

Sustainable Investments Storebrand Standard



Storebrand works systematically to invest in companies that contribute positively to sustainable development. Our long-term vision for the year 2050 is a world where 9 billion people live well, and within the earth's natural limits. Our standard for sustainable investments is based on the assumption that the companies which contribute to solving societal problems in a sustainable way, will also be the most profitable in the long term. The Storebrand Standard for sustainable investments shall therefore help to ensure our clients' future returns. Established in 2005, the Storebrand Standard applies to all of Storebrand's internally managed funds and pension portfolios.

In cases where companies systematically breach our standard, Storebrand will use its position as an investor to engage companies in dialogue, and seek to achieve improvements. If dialogue does not lead to positive changes, a company may be excluded from investment. Exclusion is regarded as a last resort in cases where companies fail to demonstrate the will to improve. A company will also be excluded when subsidiaries controlled by the company, typically through ownership of 50 percent or more, are in breach of the Storebrand Standard.

The Storebrand Standard for sustainable investments includes the following criteria:

International Law and Human Rights

Storebrand will not invest in companies that contribute to serious violations of international law. This includes serious humanitarian law violations as well as violations of basic human rights. With regard to humanitarian law, the criterion is founded on The Hague and Geneva conventions amongst others. Serious breaches include contribution to genocide or direct contribution to military operations in illegally occupied territories. With regard to human rights, the criterion is based on the main UN human rights conventions and ILO conventions amongst others. Serious breaches include child labour, forced labour, and violations of the right to life and health. In evaluating a potential violation of our standard, one fundamental aspect is the link between the company's operations and the violation. Other factors, such as the number of incidents and the number of people affected, are also central to the analysis. The risk of recurrence is a key consideration. Storebrand also analyses companies where there is a consistent pattern of violations by main suppliers, project partners or other business partners.

Corruption and Financial Crime

Storebrand will not invest in companies that are involved in grand corruption. The criterion is based on the United Nations Convention against Corruption amongst others. Allegations of giving or receiving improper advantages, either in the private or public sector, are analysed. The criterion also covers other serious financial crimes, such as tax evasion, accounting fraud and embezzlement. In evaluating a potential violation of our standard, important aspects include the number of incidents, the value of the improper payments, and the level of hierarchy involved. The risk of recurrence is a key consideration. Companies in which there are indications of an ongoing culture of corruption or other financial crimes are considered the most risky. This criterion includes gambling operations associated with unsustainable business practices.

Environmental Damage

Storebrand 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. In evaluating a potential violation of our standard, 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. This criterion includes exclusions based on climate risk; including companies with major stakes in coal, coal utilities, oil sand and unsustainable palm oil production.

Controversial Weapons

Storebrand will not invest in companies involved in the development and/or production of controversial weapons; testing of controversial weapons; production of components to be used exclusively for controversial weapons; or stockpiling and/or transfer of controversial weapons. This criterion includes but is not limited to: landmines, cluster munitions, nuclear weapons and biological and chemical weapons. The definitions and scope are in line with the corresponding conventions and norms, including but not limited to the Convention on Cluster Munitions (CCM), the Ottawa Treaty/Mine Ban Treaty and the Non-Proliferation Treaty.

Tobacco

Storebrand will not invest in companies where the sale of tobacco products, or components exclusively designed for such products, exceeds 5 percent of total sales. Tobacco products are defined as products entirely or partly made from tobacco leaf. The criterion applies to producers and distributors as well as companies involved in the cultivating or processing of tobacco.

Cannabis

Storebrand will not invest in companies where the sale of cannabis products for recreational use, or components exclusively designed for such products, exceeds 5 percent of total sales. The criterion applies to producers and distributors as well as companies involved in the cultivating or processing of cannabis for recreational use. The criterion does not apply to income from cannabis products that are not classified as recreational.

Sovereign Bonds

Storebrand will not invest in sovereign bonds from countries lacking elementary institutions to prevent corruption, fulfil basic social and political rights, and contribute to maintaining international peace and security. Countries that rank among the lowest 10 percent on Transparency International's "Corruption Perceptions Index" and the World Bank's "Worldwide Governance Indicators; Control of Corruption Index", are excluded. Furthermore, countries with the lowest score of 7 in Freedom House's "Freedom in the World Index", and countries subject to sanctions imposed by the UN Security Council, are also excluded.

Exchange Traded Funds (ETF)

To be approved, an ETF must meet a 10 percent rule. The rule states that a maximum of 10 percent of an ETF's portfolio companies, or of the index that the ETF follows, may be excluded by Storebrand.

Furthermore, Storebrand will not invest in companies that are excluded from the Norwegian Government Pension Fund Global by Norges Bank¹, where the exclusion principle is in line with the Storebrand Standard.

Approved by the Board of directors of Storebrand ASA: October 2005.

Last revised: 16. December 2019

¹ Norway's central bank