measures to prevent recurrence and mitigate the adverse impact). The Committee meets on a quarterly basis and cases are presented to the Committee anonymously to avoid possible conflicts of interest.

Non-conduct-based norm-breaches such as involvement in controversial weapons, or product-based breaches such as involvement in certain economic activities or product involvement, are directly excluded, and not taken for consideration in the Investment Committee. The Risk- & Ownership team sends quarterly reports regarding exclusions first to portfolio managers and compliance, so they are aware of new exclusions. Fund managers have approximately 20 days to sell their holdings in excluded companies. Once this is achieved, other key internal and external stakeholders and clients are directly informed. A list with all exclusions is published and updated quarterly on our website. As part of the exclusion process, our investment universe is monitored daily for potential breaches of Storebrand Sustainable Investment Policy standards and screened quarterly to assess if companies are in breach of this sustainability policy.

Storebrand's Investment Control and Analytics 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 and positions are controlled for breaches on the Group Sustainability Policy, including the above-mentioned exclusion criteria.

(k) Engagement policies

Storebrand use its position as owners to influence companies to improve corporate behavior and reduce adverse sustainability impact. Through active ownership, we reduce risks, improve the quality of our investments and influence companies to move in a more sustainable direction. Storebrand do not believe that just one method solves everything, but believe in a combination of dialogue, exclusion, inclusion, and integration. At Storebrand, we believe in exercising our shareholder rights. We employ two main ways to achieve this: either through voting at shareholder meetings or by engaging with companies at different levels including management and board levels. This engagement can be both direct individually and/or in collaboration with other investors. Both tools can be very effective in addressing concerns regarding environmental, social, and corporate governance (ESG) issues in order to reduce adverse sustainability impact. The decision to engage with selected companies is made based on our assessment of the significance of a particular matter, the size of holdings, scope to effect change and opportunities to collaborate with other investors. Storebrand may contact companies mainly to influence corporate practice on

Environmental Social and Governance (ESG) issues in order to reduce adverse sustainability impact; to encourage improved ESG disclosure or to gain an understanding of ESG strategy and/or management. Storebrand defines objectives for its individual engagements and sets objectives and milestones to be achieved by companies together with other investors in collaborative engagements. Storebrand monitors progress against defined objectives and tracks the progress of action taken when original objectives are not met, revisits them and, if necessary, revises objectives. If the outcome of the company engagement does not meet our expectations, Storebrand may consider other actions.

- Raising the issues at the board level if senior management is not responsive
- Expressing our views publicly by issuing a public statement
- Collaborating with other investors if not the case already
- Proposing, filing, or co-filing resolutions at the annual general meeting
- Voting against the re-election of the relevant directors
- Suggest an extraordinary general meeting.

As a last resort, where the company is in violation of Storebrand Investments standards and there is a risk of recurrence, the case will be presented before the Sustainable Investment Committee, to make a final decision on whether to exclude the company from our investments. If excluded, the company is always informed of the decision, and contacted regularly afterwards to encourage improvement and a potential inclusion.

(l) 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.