



# CLIMATE TRANSPARENCY REPORT 2020

Storebrand Asset Management

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-274DB3D0-F245-41A8-A13D-2146B3248A9F/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

# TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	✓	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Private				
SG 15.2	✓	Private				
SG 15.3	✓	Private				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	Storebrand Asset Management
<b>Signatory Category</b>	Mixed Services
<b>Signatory Type</b>	n/a
<b>Size</b>	US\$ > 50 billion AUM
<b>Main Asset Class</b>	Multi-Asset
<b>Signed PRI Initiative</b>	2019
<b>Region</b>	Europe
<b>Country</b>	Norway
<b>Disclosure of Voluntary Indicators</b>	54% from 38 Voluntary indicators

# Storebrand Asset Management

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 01.1** Indicate if you have an investment policy that covers your responsible investment approach.

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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**SG 01.6 CC** Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

Our asset management's largest climate-related financial risks and opportunities are believed to lie in the transition to a low-emission society. Climate policy and regulations, more rigorous emission requirements, a changed cost structure and market preferences may affect our investments.

Storebrand Asset Management stress tested its investments through the 2 Degrees Investing Initiative scenario analysis tool PACTA[1] in 2019. Transitional risk was mapped through exposure to high and low carbon technologies in the most important sectors, including fossil fuels and electrification in the transport sector. The results indicate how our investments are influenced by different scenarios, compared to reference portfolios.

The main impacts of scenarios indicating successful climate action policy, are:

1. Low returns from companies that are not able to adapt to a low carbon economy, such as the risk of stranded assets in the short to medium term.[2]
2. Storebrand is not able to meet increasing customer demands for green investments. If Storebrand does not invest enough in green companies, there could be a reputational risk that may affect our market position.

The main impacts of the second scenario, late transition, are:

3. Low absolute returns and financial instability due to climate related issues.
4. Solution companies and projects are priced too high in the short term, creating a valuation bubble that may burst in the medium to long term.

[1] Paris Agreement Capital Transition Assessment

[2] Stranded assets are assets that have suffered from unanticipated or premature write-downs, devaluations or conversion to liabilities

No

**SG 01.7  
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

We have therefore based our assessment on the impact of successful climate action (1,5oC) and a late transition (>2oC). Based on these two scenarios we identified the potential risks and assessed them in the short (1-3 years) and long term (3-10 years).[1]

[1] Since climate risk has been integrated into our structured risk assessment framework, which only looks at these two terms, we have not included the longer- term risks occurring beyond 10 years.

No

**SG 01.8  
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.9  
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

Climate change adaptation and the transition to a low carbon economy provide both risks and opportunities for Storebrand. Sustainability is integrated into all investment decisions we make, and in 2019 we further strengthened climate risk analyses and disclosure through adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We were also one of twenty leading investors in the UNEP FI investor group on TCFD. The group developed models to enable scenario-based assessment and disclosure of climate-related risks and opportunities. In addition we worked on methods to determine the value at risk for equity, bond and real estate portfolios.

In 2019, we changed our methodology to report on carbon footprint metrics according to the TCFD recommendation using weighted average carbon intensity. To advance our approach to climate-related reporting, both Storebrand Asset Management and Storebrand Life Insurance participated in the UNEP FI TCFD project for investors and insurers in 2019.

No

**SG 1.10  
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other
- We currently do not publish TCFD disclosures

## Governance and human resources

**SG 07 CC**

**Mandatory to Report Voluntary to Disclose**

**Public**

**Descriptive**

**General**

**SG 07.5  
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues



**External managers or service providers**

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**SG 07.6  
CC** For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

In 2019 the Executive Board and the Board of Directors at Storebrand discussed improvements to Climate Change policy on a number of occasions. The board also approved membership of the Asset Owner Alliance. We joined the UN backed Net-Zero Asset Owner Alliance in 2019, as one of 12 founding members. The consequences of this goal for Asset Management was also discussed on a number of occasions in the Executive Board and the Board of Directors

**SG 07.7  
CC** For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

The Executive Vice President Sustainability, Communications and Industry Policy has the overall responsibility for managing climate-related issues. Reporting to the EVP is Group Head of Sustainability. This function has a coordinating role across the group.

In Asset Management, Head of Sustainable Investments reports to the Investment Director who in turn reports to the Director for Asset Management, who has the overarching responsibility for implementation of climate-related issues at Storebrand Asset Management.

**SG 07.8  
CC** Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

- Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- Request incorporation of TCFD into regular client reporting
- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Other
- We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

**ESG issues in asset allocation**

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**SG 13.1** Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities

**Describe**

Storebrand Asset Management has utilised the PACTA tool to assess climate risk and opportunity in its

portfolios. In 2019 a PACTA scenario analysis was done separately on the following fund groups. Storebrand Funds, SPP Funds and Delphi Funds.

No, our organisation does not currently carry out scenario analysis and/or modelling

**SG 13.2**

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

**SG 13.3**

Additional information. [OPTIONAL]

The PACTA reports that were generated separately on Storebrand, SPP and Delphi funds indicate portfolio exposure to sectors such as oil and gas, coal, renewable energy and low emissions vehicles. On the basis of the analysis generated we are able to make strategic decisions on asset allocation on a sector basis.

**SG 13 CC**

**Mandatory to Report Voluntary to Disclose**

**Public**

**Descriptive**

**General**

**SG 13.4 CC**

Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

- Initial assessment
- Incorporation into investment analysis

Describe

The results of the climate risk assessment have been shared and discussed with investment managers. The results, where credible, have been included in sustainability analysis of specific funds. We have also given feedback on methodology where results have been confusing or inexplicable. In our opinion the methodology of these analysis needs to be improved before they are able to more effectively inform investment decision making.

- Inform active ownership

Describe

The results of the scenario analysis confirmed our own analyses and strategies regarding coal. This has led us to ramp up our active ownership efforts towards energy companies with coal in their fuel mix. Storebrand has been a vocal critic also in the media, towards companies we believe aren't transitioning to sustainable energy forms quickly enough.

- Other

**SG 13.5**  
**CC**

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

**SG 13.6**  
**CC**

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

- Yes
- No

Please explain the rationale

For Storebrand ASA, the investment timeframe is long term, 30-40 years since we have obligations to pay pensions over this period. This takes us up to 2050. Identifying risk beyond this timeframe is so fraught with policy, political and technological uncertainty that it would be irrelevant to investment decision-making

**SG 13.7**  
**CC**

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

**SG 13.8**  
**CC**

Indicate the climate scenarios your organisation uses.

Provider	Scenario used
IEA	<input checked="" type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)
IEA	<input type="checkbox"/> New Policy Scenario (NPS)
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)
IRENA	<input type="checkbox"/> RE Map
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	<input type="checkbox"/> BNEF reference scenario
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5
IPCC	<input type="checkbox"/> RPC 6
IPCC	<input type="checkbox"/> RPC 4.5
IPCC	<input checked="" type="checkbox"/> RPC 2.6
Other	<input type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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**SG 14.1**

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

**SG 14.2**

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		306	400	000	000
Currency	NOK				
Assets in USD		33	323	488	984

Specify the framework or taxonomy used.

Our fossil free range of investment products was established in 2016 and has since expanded rapidly, both in terms of AUM and fund products available.

The Pluss funds are fossil free, have a low carbon footprint relative to their respective indexes and have a high average sustainability rating relative to index. In addition these funds dedicate 5-10% of their assets to "solution companies", that is companies that through their business models contribute to a low carbon economy.

The Pluss fund range encompasses both index near equities funds as well as a Global Fixed Income offering.

The funds have been hugely successful, especially among the institutional market in the Nordics.

All our assets are managed according to strict sustainability criteria. In addition, **nearly one third of assets under management - NOK 277 billion - was invested in fossil free funds at the end of 2019.** All assets under management in SPP Fonder are now fossil free.

As of 31.12.2019 **12,4 billion NOK was invested in Green Bonds and 17 billion NOK was invested in certified green property.**

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

**SG 14.3**

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

**SG 14.5**

Additional information [Optional]

Storebrand has signed the Montreal Pledge and is a member of the Portfolio Decarbonisation Coalition and has therefore committed to reducing the carbon intensity of selected equities portfolios.

Storebrand produces its own sustainability rating on 4000 listed equities.

<b>SG 14 CC</b>	<b>Voluntary</b>	<b>Public</b>	<b>General</b>
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**SG 14.6  
CC**

Provide further details on the key metric(s) used to assess climate-related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Climate-related targets</b>	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Percentage of AUM in fund Portfolios that are fossil free	Percent of total AUM	AUM in dedicated fossil free products
<b>Weighted average carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Being developed to be able to provide carbon footprint data also on Fixed Income products	Tonn CO2 emissions per million revenue	Emissions pr Revenue adjusted to Portfolio weighting
<b>Carbon footprint (scope 1 and 2)</b>	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Allocation to companies with low carbon footprint in carbon intensive sectors	Total CO2 emissions scope 1 and 2	Scope 1 and 2 emissions
<b>Portfolio carbon footprint</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Client Reporting and measure carbon risk per fund	Climate Intensity in Tonn CO2 from scope 1 &2 per million in sales	Weighted Average: Emissions per revnue adjusted to percentage holdings of company in fund
<b>Carbon intensity</b>	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Client Reporting and measure total carbon risk	Climate Intensity in Tonn CO2 from scope 1 &2 per million in sales	Emissions per revenue adjusted to ownership of company
<b>Exposure to carbon-related assets</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Stimulate Investment in low carbon technologies	Percentage of AUM invested	AUM in defined clean Technology sectors and renewable energy

SG 14.7  
CC

Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	year on year		Increase in percentage of AUM	
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	quarter by quarter		Reduction over time	
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	quarter by quarter		Reduction over time	
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	year on year		Reduction over time	
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	2020 and 2025		8% target in 2020 and 15% in 2025	

**SG 14.8  
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are integrated into overall risk management

Please describe

The integration of climate related risks varies from fund to fund. How climate risks are assessed against other types of risks will depend on the financial relevance of the climate related risks. This depends on the duration of the funds investments, the geographical exposure of the fund and the sector spread. One risk that has emerged for funds exposed to European companies is the fluctuation and increase in the carbon price during 2019. this risk resulted in a re-balancing of the portfolios of certain funds.

On a total portfolio level, Storebrand Asset Management utilises our range of index-near fossil free funds to reduce overall exposure to the oil and gas sector.

- Processes for climate-related risks are not integrated into overall risk management

**SG 14.9  
CC**

Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

- Yes

Please describe

**Engagement with an International Energy Company: Equinor**

We have together with Equinor defined an ambitious pathway which will see the company play an even more active role in the transition to a low carbon economy. Equinor's commitments, as detailed in the joint statement with investors, include:

- Reviewing existing climate-related targets up to 2030 and setting new ambitions beyond 2030. Targets currently cover operating emission reductions, methane intensity and upstream carbon intensity, as well as a 2020 target for low-carbon R&D expenditure.
- Further strengthening the link between climate related targets and remuneration for senior executives and employees. Equinor will seek to align remuneration for executives and employees across its business with updated short, medium and long-term climate-related targets and ambitions, once these are defined in 2020.



- Undertaking a comprehensive review of industry association memberships that hold an active position on climate and energy policy. This includes seeking to disclose any material inconsistencies and potential actions taken in that regard by the first quarter of 2020.
- To report in line with final recommendations of the Task Force on Climate-related Financial Disclosures.
- From 2020, report overall estimated carbon intensity of energy products and services provided and explore additional approaches to drive de-carbonization along the company's value chain and the end use of products (scope 3 emissions).
- To assess its portfolio, including new material capital expenditure investments, in relation to a well below 2°C scenario from 2019 onwards.

We will continue engagement with Equinor to support the company and ensure delivery of the commitments made.

- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.