

Storebrand SICAV  
Shareholder Engagement  
2022

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## Corporate Governance

### Storebrand Asset Management AS

Kamil Zabielski

Phone: +47 410 44 914

Email: [kamil.zabielski@storebrand.no](mailto:kamil.zabielski@storebrand.no)

[www.storebrand.no](http://www.storebrand.no)

## Corporate Governance

### SKAGEN AS

Sondre Myge Haugland

Phone: +47 902 05 525

Email: [sondre.myge@skagenfondene.no](mailto:sondre.myge@skagenfondene.no)

[www.skagenfondene.no](http://www.skagenfondene.no)

### Important Information

Capital invested in a fund may either increase or decrease in value and it is not certain that you will be able to recover all of your investment. Historical return is no guarantee of future return. A fund with a risk class 5–7 can because of its composition and the fund company management methods reduce and increase significantly in value. For more information about our strategy for sustainable investments, please see [www.storebrandfunds.lu](http://www.storebrandfunds.lu)

# Shareholder Engagement 2022

Storebrand SICAV is an investment company with variable capital (Société d'investissement à capital variable) incorporated under the form of a Société anonyme in the Grand Duchy of Luxembourg. It qualifies as a UCITS and falls under the supervision of the Luxembourg financial supervisory authority, Commission de Surveillance du Secteur Financier (the "CSSF").

Storebrand SICAV enables Storebrand Asset Management (SAM) and SKAGEN to offer selected Sub-Funds for international distribution. Storebrand SICAV was incorporated on 18 April 2019 and approved by CSSF on 21 May 2019 (CSSF Code 12114). The Storebrand SICAV is registered with the Luxembourg Trade and Companies Register (RCS No.: B234106).

## Purpose of shareholder engagement

Active, business like, and responsible ownership is an essential part of the assignment from Storebrand SICAV's shareholders.

The exercise of ownership includes working for good corporate governance and also evaluation of sustainability-related risks and opportunities. Sustainability aspects are a fully integrated part of the management of our funds. The purpose of Storebrand SICAV's ownership is to promote good long-term development in the companies in which our funds invest. The ownership role must take advantage of the unit holders' common interest in ownership issues and contribute to a long-term sound development of the financial markets.

We want to protect shareholder value and help increase it. Through commitment, direct dialogue, dialogue through collaborations and voting, we strive to reconcile the interests between management and owners. Active ownership is a way for us to reduce risks and improve the quality of our funds, but also to contribute to a more sustainable development of our world. Therefore, we not only address



challenges that arise in our portfolio companies, but also work proactively to ensure that both we and the portfolio companies have a positive impact on the outside world.

## Guidelines for shareholder engagement

The investment managers Storebrand Asset Management AS and SKAGEN AS guidelines for shareholder engagement specify how the Storebrand SICAVs should act as owners of the companies in which the funds invest. The principles apply to all Sub-Funds in the Storebrand SICAV.

The purpose of our corporate governance work is to achieve the best possible return for the funds' unit holders regarding the funds' investment focus and objectives. Corporate governance can also be affected by external local regulations.

According to Luxembourg legislation an investment company must report each year on how the shareholder engagement guidelines have been applied. Storebrand SICAV hereby submits this statement regarding shareholder engagement in 2022,

where we share the work we perform as active and responsible owners.

The exercise of ownership includes working for good corporate governance and evaluation of sustainability-related risks and opportunities and is a natural part of the day-to-day management of the Storebrand SICAV Sub-Funds.

The Annual Report 2022 contains information on the funds' turnover costs, in the form of transaction costs, see table Statement of Operations and Changes in Net Assets for the year ended 31 December 2022. The annual report also shows how the different Sub-Funds' investment strategies contribute to the development of the Sub-Funds' assets in the medium to long term. At [www.storebrandfunds.lu](http://www.storebrandfunds.lu) you will find the Annual Report 2022.

## Management of conflicts of interest

The Investment managers Storebrand Asset Management AS and SKAGEN AS did not encounter any conflicts of interest in relation to votes exercised in 2022.

# About Storebrand SICAV

The Storebrand SICAV has appointed FundRock Management Company S.A (FundRock) as its designated management company, and FundRock in turn has outsourced the investment management of its Sub-Funds to Storebrand Asset Management AS and SKAGEN AS.

- The SICAV has registered its 6 Sub-Funds:**
- Storebrand Global ESG Plus Lux
  - Storebrand Global Solutions Lux
  - SKAGEN Global Lux
  - SKAGEN Focus Lux
  - SKAGEN Kon-Tiki Lux
  - SKAGEN m<sup>2</sup> Lux

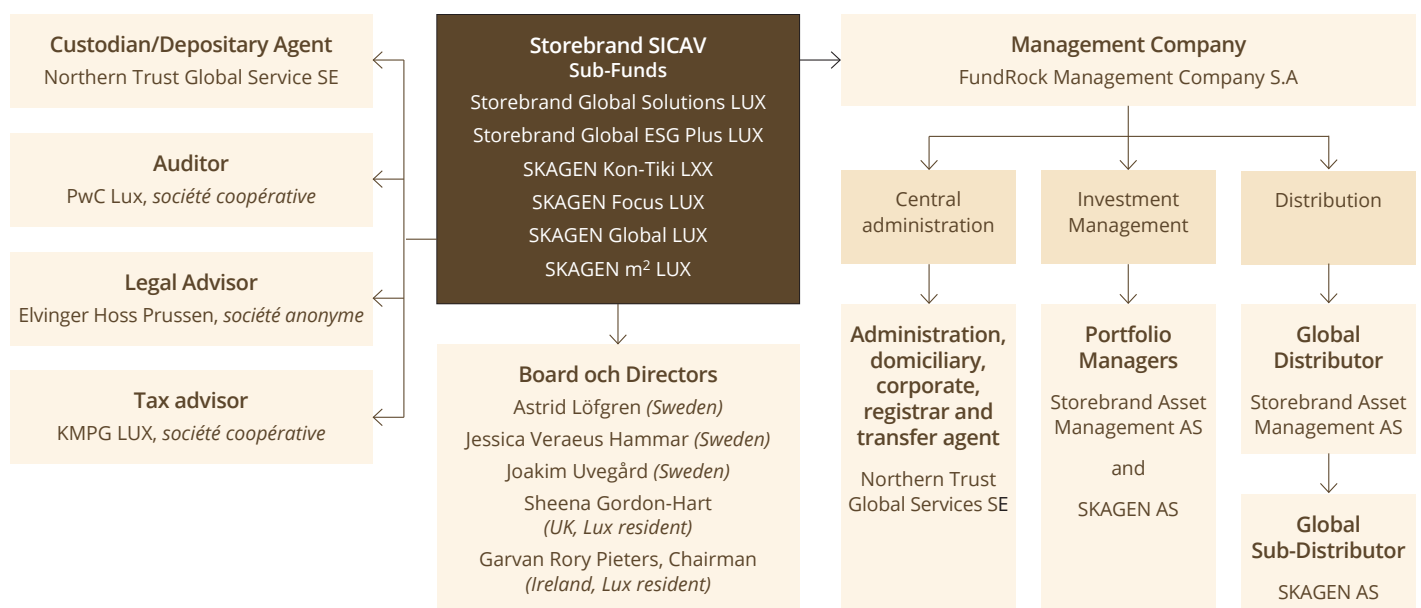
## About Investment Manager Storebrand Asset Management AS

Storebrand Asset Management is the largest private asset manager in Norway and provides a broad range of investment services to over 250 institutional clients in the Nordic region. Storebrand Asset Management manages approximately 1 020 bn NOK (EUR 100 bn) across all asset classes as of the end of December 2022. The assets are invested in funds, fund of funds and segregated portfolios on behalf of pension funds, insurance companies, foundations, fund management companies and public sector bodies as well as retail investors.

Storebrand Asset Management AS also manages a full range of savings and investment products for other parts of the Storebrand Group, including equities, bonds, real estate, private equity, and balanced mandates, as well as the investment portfolios of the life insurance company. In co-operation with our clients, we aim to provide solutions tailored to their investment needs, time horizons and risk profiles.

Storebrand Asset Management is a wholly owned subsidiary of Storebrand ASA, which is listed on the Oslo Stock Exchange (ticker: STB). The Storebrand Group has roots back to 1767 and is a leading player

## Organizational setup of Storebrand SICAV



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in the Nordic market for long-term savings and insurance. Storebrand Asset Management's sole business is asset management. Asset management was a division within Storebrand's life insurance business until 1994 when Storebrand Investment Management became a subsidiary and separate business entity with a mandate to manage the financial assets of the Group.

Storebrand Asset Management was established in 1981 when it merged with Storebrand Investment Management and the company is now a leading Nordic asset manager of funds and discretionary portfolios in domestic and global equities, fixed income, real estate, private equity, and debt investments.

It has also established life insurance, asset management and health insurance activities in Sweden, through the acquisition of the Swedish life insurance and pensions provider SPP in December 2007. SAM also acquired Delphi Funds in July 2002, SKAGEN Funds in December 2017, Cubera in February 2019 and Capital Investment A/S and CI AM ApS in September 2021

### **About Investment manager SKAGEN AS**

SKAGEN AS is a management company authorised by the Norwegian supervisory authority, Finanstilsynet, for the management of UCITS under the Norwegian Act on Securities Funds. SKAGEN AS has its

registered office at Skagen 3, Torgterrassen, 4006 Stavanger, Norway.

SKAGEN AS is part of the Storebrand Group, following the acquisition by Storebrand Asset Management AS in 2017. Storebrand Asset Management AS is the largest private asset owner in Norway and owns 100% of SKAGEN AS.

SKAGEN AS (SKAGEN Funds) is an active value-based boutique asset manager based in Stavanger, Norway. Our primary offering is our equity funds, with an attractive mix of value mandates, complemented by fixed income and fund-of-funds products.



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# Active ownership and creating value beyond returns

Exercising our influence through active ownership is a critical part of our approach to sustainability. We set expectations for the companies we invest in and use our position as an owner to influence the companies for improvement.

To reduce negative impact, Storebrand have a clear and transparent process to ensure that companies meet our sustainability risk standards. This, combined with a structured corporate governance process, reduces our exposure to sustainability-related risks, such as climate risk.

Storebrand works with engagement and active ownership as Storebrand see it as an important tool to achieve sustainable change and improve the quality of the companies we invest in.

By being an active owner, we can influence the strategies and decisions of the companies, promote sustainability and responsibility, and protect the interests of shareholders. Being an active owner involves engaging in dialogue with the companies we invest in, especially when it comes to sustainability issues.

## Quality over quantity in dialogue work

It is important to have a clear process for active ownership and set measurable goals for the dialogues. By having well-defined goals, we can evaluate the results of our work and track progress over time. Another important aspect is having an escalation process in place when we see that a dialogue is not progressing in the right direction. If our dialogues do not lead to the desired results, we can escalate them to the board, present shareholder proposals, or express our opinion publicly to create additional attention around the issues. By taking these steps,

we can influence the companies in a more tangible way and drive change. In 2022, we have increasingly utilized escalation tools, such as expressing our views more publicly and presenting our own shareholder proposals.

## Achieving a returns in a sustainable way

Sustainability analysis and active ownership play a central role in our approach. As an active owner, we utilize the opportunities for ownership influence that our various shareholdings provide. The specific forms of advocacy may vary depending on the circumstances, but the ultimate goal is to improve both sustainability and profitability at the companies we invest in and to prevent negative consequences for people and the environment. By actively engaging with companies through voting at general meetings and establishing dialogues, either individually or in collaboration with others, we aim to reduce risks and enhance the quality of our funds. We also leverage our potential for influence when investing in interest-bearing securities.

## Long-term perspective

A long-term perspective is crucial to our role as a fund management company. We proactively engage with the companies in which we invest, strengthening their value over time. This long-term perspective guides our interactions with our customers, the companies we invest in, and our role in society. It is also key to achieving good returns. Sustainability is integrated into

our investment analysis and decision-making processes, aligning with our goal of creating the highest possible added value for our customers through good, long-term, risk-adjusted returns, emphasizing quality, sustainability, and a long-term perspective.

As a sustainable asset manager, we employ three main tools: exclusion, integration, and active ownership. Each tool serves a specific purpose, and we utilize all of them to bring about desirable change and long-term value creation in the most effective manner. Exclusion sends a strong signal to the market and allows us to influence companies by driving public opinion and making clear the reasons for exclusion. Advocacy is another crucial tool that involves educating and driving change on important societal issues, such as influencing political decisions and regulations that support sustainable development or raising awareness among consumers about the importance of sustainable savings. Collaboration and mobilization of multiple forces are also vital to effect real change, as the financial industry cannot act in isolation. By working together with various stakeholders towards common goals, we can achieve tangible and lasting transformations.

In summary, it is through our active ownership and engagement that we can drive more sustainable development and create value for our investors and society as a whole.

## How Storebrand contributes to the UN SDGs through engagement



We take measures to avoid corruption and bribery enabled by inadequate corporate governance and systematic failure to uncover fraud and corruption. We also focus on company reporting. In our dialogue with portfolio companies in 2022, we highlighted the importance of consistent, reliable, and verifiable reporting on sustainability indicators.

We also engaged with companies operating in war and conflict areas, demanding that they respect human rights and avoid contributing to conflict via their operations. (Storebrand has had a strong focus on occupied territories since 2009.)



Biodiversity and ecosystems play a crucial role in supporting sustainable value creation and meeting climate commitments. Storebrand Nature Policy, launched late 2022, outlines clear expectations to companies. Our expectations are built on the mitigation hierarchy set out in the International Financial Corporation's (IFC) Performance Standard 6 and guided by Science-Based Targets Network (SBTN) and Taskforce on Nature-related Financial Disclosures (TNFD).

We expect companies to adopt and implement policies to address nature-related financial risks and opportunities in their investments and financial operations. The key elements vary by industry, but as a minimum we expect companies to report on a four-pillar approach: 1. Governance, 2. Strategy, 3. Risk Management, and 4. Metrics and Targets. In addition, we expect companies to incorporate the principle of "double materiality", disclosing not only how nature impacts the organization, but also how the organization impacts nature.

We also are committed to eliminating commodity-driven deforestation from our portfolios by 2025. Specific expectations of companies associated with deforestation risk are described in our deforestation policy.



We continue our engagement with companies in the aquaculture sector, with a focus on climate issues and impacts on biodiversity. In 2022, we collaborated and published the results of a pilot project to improve the aquaculture sector's reporting on influences and dependences on nature. The project was a cooperation with Grieg Seafood, WWF and the Norwegian Institute for Marine Research (NINA). In line with our nature

policy enacted in 2022, we do not invest in companies that engage in deep-sea mining activities, or in marine or riverine tailings disposal.



The transition to a low-emission society and net zero emissions in 2050 is a top priority. We encourage companies to define and implement climate strategies aligned with the Paris Agreement and to aim for net-zero emissions by 2050 or sooner. We pay special attention to the 20 largest emitters among our portfolio companies. We will continue to engage with (a number of) banks in order to understand their exposure to the fossil fuel industry. Our participation in the Climate Action 100+, The Institutional Investors Group on Climate Change (IIGCC), as well as the Principles for Responsible Investment (PRI), provides platforms for collaborative engagement. We expect investee companies to:

- Implement a strong governance framework that clearly articulates the board's accountability and oversight of climate change risk.
- Take action to reduce greenhouse gas emissions across the value chain, consistent with the Paris Agreement's goal of limiting global average temperature increase to well below two degrees Celsius above pre-industrial levels, aiming for 1.5 degrees Celsius.
- Provide enhanced corporate disclosure in line with the final recommendations of the Task Force on Climate related Financial Disclosures (TCFD).
- Support effective measures across all areas of public policy that aim to mitigate climate change risks and limit temperature rise to 1.5 degrees Celsius. Storebrand will not invest in companies that deliberately and systematically lobby against the goals and targets enshrined in the Paris Agreement.
- Support just transition, by:
  - including workforce and community issues in climate-related engagement on corporate practices, scenarios and disclosures.
  - Specifically require renewable energy companies and mining companies supplying transition minerals to conduct human rights due diligence to identify the impact of their operations on workers, communities, indigenous peoples, and environmental and human rights defenders.



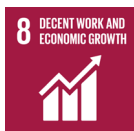
We work with companies to reduce water consumption and greenhouse gas emissions in intensive livestock production. In 2022 we expanded our policies on nature protection to exclude operations in ecologically sensitive areas, and deforestation and conversion of native ecosystems for mining and unsustainable production of cocoa, rubber, and coffee. Working with Platform Living Wages Financials, we also engage with companies producing and sourcing cocoa and coffee on labour conditions.

In addition, we have been engaging with companies regarding respect for the rights of communities and indigenous peoples, and on conducting responsible production without negatively affecting local communities.



We are engaged with companies in our portfolio issues of working conditions, including living wage. We are part of the Platform for Living

Wages Financials (PLWF) initiative, which we co-lead, and work with other investors to address issues of the living wage and create structures that support workers' working conditions. The platform contributes to positive development on living wages in the garment, food and agricultural, and food retail sectors.



One of our most important engagement issues is supply chain resilience, including the issue of forced labour, where we have continued

to focus on China and the Xinjiang region through direct company dialogues and cooperation with the Investor Alliance on Human rights. Storebrand works to raise awareness of international labour rights, particularly in high-risk sectors such as the textile industry. We seek to improve our policies and contribute to both better relationships between management and employees and working conditions in the supply chain of companies we invest in.



We expect companies to have a proactive and structured approach to promoting gender diversity and diversity in general, as well as equity and inclusion, across their workforce and supply chains. Company policies should commit to conducting gender-

responsive due diligence for their own operations, supply chains, products and services, and for the impact of their operations on communities and society. They should have a zero-tolerance policy against all forms of discrimination, violence and harassment and should implement appropriate training programmes and reporting mechanisms, as well as clear policies against retaliation.

Storebrand has engaged with companies on these issues, as well as voting and supporting shareholder resolutions at AGMs aiming to:

- improve disclosure of processes to reduce gender inequalities, including policies and targets.
- achieve a balanced diversity at boards and/or within senior management.
- achieve better disclosure on gender pay gap and programmes to achieve it.
- conduct gender and diversity due diligence.

We generally vote against, or withhold our votes from, the incumbent members of the nominating committee of boards, if they do not contain at least 40 per cent of people from underrepresented gender identities.

We engage with policymakers. In 2022, Storebrand, together with other investors, encouraged EU policymakers to ensure that the upcoming Directive on Corporate Sustainability Due Diligence (CSDDD) explicitly captures a gender perspective.



We strive to ensure that the companies we invest in ensure good health and quality of life for their employees. Together with other investors, we engaged with the pharmaceutical industry for fair distribution of Covid vaccines around the world. We are also part of the Access to Nutrition Initiative, aiming for the food industry to deliver nutritious, affordable products.



Storebrand has worked actively to mitigate the impact of the pandemic on companies, society, the economy and financial markets. As a result, Storebrand is committed to acting in support of the investor statement on Coronavirus Response.



# Exercising of voting rights in 2022

The general meeting is the companies' highest decision-making body and the forum where shareholders can exercise their influence.

Storebrand SICAV usually votes at annual general meetings and extraordinary general meetings of companies where the funds' holdings amount to such a size that it is deemed justified and otherwise at those general meetings which for other reasons are deemed to be significant. The Fund Management Company shall exercise its voting rights in a way that we deem leads to the best long-term development of the unit value of the funds.

We focus primarily on companies where we are large owners or companies that are identified as having deficiencies in their governance or in their sustainability work. We generally support shareholder

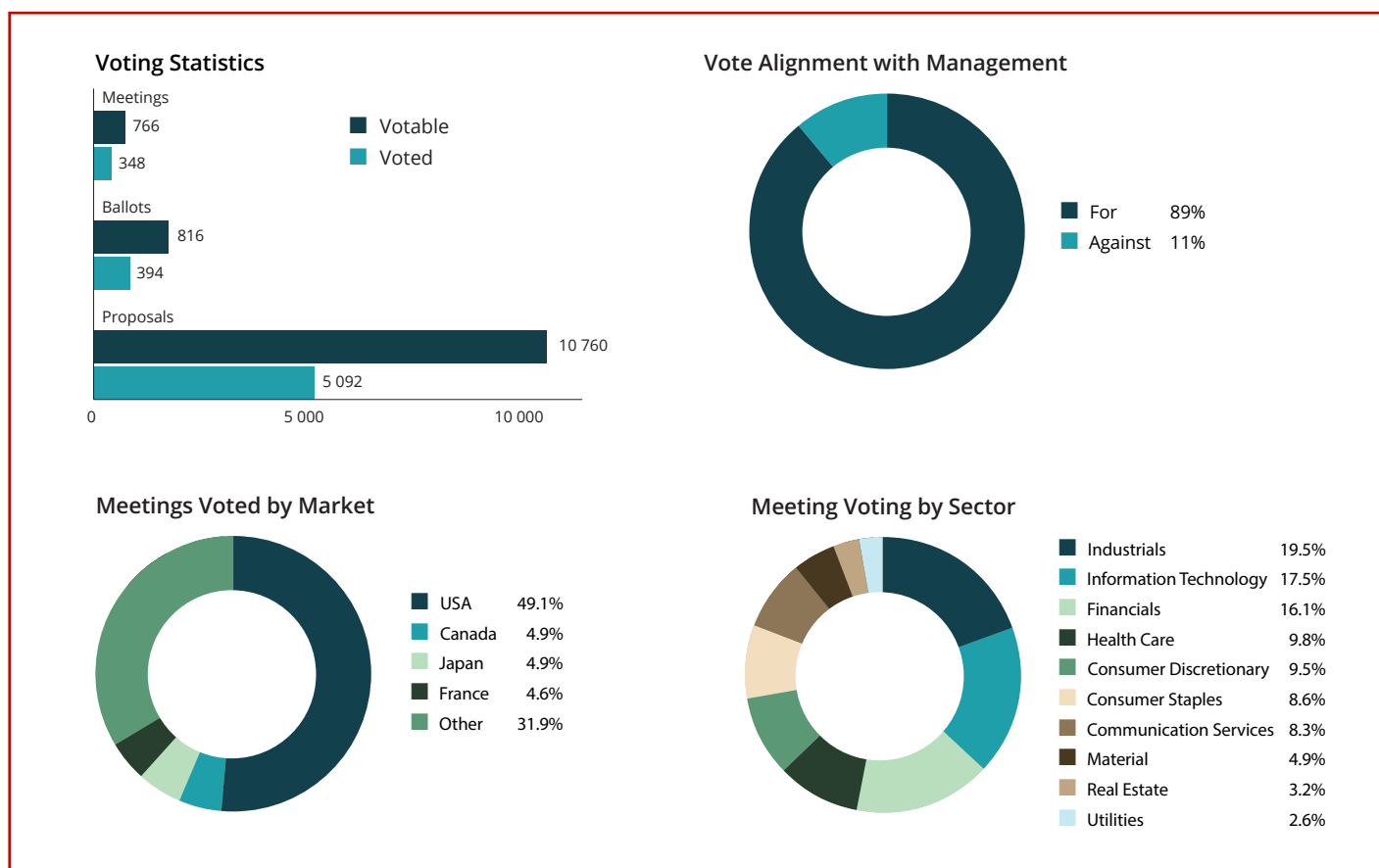
motions that promote sustainable business and motions that strive for greater transparency in accounting and reporting of the company's sustainability work.

## Voting at general meetings

Voting takes place both through participation in general meetings and through electronic voting via proxies. Owing to the pandemic, during 2022 we have only held votes using electronic voting via a proxy, ISS (Institutional Shareholder Services Inc). ISS votes according to our instructions and monitors company events. ISS presents the agendas of the meetings with recommendations on how the Fund Management Company's funds should vote.

At general meetings we normally vote by proxy voting with written instructions for all decision points. The Storebrand SICAVs Sub-Funds invest globally in a large number of companies across several markets. The Annual General Meeting is one of the main tools we have for influencing most of the companies that our funds own.

The Fund Management Company's conduct in votes is governed by the Group's overall common voting policy and is always based on what is in the interests of the funds and ultimately of the unit-holders. We often go further than ISS on sustainability issues in accordance with our policy. In the absence of a policy for a specific vote, we usually follow the recommendations of ISS.



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## Storebrand SICAV is expected to vote against the management of portfolio companies in the following situations:

(Market conditions and the individual circumstances of the company are always taken into account)

- Insufficient information before a general meeting.
- Absence of majority of independent Board members or independent Board committees (remuneration, nomination and audit committees).
- If the Fund Management Company considers that the Board of Directors and/or Board members do not meet the requirements for sufficient competence and knowledge.
- Existence of mechanisms for preventing takeovers (poison pills, etc.) that counteract shareholders' final decision-making power in these matters.
- Unnecessary or indefensible changes in capital structure. Storebrand Asset Management supports the principle of "one share, one vote".
- Existence of remuneration structures for senior executives leading to conflicts of interest between management and shareholders.
- Proposals that have a negative impact on the climate.

We vote in line with our sustainable investment policy. When we voted against motions, it was on issues relating to excessive remuneration packages, shareholder decisions on disclosure and plans for climate risks, human rights risk reporting or the election of Board members, etc. If a unit-holder wishes to know all the positions taken by the Fund Management Company at the general meetings of the portfolio companies, such information is provided free of charge at the request of the unit-holder.



### Storebrand SICAV – Storebrand Asset Management AS Sub-Funds: 2022 Voting Activity

In 2022, we voted in 348 ordinary and extraordinary general meetings distributed across 29 different geographic markets. Across 5.113 unique proposals available to vote, we voted 5.092 for which 0 proposals were voted in varying ways for the same meeting agenda item. Votes cast were in line with management recommendations 89% of time, while 11% of the time we voted against management recommendation on one or more items on the agenda.

### Storebrand SICAV – SKAGEN AS Sub-Funds: 2022 Voting Activity

In 2022, there were 195 voteable meetings at SKAGEN's portfolio companies, with 2.210 voteable items on the agenda. SKAGEN voted on 94.1% of the items, 2% less than the previous year. Votes cast were in line with management recommendations 92.6% of time, while 7.4% of the time we voted against management recommendation on one or more items on the agenda.

In 2022, we continued the implementation of Sustainable Finance Disclosure Regulation (SFDR); all of SKAGEN's equity funds are categorised as Article 8 under the EU regulation.

### Explanation of the most important votes Storebrand Asset Management Meta Platforms

During the second quarter of 2022, Storebrand, together with Arjuna Capital, presented a shareholder proposal at the annual general meeting of Meta Platforms Inc (formerly Facebook). We see potential risks in the way tech companies handle their responsibility for digital rights, including privacy, freedom of expression, and data security. The spread of misinformation by tech companies and their use of personal data can also impact democratic elections, as seen in the Cambridge Analytica scandal. Overall, inadequate management of these issues poses a potential risk to the brands and long-term shareholder value of tech companies.

In the shareholder proposal jointly presented by Storebrand, we urged Meta Platforms to conduct an advisory shareholder vote on their metaverse project and evaluate the project's potential societal impact. Meta Platforms opposed the proposal, but the United States Securities and Exchange Commission (SEC) approved it, allowing shareholders to vote on the proposal at the annual general meeting in May. However, the shareholder proposal did not receive majority support at the meeting. This is because the company has a "dual-class" share structure, where the founder holds disproportionate control compared to other shareholders. This is also something we have questioned, and in 2022, together with other investors, we sent a letter to Meta Platforms' board, requesting improvements in corporate governance. We also had a meeting with a board member to discuss our concerns.

While the shareholder proposal did not pass, the engagement and actions taken by Storebrand and other investors highlight the importance of addressing digital rights and corporate governance in the tech industry. We remain committed to advocating for responsible behavior and

sustainable practices in the companies we invest in, including holding them accountable for the societal impact of their projects and ensuring transparency and accountability in their governance structures.

**Amazon**

Storebrand has actively engaged in discussions with Amazon for several years through initiatives such as the Nordic Initiative and the Investor Alliance for Human Rights. Despite Amazon adopting principles for human rights that are in line with international labor standards and the right to organize in trade unions, there is a perception that their actions do not align with their stated commitments, according to international media reports.

Furthermore, Amazon has avoided constructive and substantive dialogue with its shareholders through these alliances, which represent a significant number of investors. This lack of progress has led to collaborative efforts from investors to address these issues.

In response to Amazon's failure to explain how they implement their stated human rights policies, Storebrand and other

members of the Investor Alliance for Human Rights filed a shareholder resolution to be voted on at the 2022 annual general meeting. However, Amazon suppressed the resolution, citing that it should not interfere with its day-to-day operations. Nevertheless, other shareholder resolutions related to labor issues have been filed by other investors and voted on during the shareholders' meeting, where Storebrand was active and participated.

Storebrand will continue its efforts to address labor issues at Amazon and hold the company accountable for its actions.<sup>5</sup>

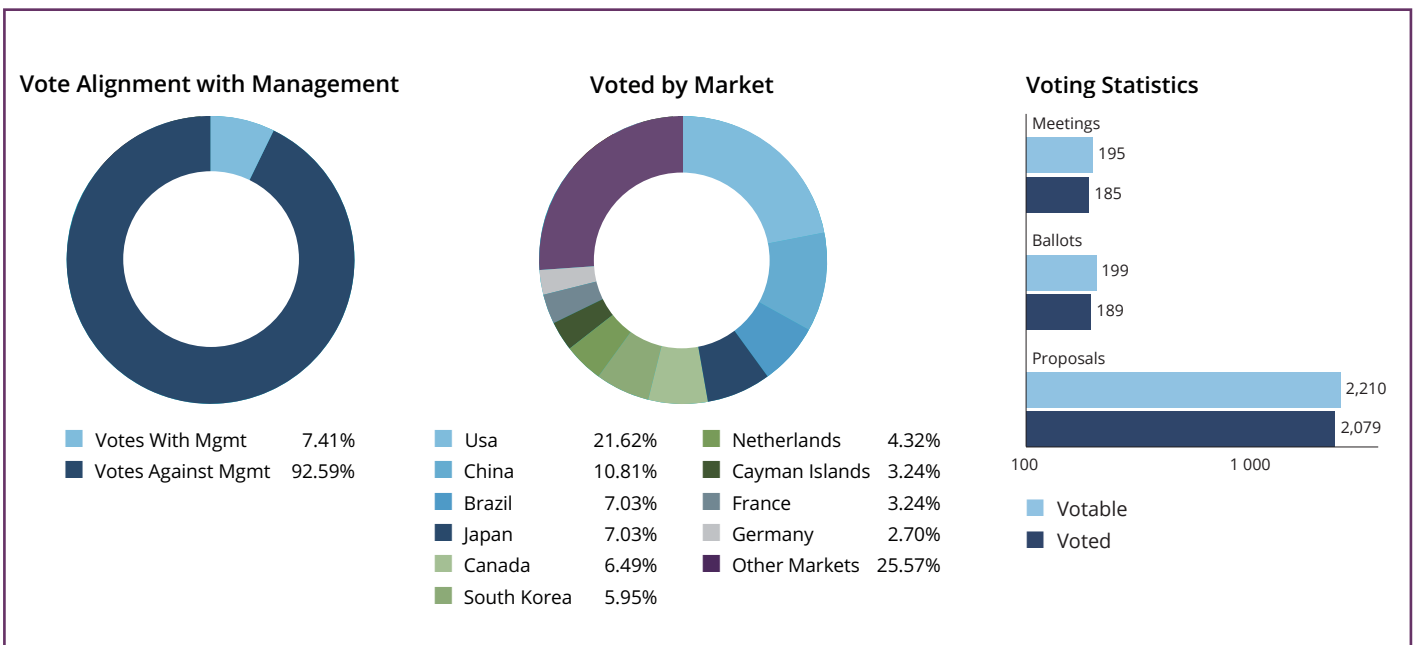
**Explanation of the most important votes SKAGEN AS**

**The Home Depot, Inc.**

The Home Depot, Inc. held its annual meeting during the second quarter. The company is a holding in SKAGEN Global LUX, and the fund voted against management on following item:

- Report on Efforts to Eliminate Deforestation in Supply Chain

SKAGEN vote FOR as we believe HD could take further steps to improve its wood sourcing and forest sustainability practices.



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## In 2022, Storebrand Asset Management AS voted at 348 Annual Meetings, of which 332 unique companies

- 3M Company.
- A. O. Smith Corporation.
- ABB Ltd.
- Abbott Laboratories.
- AbbVie Inc.
- Accell Group NV.
- Accenture plc.
- Acciona SA.
- Acuity Brands, Inc.
- Adobe Inc.
- Advanced Drainage Systems, Inc.
- Advanced Micro Devices, Inc.
- AEON Co., Ltd.
- Agilent Technologies, Inc.
- AIA Group Limited.
- Aker Carbon Capture AS.
- Aker Clean Hydrogen AS.
- Aker Horizons ASA.
- Aker Offshore Wind Holding AS.
- Alfen NV.
- Allianz SE.
- Alphabet Inc.
- Amazon.com, Inc.
- America Movil SAB de CV.
- American Express Company.
- American International Group, Inc.
- American Tower Corporation.
- American Water Works Company, Inc.
- AmerisourceBergen Corporation.
- Amgen Inc.
- Annaly Capital Management, Inc.
- Anthem, Inc.
- Apple Inc.
- Applied Materials, Inc.
- ASML Holding NV.
- AstraZeneca Plc.
- AT&T Inc.
- Atlas Copco AB.
- Aurubis AG.
- Australia and New Zealand Banking Group Limited.
- Autodesk, Inc.
- Automatic Data Processing, Inc.
- AutoZone, Inc.
- Aviva Plc.
- AXA SA.
- Badger Meter, Inc.
- Bank of America Corporation.
- Bayerische Motoren Werke AG.
- BCE Inc.
- Becton, Dickinson and Company.
- BlackRock, Inc.
- Block, Inc.
- BNP Paribas SA.
- Booking Holdings Inc.
- Brambles Limited.
- Bristol-Myers Squibb Company.
- Broadcom Inc.
- Brookfield Renewable Corporation.
- BYD Company Limited.
- Cadeler A/S.
- Campbell Soup Company.
- Canadian Imperial Bank of Commerce.
- Carbios SA.
- Cardinal Health, Inc.
- Carrefour SA.
- Central Japan Railway Co.
- CGI Inc.
- Chr. Hansen Holding A/S.
- Chubb Limited.
- Cigna Corporation.
- Cisco Systems, Inc.
- Citigroup Inc.
- City Developments Limited.
- CME Group Inc.
- CNH Industrial NV.
- Colgate-Palmolive Company.
- Comcast Corporation.
- Comfort Systems USA, Inc.
- Compagnie de Saint-Gobain SA.
- Compass Group Plc.
- Conagra Brands, Inc.
- Corporacion Acciona Energias Renovables SA.
- Credit Agricole SA.
- Credit Suisse Group AG.
- CrowdStrike Holdings, Inc.
- Crown Castle International Corp.
- CVS Health Corporation.
- DAIKIN INDUSTRIES Ltd.
- Danaher Corporation.
- Danone SA.
- Deere & Company.
- Dentsu Group, Inc.
- Deutsche Telekom AG.
- Discover Financial Services.
- DISH Network Corporation.
- Dollar General Corporation.
- Dollar Tree, Inc.
- EDP Renovaveis SA.
- Electronic Arts Inc.
- Eli Lilly and Company.
- Encavis AG.
- Energiekontor AG.
- Enphase Energy, Inc.
- Evoqua Water Technologies Corp.
- FAST RETAILING CO., LTD.
- Faurecia SE.
- Ferguson Plc.
- Fidelity National Information Services, Inc.
- Fifth Third Bancorp.
- Fiserv, Inc.
- Fisher & Paykel Healthcare Corporation Limited.
- Flex Ltd.
- Ford Motor Company.
- General Mills, Inc.
- Giant Manufacturing Co., Ltd.
- Gilead Sciences, Inc.
- Gjensidige Forsikring ASA.
- GlaxoSmithKline Plc.
- Goodman Group.
- GSK Plc.
- Hannon Armstrong Sustainable Infrastructure Capital, Inc.
- Hewlett Packard Enterprise Company.
- Hexagon Purus ASA.
- Hitachi Ltd.
- Hologic, Inc.
- HP Inc.
- HSBC Holdings Plc.
- Illinois Tool Works Inc.
- Infineon Technologies AG.
- Intel Corporation.
- International Business Machines Corporation.
- International Paper Company.
- Intesa Sanpaolo SpA.
- Intuit Inc.
- Intuitive Surgical, Inc.
- IQVIA Holdings Inc.
- Itron, Inc.
- Iveco Group NV.
- JinkoSolar Holding Co., Ltd.
- Johnson Controls International plc.
- JPMorgan Chase & Co.
- Kellogg Company.
- Kering SA.
- KEYENCE Corp.
- Kimberly-Clark Corporation.
- Kingfisher Plc.
- Kingspan Group Plc.
- KLA Corporation.
- Kone Oyj.
- Koninklijke Philips NV.
- L'Oreal SA.
- Lam Research Corporation.
- Landis+Gyr Group AG.
- Lear Corporation.
- Legrand SA.
- Lenzing AG.
- Lincoln National Corporation.
- Linde Plc.
- Lindsay Corporation.
- Lion Corp.
- Loblaw Companies Limited.
- Lowe's Companies, Inc.
- lululemon athletica inc.
- Lyft, Inc.
- Magna International Inc.

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*Cont.* In 2022, Storebrand Asset Management AS voted at 348 Annual Meetings, of which 332 unique companies

- Manulife Financial Corp.
- Marsh & McLennan Companies, Inc.
- Mastercard Incorporated.
- McDonald's Corporation.
- Medtronic Plc.
- Mercedes-Benz Group AG.
- Merck & Co., Inc.
- Meta Platforms, Inc.
- MetLife, Inc.
- Metro Inc.
- Microchip Technology Incorporated.
- Micron Technology, Inc.
- Microsoft Corporation.
- Millicom International Cellular SA.
- Mineral Resources Limited.
- Mirvac Group.
- Mondelez International, Inc.
- Moody's Corporation.
- Morgan Stanley.
- Mowi ASA.
- MTR Corporation Limited.
- Mueller Water Products, Inc.
- National Australia Bank Limited.
- NEL ASA.
- Nestle SA.
- Netflix, Inc.
- Newmont Corporation.
- NIKE, Inc.
- Nippon Prologis REIT, Inc.
- Nokia Oyj.
- NortonLifeLock Inc.
- Novo Nordisk A/S.
- Novozymes A/S.
- NVIDIA Corporation.
- Okta, Inc.
- Old Mutual Ltd.
- OmnicomGroup Inc.
- Onex Corporation.
- Oracle Corporation.
- Orange SA.
- Orkla ASA.
- Owens Corning.
- Palo Alto Networks, Inc.
- PayPal Holdings, Inc.
- PepsiCo, Inc.
- Pexip Holding ASA.
- Pfizer Inc.
- Power Corporation of Canada.
- Prologis, Inc.
- Prudential Financial, Inc.
- Prysmian SpA.
- PT Bank Rakyat Indonesia (Persero) Tbk.
- QBE Insurance Group Limited.
- QUALCOMM Incorporated.
- Reckitt Benckiser Group Plc.
- Restaurant Brands International Inc.
- Rockwell Automation, Inc.
- ROCKWOOL A/S.
- Rockwool International A/S.
- Royal Bank of Canada.
- S&P Global Inc.
- Salesforce, Inc.
- SalMar ASA.
- Sanofi.
- SAP SE.
- Scatec Solar ASA.
- Schibsted ASA.
- Schneider Electric SE.
- Schnitzer Steel Industries, Inc.
- Sea Ltd. (Singapore).
- Seagate Technology Holdings Plc.
- Seek Limited.
- Sekisui House, Ltd.
- ServiceNow, Inc.
- Shimano, Inc.
- Siemens AG.
- Signify NV.
- Sims Limited.
- Skanska AB.
- Sodexo SA.
- SoftBank Group Corp.
- SolarEdge Technologies, Inc.
- Sonoco Products Company.
- Sony Group Corp.
- Starbucks Corporation.
- State Street Corporation.
- Steel Dynamics, Inc.
- Stryker Corporation.
- SunRun Inc.
- Svenska Cellulosa AB SCA.
- Swiss Re AG.
- Synopsys, Inc.
- Sysco Corporation.
- T-Mobile US, Inc.
- Target Corporation.
- TE Connectivity Ltd.
- Telecom Italia SpA.
- Telefonaktiebolaget LM Ericsson.
- Telefonica SA.
- Telenor ASA.
- TELUS Corporation.
- Texas Instruments Incorporated.
- The Bank of New York Mellon Corporation.
- The Bank of Nova Scotia.
- The Charles Schwab Corporation.
- The Clorox Company.
- The Coca-Cola Company.
- The Cooper Companies, Inc.
- The Estee Lauder Companies Inc.
- The Go-Ahead Group Plc.
- The Goldman Sachs Group, Inc.
- The Greenbrier Companies, Inc.
- The Hartford Financial Services Group, Inc.
- The Hershey Company.
- The Home Depot, Inc.
- The J. M. Smucker Company.
- The Kraft Heinz Company.
- The PNC Financial Services Group, Inc.
- The Procter & Gamble Company.
- The TJX Companies, Inc.
- The Toronto-Dominion Bank.
- The Travelers Companies, Inc.
- The Walt Disney Company.
- Thermo Fisher Scientific Inc.
- Thomson Reuters Corporation.
- Tokyo Electron Ltd.
- Tomra Systems ASA.
- Toppan, Inc.
- Toyota Motor Corp.
- TPI Composites, Inc.
- Trane Technologies Plc.
- Truist Financial Corporation.
- Uber Technologies, Inc.
- UBS Group AG.
- UDR, Inc.
- Umicore.
- Unilever Plc.
- UnitedHealth Group Incorporated.
- VERBUND AG.
- Verizon Communications Inc.
- Vestas Wind Systems A/S.
- Viatrix Inc.
- Vicinity Centres.
- VINCI SA.
- Visa Inc.
- VMware, Inc.
- Vodacom Group Ltd.
- Vodafone Group Plc.
- Volvo AB.
- Walgreens Boots Alliance, Inc.
- Waste Connections, Inc.
- Waste Management, Inc.
- Watts Water Technologies, Inc.
- West Holdings Corp.
- Western Digital Corporation.
- Westpac Banking Corp.
- WestRock Company.
- Weyerhaeuser Company.
- Xinyi Solar Holdings Limited.
- Xylem Inc.
- Zehnder Group AG.
- Zendesk Inc.
- Zhuzhou CRRC Times Electric Co., Ltd.
- Zoetis Inc.
- Zoom Video Communications, Inc.
- Zscaler, Inc.
- Zurich Insurance Group AG

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## In 2022, SKAGEN AS voted at 195 Annual Meetings\*

- Abbott Laboratories
- Accenture plc
- Adobe Inc.
- Aedifica SA
- Albertsons Companies, Inc.
- Alibaba Group Holding Limited
- A-Living Smart City Services Co., Ltd.
- Allied Properties Real Estate Investment Trust
- American Tower Corporation
- Americold Realty Trust
- Argonaut Gold Inc.
- Arima Real Estate SA
- Aroundtown SA
- Ascendas India Trust
- ASML Holding NV
- Atalaya Mining Plc
- Atlantic Sapphire ASA
- Bakkafrost P/F
- Brown & Brown, Inc.
- Canadian Pacific Railway Limited
- Canfor Corporation
- Canfor Pulp Products Inc.
- CapitalLand Investment Ltd.
- Cascades Inc.
- Catena AB
- Cementir Holding NV
- Chemical Works of Gedeon Richter Plc
- China Communications Services Corporation Limited
- China Life Insurance Company Limited
- China Mobile Limited
- China Shineway Pharmaceutical Group Limited
- CK Asset Holdings Limited
- CNOOC Limited
- Commerzbank AG
- Companhia Brasileira de Distribuicao
- Cosan SA
- CTP NV
- DAIWA INDUSTRIES LTD.
- DB Insurance Co., Ltd.
- DGB Financial Group Co., Ltd.
- Dollar General Corporation
- DSV A/S
- Edwards Lifesciences Corporation
- E-Mart, Inc.
- ENCE Energia y Celulosa, SA
- Endeavour Mining Plc
- Equinix, Inc.
- ESR Cayman Limited
- Faurecia SE
- First Horizon Corporation
- Fortuna Silver Mines Inc.
- Foxconn Industrial Internet Co., Ltd.
- Fujitec Co., Ltd.
- GCB Bank Ltd.
- GrafTech International Ltd.
- Grainger Plc
- Great Portland Estates Plc
- Gree Electric Appliances, Inc. of Zhuhai
- Guaranty Trust Holding Company Plc
- Heiwa Real Estate Co., Ltd.
- Hermes International SCA
- Hisense Home Appliances Group Co., Ltd.
- Hon Hai Precision Industry Co., Ltd.
- Hudson Pacific Properties, Inc.
- Iguatemi SA
- Intercontinental Exchange, Inc.
- Intuit Inc.
- Intuitive Surgical, Inc.
- Ivanhoe Mines Ltd.
- Iveco Group NV
- JPMorgan Chase & Co.
- K+S AG
- KB Financial Group, Inc.
- Keihanshin Building Co., Ltd.
- Kimberly-Clark de Mexico SAB de CV
- Kojamo Oyj
- Komatsu Ltd.
- Korean Reinsurance Co.
- Kyocera Corp.
- LEG Immobilien SE
- Lincoln National Corporation
- Log Commercial Properties e Participacoes SA
- LOTTE Fine Chemical Co., Ltd.
- LVMH Moet Hennessy Louis Vuitton SE
- Magnit PJSC
- Marsh & McLennan Companies, Inc.
- Mastercard Incorporated
- Methanex Corporation
- Microsoft Corporation
- Mitsui Fudosan Co., Ltd.
- Moody's Corporation
- MSCI Inc.
- Nasdaq, Inc.
- Naspers Ltd.
- NIKE, Inc.
- NortonLifeLock Inc.
- Nova Ljubljanska Banka dd
- Oil Co. LUKOIL PJSC
- Old Dominion Freight Line, Inc.
- Ollie's Bargain Outlet Holdings, Inc.
- Orbia Advance Corporation SAB de CV
- Panasonic Holdings Corp.
- Paramount Group, Inc.
- Partners Group Holding AG
- Peugeot Invest SA
- Ping An Insurance (Group) Co. of China Ltd.
- Prologis, Inc.
- Prosus NV
- PT Media Nusantara Citra Tbk
- PT Vale Indonesia Tbk
- Quinenco SA
- Raizen SA (Brazil)
- Resona Holdings, Inc.
- Royal Dutch Shell Plc
- Samsung Electronics Co., Ltd.
- Samyang Packaging Corp.
- Sao Martinho SA
- Sberbank Russia PJSC
- Self Storage Group ASA
- Sendas Distribuidora SA
- Shurgard Self Storage SA
- Sinotrans Limited
- Sistema PJSC
- Stelco Holdings Inc.
- STMicroelectronics NV
- Sumitomo Osaka Cement Co., Ltd.
- Sun Communities, Inc.
- Sunstone Hotel Investors, Inc.
- Suzano SA
- Switch, Inc.
- Textainer Group Holdings Limited
- The Estee Lauder Companies Inc.
- The Home Depot, Inc.
- The Keiyo Bank, Ltd.
- THE MARCUS CORPORATION
- The Shiga Bank, Ltd.
- Tokyu Fudosan Holdings Corp.
- TotalEnergies SE
- Turquoise Hill Resources Ltd.
- Ubisoft Entertainment SA
- UMH Properties, Inc.
- UPL Limited
- UPM-Kymmene Oyj
- Verisk Analytics, Inc.
- Vietnam Enterprise Investments Ltd
- Vina Concha y Toro SA
- VinaCapital Vietnam Opportunity Fund Limited (UK)
- Visa Inc.
- Vitesco Technologies Group AG
- Vonovia SE
- Waste Management, Inc.
- West China Cement Limited
- WH Group Limited
- Wienerberger AG
- X5 Retail Group NV
- Zinus, Inc.

\* A company may hold more than one meeting per year, i.e. EGM's.

# Dialogue

Dialogue is held primarily through our sustainability team or our fund managers and takes place directly with the companies or through a range of appropriate investment initiatives. The method we select depends on the advocacy option that helps achieve the greatest impact.

## Activities forming part of our dialogue work:

- Reactive advocacy in cases where we have identified deficiencies in a company's sustainability work, for example in the form of an incident.
- Proactive advocacy in cases where we identify opportunities for improvement in a company's sustainability work or as part of our company analysis.
- Thematic advocacy is a form of proactive advocacy where several companies are addressed simultaneously in areas that we have deemed particularly important, such as climate, health or the promotion of the UN's 17 global sustainability goals.

We work proactively to encourage companies to improve their sustainability work and reactively with companies that we believe do not live up to the international standards and conventions we value.

We carry out our advocacy work partly through direct contact with the companies and partly in cooperation with other capital owners, as well as through various industry initiatives.

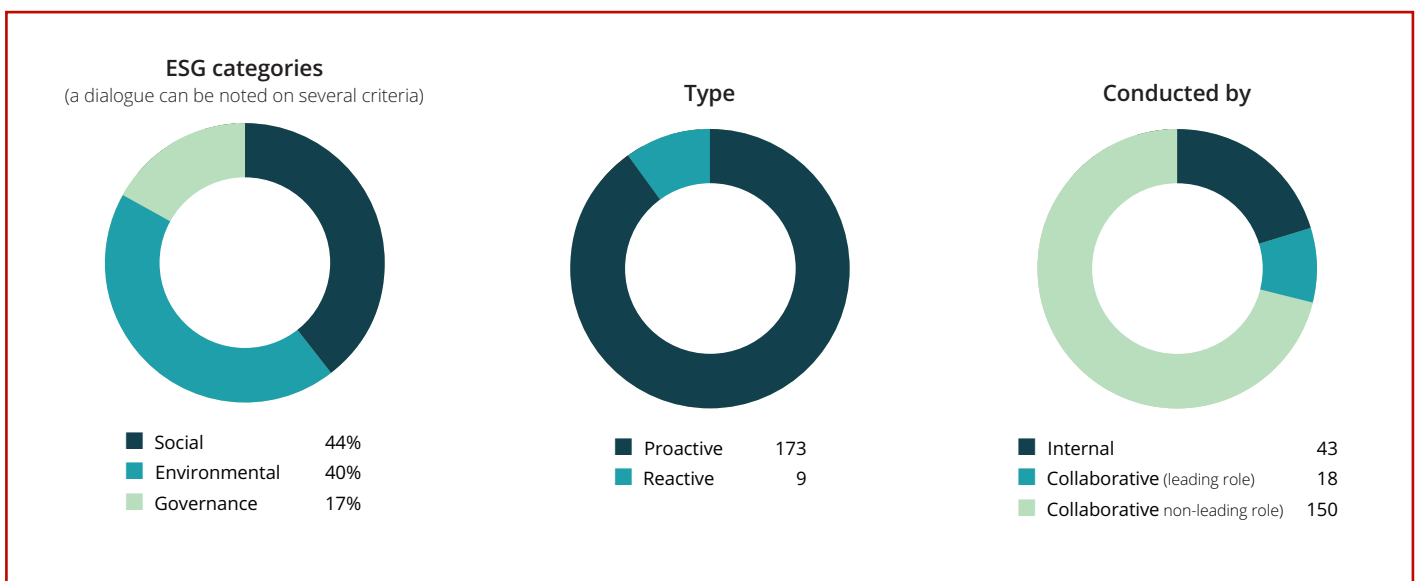
Decisions about which companies may be suitable for advocacy are based on factors such as current issues, the size of the funds' holdings, the likelihood of having an impact and the possibility of interacting with other investors. Issues relating to serious or systematic violations of human rights, corruption and bribery, serious environmental and climate damage, and cases where the companies' strategy or results differ materially from what was previously communicated are prioritised in direct dialogue and collaborations.

In 2022, Storebrand Asset Management for the Sub-Funds managed by Store-

brand held 169 dialogues. The cooperation dialogues were conducted mainly within PRI, Climate Action 100+ and FAIRR. The direct dialogues were carried out mostly by our sustainability team but also by our fund managers. The main issues discussed with the companies concerned were human rights, corruption, and environmental issues.

**In 2022, we further refined our principles for engagement, which provide additional help in prioritising advocacy dialogues. We prioritise active ownership where we:**

**Can create shareholder value** – We believe that companies which are able to proactively manage sustainability risks, as well as to adapt their strategies and business models to embrace sustainable solutions, will also create increased value for shareholders over time.



**Can have a positive impact** – We strive for our investments to have a positive impact. We therefore not only work with companies to require them to remedy errors (reactive engagement), we are also committed to raising sustainability standards in a proactive manner so that potential sustainability risks can be addressed before they result in negative consequences, as well as to encourage good practice. Consequently, we allocate more resources to these proactive engagements, and we engage over a long period of time, where possible with other investors so as to achieve more leverage and better results.

**Are a strong Nordic player** – Being a Nordic player means we have greater influence in the Nordic region, where we are more well-known and where we can have significant exposure (size of holding). We will prioritise our proactive engagement with Nordic companies, where our Nordic position and knowledge of these companies enables a constructive and meaningful dialogue that generates value for these companies, for Storebrand and for our customers. This does not limit us, however, to engagement solely with Nordic companies, as aspects such as the

materiality and exposure of ESG risks and their potential major impact on ESG issues are still important factors to consider when prioritising our engagement with companies outside the Nordic region.

**We also prioritise engagement with stakeholders other than the companies, targeted where it will achieve the most benefit:**

**Engagement with multiple stakeholders** – We understand that many sustainability issues cannot be resolved solely by companies or investors, the involvement of other stakeholders is also needed. We also collaborate, therefore, with other stakeholders such as governments, industry associations, environmental and human rights organisations and trade unions. Engagement at political level is a particularly important factor for stimulating change, as we believe that regulation is often required in order to promote sustainability issues.

**Targeted engagement** – Our experience shows that targeted engagement in those companies where we are major shareholders is the best way for us to be involved on our own, whereas we otherwise achieve the best results by collaborating with other investors.

**The goal of direct dialogues and collaborations also includes the possibility of influencing the companies on Board issues such as:**

- Appointment of Board members
- Share issue and dividend policy
- Remuneration to key personnel
- Transactions between related parties
- Diversity issues

**Our sustainability team normally contacts companies that are at risk of exclusion due to breach of standards and tries to initiate a dialogue with them. Our active ownership work focuses on the following themes:**

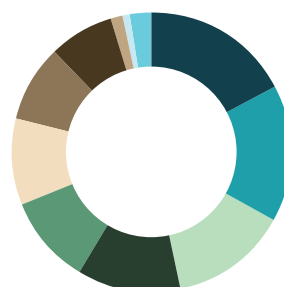
- Corruption and financial crime
- Human rights and international humanitarian law
- Climate, environment and biodiversity
- Value creation, incentive schemes and capital structure (governance)
- Composition of the Board of Directors

**Meetings Dialogues by Market**



United States	81	United Kingdom	12
Japan	24	Switzerland	12
France	16	Canada	7
Norway	16	Netherlands	6
Sweden	14	Övriga	17

**Dialogues by Sector**



Consumer Staples	37	Industrials	19
Consumer Discretionary	34	Information Technology	16
Financial	29	Utilities	3
Healthcare	26	Real Estate	2
Materials	22	Other	5
Communication Services	21		



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## The following themes are being prioritized by Storebrand Asset Management for the period 2021-2023:

### 1) The race to net zero:

Storebrand is committed to achieving net zero greenhouse gas emissions in all our assets under management by no later than 2050, in line with the Paris Agreement. This entails a decarbonised portfolio across all asset classes. In line with this commitment, we have set an intermediate target of reducing the carbon footprint of Storebrand's total equity, corporate bond and real estate investments by at least 32 per cent by 2025, with 2018 as a base year.

Towards achieving this goal, we have identified the 20 largest sources of owned emissions in our portfolios and have begun a process to stimulate these companies to implement emissions reductions.

The protection and sustainable management of oceans, forests, wetlands and other sensitive ecosystems are essential to ensure long-term social and economic stability. Nature underpins all economic activities. Businesses depend on nature for direct inputs such as water and materials, and indirectly for production processes such as through erosion control and flood protection.

In the fourth quarter of 2022, Storebrand introduced a new Group policy aimed at battling the systemic risks that a loss of nature and biodiversity could pose to long-term asset returns. Also in 2022, we became a founding member of the Nature Action 100+, a coalition of investors aiming (to assemble a unified front) to engage and move global companies considered systemically critical to halting and reversing loss of nature and biodiversity.

### 3) Resilient supply chains:

The respect for labour rights in supply chains has been an important issue for Storebrand for many years and will dominate our social issue engagement work in the 2021 -2023 period. Our engagement aims to ensure healthy operations through

robust supply chains, at the same time helping to reduce poverty, child labour, forced labour and low living standards.

In 2022, we continued our partnership with the Platform for Living Wages Financials (PLWF), as a foundation for efforts to conduct assessments and influence portfolio companies to pay a living wage for workers within the food, textile, and other retail sectors.

Storebrand co-led the PLWF agrifood and food retail workstreams in 2022, actively participating in the writing of the PLWF 2022 report and presenting results for both sectors at the PLWF annual conference in October 2022.

Along with other investors through the Investor Alliance on Human Rights, we also were involved in efforts to reduce the amount of forced labour in the Xinxiang region in China.

As a member of the Advisory Group, Storebrand last year contributed together with 220 other investors to a new PRI initiative on Human Rights stewardship. The initiative, Advance, is established to help select sectors and companies to engage with. Storebrand's contribution has focused on war and conflicts zones and on the rights of indigenous peoples.

### 4) Corporate sustainability disclosure:

Storebrand advocates standardized and company-specific sustainability metrics to ensure transparency and benchmarking. The reporting of ESG-specific issues is a good indication of how a company measures and manages its exposure to sustainability risks.

### Direct dialogues

#### Race to net zero

#### Dialogue with Japanese steel company have a real effect.

Storebrand has identified the 20 companies for the largest owned emissions in our portfolios. A letter from Storebrand's CEO has been sent to all 20 companies, address-

sed to the CEOs. In 2022, we have scheduled meetings and engaged in dialogue with several of these companies.

**Background:** Japanese steel producer JFE Holdings is one of the 20 holdings with the highest owned emissions, thus identified for dialogue. The steel sector accounts for 7 percent of global CO2 emissions and 15 percent of Japan's total CO2 emissions. Reducing emissions in the steel sector is crucial for a successful climate transition. Example of dialogue results: We have been engaged in dialogue with JFE since January 2022.

After several meetings during the spring of 2022, this dialogue has proven successful. As a result of our discussions with the company, JFE communicated the following commitments in June 2022: 1) A commitment to annually review their emissions reduction target, with a focus on exceeding the target of 30 percent reduction, 2) A commitment to link executive compensation to the emissions reduction target in the company's medium-term business plan, and 3) An annual discussion with shareholders regarding the alignment of their technology investments with the emissions reduction target. We see these commitments as a direct result of our dialogue with the company. In August 2022, it was also announced that JFE plans to phase out one of their blast furnaces (a significant emission source) and replace it with an electric arc furnace. We estimate that this would result in a savings of approximately 4.5 million tons of CO2 emissions per year.

In the media: Storebrand Engagement Yields Steel Decarbonisation ([nordsip.com](https://nordsip.com))

### Working conditions in Qatar

The purpose of our engagement is to ensure that companies respect workers' rights, particularly the rights of migrant workers in Qatar in relation to the FIFA World Cup 2022 held in Qatar. There have

been concerns and reports about working conditions and labor rights in the country. Qatar has faced international attention and criticism due to its working conditions for migrant workers involved in the infrastructure construction for the event. Reports and investigations have highlighted challenges and deficiencies regarding working conditions, including long working hours, lack of rest and leisure time, limited freedom of movement, wage delays, insecure housing conditions, and restrictions on trade unions and collective bargaining rights.

Results/status update: We have raised our concerns with four construction companies and four hotel chains. We have inquired whether they have operations in Qatar and what actions they are taking to mitigate the potential negative impact their operations may have on workers. For example, if they have committed to the principle of employer-paid recruitment fees or if workers have unrestricted access to their passports. Five of the companies have acknowledged our concerns.

We will continue the dialogue with the construction companies to push for improvements in working conditions and labor rights in Qatar. We will monitor their actions and strive to ensure that they take appropriate measures to protect workers' rights and mitigate any potential negative consequences of their operations.

### Collaboration with others

Collaboration gives us additional strength and assists us in our dialogue with the companies. These dialogues are often triggered by suspected or confirmed cases of violations of international standards and conventions. The dialogues focus mainly on the principles of the UN Global Compact initiative, which fall under the following areas: human rights, labour law and working conditions, environment and anti-corruption. Company advocacy in

collaboration with other investors is used in cases where it is possible to identify a clear common interest within an investor group and where the outcome in terms of bringing about change is deemed to be better than through separate engagement. Collaborating with several investors is often very effective.

We also support dialogues within the framework of international collaborations and industry initiatives such as PRI and FAIRR. These dialogues often focus on specific themes, such as the climate. Other collaborations and networks that we operate in are the Carbon Disclosure Project (CDP), Fossil Free Sweden, The Portfolio Decarbonization Coalition, Climate Action 100+ and the Net-Zero Asset Owner Alliance.

### Harmful chemicals

Storebrand is leading initiatives focused on harmful chemicals and the phase-out of persistent chemicals.

Background: ChemScore is a ranking that assesses the world's 54 largest chemical producers and their efforts to reduce the use of hazardous chemicals. Chemical companies are not transparent regarding their production of harmful chemicals. Therefore, Storebrand, together with Aviva Investors, has taken the initiative to send letters to the companies ranked by ChemScore. The letter is addressed to the CEOs of these companies and urges them to: 1) be more transparent about the harmful chemicals they produce, 2) demonstrate a phase-out plan for hazardous persistent chemicals (known as "forever chemicals"), and 3) improve their performance in the ChemScore ranking.

Example of dialogue outcomes: In 2022, Storebrand was responsible for engaging with three out of the 54 ranked companies: Yara, Umicore, and 3M. In the updated ChemScore ranking for 2022, all three companies showed an improvement

in their scores. In December 2022, 3M also announced that they would phase out their production of harmful persistent chemicals, which was specifically requested in our dialogue with the company: Chemical giant 3M stops using forever chemicals - Aktuell Hållbarhet (aktuellhallbarhet.se).

Media coverage: This initiative was highlighted in both Reuters and Financial Times: Investors demand end to "forever" chemicals | Financial Times (ft.com), Call to phase out 'forever chemicals' gains investor momentum | Reuters, Investerares samarbete med Chemsec för att minska finansiella riskerna med PFAS - Aktuell Hållbarhet (aktuellhallbarhet.se).

### Forced labor in Xinjiang Human rights/labour rights

Another example of our engagement work with other investors is related to forced labor in the Xinjiang region of China. We collaborate with other investors through the Investor Alliance on Human Rights, and together we engage in dialogue with several companies in the textile industry, ICT sector, and a number of solar cell producers whose products may originate from manufacturing in this region in China and, therefore, potentially be linked to forced labor. These companies have been urged to map their supply chains to identify any connections to forced labor in Xinjiang and to disclose the actions they have taken.

Example of dialogue outcomes: Storebrand engages in dialogue with solar cell producers, such as Canadian Solar. As the progress in the dialogue with the company was slow, and the company was not willing to accommodate shareholders' request to establish an investigation to identify forced labor in their operations in China, Storebrand decided to submit a shareholder proposal at the company's annual general meeting. Canadian Solar opposed the shareholder proposal, and unlike the process in the United States, in Canada, a

court order is required to have a shareholder proposal included in the meeting. Therefore, our shareholder proposal was never discussed at the meeting. However, we continued our dialogue with the company, and in their 2021 sustainability report, Canadian Solar announced that the board has now commissioned a third-party review to ensure the absence of forced labor in their supply chain and operations. We will continue to monitor the results of this review, but view it as a step in the right direction. Living wages in the textile and food industries.

### **Policy dialogue on deforestation** **Deforestation.**

IPDD (Investor Policy Dialogue on Deforestation and Forest Fires) was formalized in July 2020, so it is still too early to see clear changes based on the dialogues we have had with the Brazilian and Indonesian governments. However, it is evident that IPDD has already had a positive effect in terms of getting governments to listen to investors. Governments have received a signal from investors that how they manage natural resources affects their ability to secure external financing. Brazil's central bank also launched a sustainability agenda, which will further integrate nature and climate issues into its policies and decisions on foreign exchange reserves, bank stress tests, and lending criteria. The Brazilian government also announced a ban on burning in the Amazon for 120 days from the end of June 2021, marking the second consecutive year such measures were taken.

### **Living wages in the supply chain**

During 2021, Storebrand took an important step to make an impact in this area by initiating a formal collaboration with the Platform for Living Wages Financials (PLWF). PLWF is a coalition of financial institutions that work closely with invested companies to address living wages in global supply chains, with a focus on companies in the clothing and food sectors.

Storebrand ensured Orkla's participation in the PLWF initiative within the food sector and has led the engagement for living wages with the Norwegian company since June of last year (Orkla is held in several funds).

Results/Status update: We can already see some results from this engagement during the first quarter of 2022. Orkla recently updated its human rights policy, providing a clearer description of its approach to human rights, referencing a decent standard of living, and the reputable Anker methodology for estimating living wages. Living wages are also emphasized as an important issue in Orkla's sustainability report for 2021, which was recently published at the end of March 2022. At the supplier chain level, the company has committed to intensifying efforts to address challenges related to child labor, deforestation, and, notably, living wages within its new sustainable cocoa strategy. The company's risk mapping in 2021 specifically focused on the topic of living wages to ensure that employees at all levels within the Orkla Group have a work income that covers their basic needs. Some companies within the Orkla Group have identified a risk that the starting wage for workers at some of its suppliers may be lower than the relevant national living wage level. Orkla is monitoring these companies to ensure they have adequate action plans to address this issue.

### **Human rights in conflict areas**

The sale of Telenor's operations in Myanmar was officially approved at the end of March. Storebrand has been engaged with Telenor on this issue since March of last year, shortly after a military coup took place in Myanmar in February 2021. Here are some of the responses from the company on how they have attempted to mitigate the negative impact that the withdrawal may have on customers, employees, and society.

### **Brief status:**

In March 2022, Storebrand had a meeting with the company shortly before the sale was officially approved. Here are some of the key findings:

- Reason for withdrawal: The primary reason for their withdrawal from the country is that the military has activated technology for lawful interception, which could trigger Norwegian and EU sanctions. In addition to this, Telenor's main responsibility is to ensure the safety of its employees.
- Regarding measures to mitigate the transfer of customer data, the company confirmed that removal of call/metadata was not possible as the data physically resides in a data center in Myanmar monitored by the military. Data can only be erased if done physically. This effectively means that the military can access this data if they choose to.
- Risk to employee safety: Concerns about their staff being killed. This is based on their own assessment and assessments from third-party security consultants. Telenor is aware that employees from other telecom companies have been injured or killed. However, nothing has happened to their employees thus far.
- Storebrand remains committed to actively collaborating with Telenor to ensure appropriate measures are taken to address concerns and risks associated with the situation in Myanmar, as well as to minimize any potential negative effects on various stakeholders.

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## Examples of some of the collaboration initiatives we are primarily engaged in:

### 1) Climate Action 100+

### 2) Platform for Living Wages Financials

Storebrand leads the work in one of the working groups, focusing on living wages in company supply chains.

### 3) Investor Alliance for Human Rights

Storebrand is engaged in working groups and dialogues with companies focusing on human rights in conflict areas, forced labor, and digital rights within the tech sector.

### 4) Investor Initiative on Hazardous Chemicals,

Storebrand initiated to start together with Aviva Investors, co-chair of the initiative, leads the dialogue with several companies.

### 5) Finance Sector Deforestation Action (FSDA)

Storebrand work together to implement the joint commitment, including on screening portfolios for deforestation risk, recruiting more signatories to the commitment and engaging with companies. Storebrand recently completed its second portfolio screening based on the Forest 500 and Trase databases. Of the 350 companies and 150 financial institutions included in Forest 500, Storebrand has exposure to 109 companies and 149 financial institutions with varying degrees of deforestation risk. Using Forest 500 rankings and other data sources like Trase, Storebrand assesses companies' progress towards eliminating deforestation and prioritizes companies for active ownership engagement, individually and through collaborative initiatives like the FSDA. Storebrand Asset Management is part of the FSDA's Investor Strategic Working Group, which

has developed a strategy and tools for the FSDA signatories to jointly engage with companies at risk of contributing to deforestation through their operations, supply chains or financing. The group has identified some 80 companies to engage, divided up responsibilities for leading engagements, and created a set of expectations for how companies should eliminate commodity-driven deforestation from their activities by 2025.

### 6) Investor Policy Dialogue on Deforestation (IPDD)

A collaborative investor-led initiative to engage with public authorities and industry associations in Brazil and Indonesia and in import markets like the EU, UK, USA and China. As of September 2022, IPDD is supported by 64 financial institutions from 19 countries. The coalition now represents approximately US \$10 trillion of AUM. The IPDD is currently co-chaired by Storebrand Asset Management and BlueBay Asset Management.



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## SKAGEN AS – Engagement Activity

Engagement activities pertaining to the SKAGEN LUX Sub-Funds in 2022 consisted of 7 unique company engagements covering 7 unique engagement cases. We continue to engage with companies from around the world.

SKAGEN is a highly active manager, both in terms of how we invest and our approach to engaging with companies to encourage sustainable operations and conduct. Engagement activity in 2022 was slightly

lower than prior year where SKAGEN engaged with 15 separate companies on 19 different ESG cases. The engagement activity mirrors global investment activity, where engagement dialogue was held with companies in Asia, North America, and Europe.

Environment-related ESG engagements made up the largest category of dialogues in 2022 with the focus being on transition pathways and decarbonization. Environ-

mental-related engagements made up 57.1% of all ESG engagements during 2022. Governance-related ESG engagements made up 28.6% of dialogues in 2022 with the focus being on topics that are generally of importance to minority shareholders. The governance related engagements in 2022 have been board structure related – proposing increased independency and diversity in board structures. Multi-category dialogues made up 14.3%.



## SKAGEN m<sup>2</sup>: The importance of sustainability for data centres



Sustainability has been a longstanding investment theme for SKAGEN m<sup>2</sup>, be that in the form of ownership dialogues or when it comes to selecting investments. When the fund sought exposure to data centre companies, sustainability was naturally an important part of the screening and idea generation process.

The carbon footprint of the internet – including the act of running it and the gadgets that use it – account for 3.7% of global greenhouse emissions according to Lancaster University<sup>[1]</sup> and this figure is expected to double by 2025. Data centres alone are estimated to make up 1% of global greenhouse gas emissions.

### **Switch: Fully operated by renewable energy**

In 2020, SKAGEN m<sup>2</sup> initiated a position in Switch Inc, a US company that engages in the provision of technology infrastructure through the ownership and operation of data centre campuses. The company has been seeking to decarbonise its scope 2 emissions – emissions from electricity used – for almost a decade. Since 2016, Switch has been able to fully mitigate its scope 2 emissions via renewable energy contracts and procurement agreements with local electricity providers and can therefore boast that its operations are now fully operated by renewable power. As of 2020, 0 m/t of CO<sub>2</sub>e is emitted by Switch, compared to the 340 million tons of CO<sub>2</sub> it estimates it would have indirectly emitted by using electricity present in the region.

Reaching this important milestone was more arduous than simply setting up a contract with a local power provider. A considerable hurdle was first and foremost to ensure a more conducive policy framework. The company actively engaged with local government to unbundle regulations and laws that complicated the broader adoption and rules surrounding energy use.

Switch set up the Energy Choice Initiative to advocate the right for consumers – be they companies or retail consumers – to choose their energy options. In 2020, this initiative was passed in Nevada, which now requires electric utilities to acquire a minimum amount of electricity from renewable energy sources and to reach a renewable portfolio standard of 50% by 2050.

### **Renewable energy a key requirement for tenants**

Renewable energy is increasingly becoming a key requirement for tenants looking for data centre space as ESG concerns continue to proliferate. Increased energy efficiency is the best way to be sustainable as the greenest energy is the energy that is never used. Switch's patented innovations in design, power, cooling and density allow its data centres to operate with industry-leading power usage efficiency. Switch is a leader in Power Usage Effectiveness (PUE) in the industry with a stabilised sector average PUE of 1.23. PUE is a measure of energy efficiency determined by the ratio of the total amount of energy used in a data centre to energy delivered to computer gear, with the lower the number the better and a PUE of 1.0 being perfect.

Switch also looks at how its data centres may otherwise potentially impact local communities, such as water consumption. For example, at the Citadel Campus in Reno, Nevada (a high water risk region), Switch is leading the development of a 4,000 acre-foot effluent water pipeline in northern Nevada that will allow the company to run the campus on 100% recycled/effluent water, also eliminating chemicals from the water.

### **Awarded highest Greenpeace rating**

Switch continues to work on ensuring the sustainable growth of the internet, and for this the company has been awarded the highest rating for any class of company by Greenpeace, the "Clicking Clean Report". Switch is also the only company to achieve the highest environmental rating in S&P's global telecom category which consists of 180 companies.

In SKAGEN m<sup>2</sup> we see Switch as one of the "purest" plays to capture the proliferation of the cloud. As all data needs to be analysed, computed and managed, the additional computer capacity and densities will play to Switch's strengths. Thanks to its strong sustainable profile we think Switch is a potential M&A candidate, but more importantly has reduced risk, something that we value highly as fund managers.

In addition to excellent progress in terms of sustainability, Switch is also making good progress in its social responsibility and governance work. To illustrate this, Switch pays 100% medical insurance premiums for all employees and their family members and there is a strong gender and diversity mix among leaders and the board of directors.

[1] <https://www.bbc.com/future/article/20200305-why-your-internet-habits-are-not-as-clean-as-you-think>



By Michael Gobitschek,  
Portfolio Manager,  
SKAGEN m<sup>2</sup> Lux

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# Collaborations and memberships

Storebrand and SKAGEN support international initiatives and guidelines, whose common purpose is to encourage and facilitate sustainable business. The guidelines for responsible investment are based on international standards for the environment, human rights, working conditions, corruption and controversial weapons. These standards are expressed in UN conventions and agreements and can be applied to the environmental and social responsibility of companies.

## New collaborations and memberships in 2022

**PRI Advance:** Storebrand is responsible for a collaboration initiative led by PRI, focusing on human rights. Storebrand has a representative on the Advisory Board for this initiative. Storebrand's engagement in the development of Advance's methodology reflects our commitment to addressing human rights risks and impacts within the selected sectors, as well as actively engaging with companies to promote responsible practices. Over 200 investors, representing a total of \$30 trillion in managed assets, have joined "Advance," recognized as the world's largest initiative for human rights management. This extensive participation demonstrates investors' increased commitment to addressing human rights risks and promoting responsible practices within their investment portfolios.

**Nature Action 100+:** Storebrand is participating in the launch of a new collaborative initiative that, similar to Climate Action 100+, will identify companies and engage in dialogue on nature and biodiversity. The goal is to encourage companies to integrate nature considerations into their operations and decision-making processes. The initiative will focus on engaging with companies in sectors that have a significant impact on biodiversity and ecosystem services, including agriculture, forestry, food and beverages, energy, and mining.

CDP non-disclosure campaign, in which Storebrand participated, aimed at addressing and reducing the issue of companies that do not participate in CDP's data collection and do not disclose their climate-related data and information. By not participating and sharing this information, companies miss the opportunity to demonstrate transparency and accountability regarding their climate impact and efforts to reduce emissions. By increasing pressure on companies to be transparent and responsible in their climate reporting, the campaign aims to raise awareness of the risks of climate change and promote actions to reduce emissions and adapt to a more sustainable future. Storebrand sent letters to companies such as AAK and SSAB as part of the campaign.

## Collaborations and memberships

- UNEP Finance Initiative
- PRI – Principles for Responsible Investment
- Carbon Disclosure Project (CDP)
- United Nations Global Compact
- SWESIF
- NORSIF
- The Montreal Pledge
- The Portfolio Decarbonization Coalition
- Climate Action 100+
- Tobacco-Free Finance Pledge
- Institutional Investors Group on Climate Change (IIGCC)
- Farm Animal Investment Risk and Return Initiative (FAIRR Initiative)
- KnowTheChain
- Investor Alliance for Human Rights
- Investors Policy Dialogue on Deforestation (IPDD)
- Finance for Biodiversity Pledge (FfB)
- Net Zero Asset Managers initiative
- Taskforce on Nature-related Financial Disclosures (TNFD)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Platform Living Wage Financials
- Access To Medicine
- Green Bond Principles
- Access to Nutrition Index (various initiatives)
- Sustainable Blue Economy Finance Principles
- Corporate Human Rights Benchmark initiative
- PRI Advance
- Natur Action 100+



**Storebrand SICAV**

RCS Luxembourg: B 234.106, 10, rue du Château d'Eau, L-3364 Leudelange,  
Grand Duchy of Luxembourg, [www.storebrandfunds.com](http://www.storebrandfunds.com) and [www.skagenfunds.lu](http://www.skagenfunds.lu)

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