Principal adverse sustainability impacts statement

SPP Pension & Försäkring AB (publ), LEI: 529900GS6OZTM1HYL611
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Relates to the period: 1 January 2021 up to and including 31 December 2021

This is a translation of the original document in Swedish. In case of differences or uncertainties of the meaning of any expressions in this version, the Swedish original is the main document to refer to. It can be found here.

Contents

Summary

SPP Pension & Försäkring AB (publ) ('SPP'), LEI: 529900GS6OZTM1HYL611, considers adverse sustainability impacts for the investment decisions we make, and when we are selecting the funds provided within the unit-linked insurance. This is a summary of how this is done, applicable for the period 1 January 2021 up to and including 31 December 2021. See other sections of this statement for more details.

This document describes SPP's policies and processes for dealing with adverse sustainability impacts related to our products and advice, in line with Article 4 of the EU Regulation (2019/2088) on sustainability-related disclosures in the financial services sector ('the Disclosure Regulation').

SPP is part of the Storebrand Group ('the Group'). We offer pension and insurance solutions and provide financial advice to companies and individuals. Pension insurance is offered both as traditional insurance with guarantee and as unit-linked insurance.

SPP's investment decisions
SPP's Board of Directors ('the Board') has stipulated guidelines for asset liability management (ALM) and investment and liquidity risks. The CEO of SPP has delegated responsibility for investments to the CIO, who is the officer responsible for investments for our traditional insurance and equity. The management has been outsourced via mandate to Storebrand Asset Management (SAM).

SPP takes almost all of the 18 mandatory indicators on adverse impacts set out in the disclosure regulation into account, in order to measure adverse sustainability impacts in the investment decisions. In some cases, this is done by exclusion of companies making severe adverse impacts and in other cases by prioritising active ownership work with companies we own to reduce the impacts. In a few cases, it is done by following up and making information available to the fund managers or by pursuing one-off initiatives linked to the adverse impact indicator, although the specific indicator might not yet be fully integrated into the policies and processes that the Group follows in a structured way.

SPP's investments comprise many different asset classes, where most of the information available is for shares and bonds in listed holdings and for property investments. However, access to data is even limited there for some of the indicators. The Group purchases data for all of the indicators from Sustainalytics and works to integrate this even more clearly into the investment decisions; however, different asset classes will also need to be dealt with differently in the future, and these indicators are of greater significance for some assets classes than for others. An overview of this is available under 'Description of adverse sustainability impacts' below.

Unit-linked insurance – SPP does not make any investment decisions
SPP provides a selection of funds within the frame of unit-linked insurance, which the customers can choose to invest in. These funds are managed either internally within the Group or by external fund managers. This means that the actual investment decisions are made outside SPP and the individual choices our customers make affects how the sustainability factors and adverse sustainability impacts are taken into account in their insurance.

As SPP does not make investment decisions for the funds, data about adverse sustainability impacts is not part of this statement for these funds. Internally managed funds take adverse impacts on sustainability factors into account in accordance with Storebrand Asset Management's (SAM's) statement, which is available here. We also refer to each fund manager's sustainability impact statement, for which they are responsible.

When making the selection of funds to offer in SPP's unit-linked insurance, the fund managers' processes for taking adverse sustainability impacts into account is an important factor that we analyse. SPP reviews whether asset managers, who manage the funds we provide in the unit-linked insurance, take adverse sustainability impacts into account in their investment decisions in accordance with Article 4 of the Regulation. A good and well implemented policy and method for taking account of adverse sustainability impacts when making decisions is promoted in the rating model for external fund candidates.

As the templates for reporting of adverse impacts, and interpretations thereof, according to the Disclosure Regulation has not yet been fully developed, we are now in a process of understanding the current situation and seeing how this can be integrated even more clearly into the selection of funds.

Description of adverse sustainability impacts

'Sustainability factors' are defined in the Disclosure Regulation as "environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters" 'Adverse impacts' on these mean a negative impact on sustainable development worldwide. This may, for example, take the form of:

- high greenhouse gas emissions, high energy consumption from fossil fuel sources or poor handling of biodiversity in portfolio companies (environment-related),
- significant pay gap between men and women in portfolio companies (social and employee matters),
- that portfolio companies produce controversial weapons, such as chemical weapons, or do not have a policy for human rights or anti-corruption (respect for human rights, anti-corruption and anti-bribery matters)

The following table includes a summary of the Disclosure Regulation's mandatory indicators for measuring adverse sustainability impacts. In addition, SPP has chosen five voluntary indicators for reporting. Although there are still no values to report for most of the key indicators for 2021, these will be in place for 2022 in the statement published by no later than 30 June 2023. However, there is a qualitative review of each key indicator in the table.

SPP invests in many different asset classes. According to the standard reporting forms, a differentiation should be made between investments in investee companies, investments in sovereigns and 'supranationals', and investments in real estate assets. In anticipation of clearer guidance and clarity about how various asset classes have been classified, we have chosen to include descriptions of them in accordance with the following. Total capital (including shareholders' equity) is SEK 106 billion.

Asset class	**Proportion of SPP's investments, capital 31 December 2021**	**Proportion of investments in each asset class**
Investments in investee companies	**64%**	**100%**
Corporate Bonds	28%	44%
Mortgages	8%	13%
Asset-Backed Securities	7%	11%
Listed Shares (via funds and directly)	7%	10%
Mortgage Bonds	6%	10%
Private Debt	4%	7%
Private Equity	2%	4%
Infrastructure	0%	0%
Corporate short-term Fixed Interest Funds	0%	0%
Investments in investee companies, exposure	***Proportion of exposure (just exposure, i.e. (0 market value))***	
Equity Futures	5%	
Investments in sovereigns and supranationals	**21%**	**100%**
Government Guaranteed Bonds - local authorities and the State	12%	57%
Government Bonds	5%	24%
Government Short-term Fixed Interest Funds	4%	19%
Investments in real estate assets	**11%**	**100%**
Property	11%	100%
Other	**4%**	**100%**
Cash & Derivatives (FX and interest rates)	4%	100%
Hedge Funds	0.0%	0.2%
Total (including equity)	**100%**	

DESCRIPTION OF PRINCIPAL ADVERSE SUSTAINABILITY IMPACTS

Applicable for the reference period 1 January 2021 to 31 December 2021, for asset classes in the table above.

For investments in investee companies					
Adverse sustainability indicator – environmental aspects	*Metric*	*Impact in 2021*	*Explanation - How are the indicators considered?*	*Actions taken in 2021*	*Planned measures/objectives for 2022*
1. GHG emissions	Scope 1 GHG emissions Scope 2 GHG emission Total GHG emissions		Stopping climate change is the most important challenge of our time, and therefore one of the Storebrand Group's targets is to have net-zero emissions for all investments by no later than 2050. We also have short-term targets of reducing emissions (Scope 1 and 2, i.e. direct emissions from the operation) from all equity, bond and real estate investments in the Group by 32% between 2018 and 2025, and also of investing at least 15% of the total capital in companies that are contributing to the achievement of the UN's Sustainable Development Goals, including those related to the climate. CO_2 emissions are one of four priority areas for active ownership work from 2021 to 2023. SPP invests in listed holdings through, among other things, the Group's Plus funds, which optimise the CO_2 intensity of the investments, and the Group's Global Solutions fund and green bonds which, among other things, invest in companies and projects that contribute to reduced CO_2 emissions. SPP also invests in climate-smart infrastructure that contributes to reduced carbon emissions and in mortgage funds that report on CO_2 emissions and offer green mortgages to create incentives for customers to reduce their emissions. CO_2 intensity is visualised to customers through the launch of *Hållbarhetskartan* [The Sustainability Map] for our largest product 'Savings with Guarantee', to increase awareness of the carbon footprint of the portfolio.	CO_2 intensity has been measured and reported quarterly for listed shares, bonds and listed companies as well as property. The Group has had meetings with the 20 companies responsible for the highest emissions in the Group's investments to get them to increase the pace of change towards a low-carbon society and ensure that they have good structures in place for follow-up. SPP started to invest in infrastructure projects in 2021 in the form of electric powered trains in Great Britain and wind power in Texas and off the coast of Great Britain. SPP increased the proportion of total equity investments in the Group's Plus funds last year, which optimise the carbon footprint of the companies. Our largest product, Savings with Guarantee, only invests in equity funds that are Plus funds or Global Solutions.	Continue to follow up emissions in the portfolio and also report on CO_2 emissions and the carbon footprint. Continue dialogue with the 20 companies responsible for the highest emissions in the Group's investments. Continue to increase investments in climate-smart solutions and renewable infrastructure.
2. Carbon footprint	Carbon footprint (measured as CO_2 equivalent/ total greenhouse gas emissions)				
3. GHG intensity of investee companies	GHG intensity of investee companies (measured as CO_2 equivalent/ total greenhouse gas emissions)	CO_2e intensity for: Equity investments: 7.64 tonnes of CO_2e per SEK m Bonds with listed companies: 2.64 tonnes of CO_2e per SEK m			
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	Corporate bonds: 0% Mortgages: 0% Asset-backed securities: 0% Listed shares: 0% Mortgage bonds: 0%	The following asset classes exclude all companies with more than 5% of their revenue from producing or distributing fossil fuels*: Listed holdings in shares and bonds; Mortgages; Investments in private equity made from and including 2021; Corporate loans**; Infrastructure There may be exposure for private equity investments and hedge fund investments made before 2021. No new hedge fund investments have been made for several years.	New requirements for private equity investments entered into force in 2021, which mean that no new investments may be made in companies operating in the fossil fuel sector.	Continued requirement for all new investments to be fossil-free (except within equity futures)

		Infrastructure: 0% Corporate short-term fixed interest funds: 0%	There may be indirect exposure to fossil fuel companies for equity futures, an asset class that entails exposure to an index, for example, OMX30, if these companies are included in the index. *Property holdings, cash and derivatives (interest rates and FX) also exclude fossil fuels, but are not dealt with in this part of the table. A five-per-cent limit has been set by the Swedish Investment Fund Association for fund marketing, which states that no more than five per cent of the turnover in the company in which the investment is made can relate to the undesirable operation. **There are investments in one fund within corporate loans where SPP cannot guarantee that all holdings are fossil-free. No further commitments will be made in respect of this fund from and including 2022.		
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage		*Non-renewable energy production* Energy production from fossil fuels is excluded from the investments in the same asset classes as listed above. Energy production from nuclear energy is not excluded. SPP does not take any particular account of non-renewable consumption in its investment decisions.	SPP has been investing in infrastructure projects since 2021 in the form of wind power in Texas and off the coast of Great Britain.	Increase the investments in infrastructural projects, among other things, by investing in a district heating plant.
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector		SPP does not take any particular account of this indicator in its investment decisions.		SPP plans to review how this indicator could be integrated into its decision-making.
7. Activities negatively affecting biodiversitysensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas		Biodiversity is one of the Group's four prioritized areas for active ownership. Listed holdings are reviewed to investigate the risks of them contributing to deforestation in their operations or supply chain and, if such a risk is identified, active ownership work is introduced and, as a final step, it could lead to exclusion. The objective is to have a portfolio free from any contribution to deforestation throughout the Group by no later than 2025. See the Deforestation Policy here. Serious environmental degradation, including unsustainable palm oil production, result in exclusion.	Screening for the risk of deforestation has been conducted by companies in which the Group has invested. Around 50 companies have been prioritised for further dialogue. The Storebrand Group made, among other things, a resolution, at the Annual General Meeting (AGM) of the agribusiness and food company Bunge in 2021, which won the approval of the meeting, receiving 98.8% of the votes. The proposal means that Bunge undertook to draw up a report relating to how they can increase	Two companies ended up on our observation list during the spring of 2022, with restrictions on investing more in them until they have demonstrated improvements, owing to the risk of deforestation in their supply chain. Continue dialogue with identified companies and also with the two companies on the observation list.

				the speed and scale of their measures to reduce deforestation in the value-chain for soya production, including implementing a Best Practice Policy for how they deal with suppliers who do not honour their undertakings. Storebrand also contributed to the launch of a Taskforce for Nature-related Financial Disclosures (TNFD) in 2021, which will establish a framework for how biodiversity and environmental related issues should be reported. A list of companies that have been excluded based on serious environmental degradation has been published once per quarter on *spp.se/hallbarhetsrapporter*	
8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average		SPP/Storebrand has signed the Sustainable Blue Economy Finance Principles, and thereby made a promise about our commitment and ambition to speed up the transition to a more sustainable use of the world's oceans, seas, and marine resources. Serious environmental degradation, including serious environmental degradation of seas, oceans and watercourses, result in exclusion. SPP does not otherwise take any particular account of this in its investment decisions.		SPP plans to review how this indicator could be integrated into its decision-making.
9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average		Serious environmental degradation, including serious damage as a consequence of hazardous waste, results in exclusion. SPP does not otherwise take any particular account of this in its investment decisions.	The Group has cooperated with the Swedish not-for-profit organisation ChemSec, which ranks the world's 50 largest chemical producers, based on their work to reduce their footprint from the use of hazardous chemicals. A group of investors, coordinated and led by Aviva and Storebrand Asset Management, sent a letter last year to the 50 companies that had been ranked asking them for greater transparency in relation to the chemicals they produce, involvement with ChemSec and that they will phase out the most hazardous chemicals.	SPP plans to review how this indicator could be integrated into its decision-making.

Optional indicator 1. Deforestation	Share of investments in companies without a policy to address deforestation		Biodiversity is one of the Group's four prioritized areas for active ownership. Listed holdings are reviewed to investigate the risks of them contributing to deforestation in their operations or supply chain and, if such a risk is identified, active ownership work is introduced and, as a final step, it could lead to exclusion. The objective is to have a portfolio free from any contribution to deforestation throughout the Group by no later than 2025. See the Deforestation Policy here. Serious environmental degradation, including unsustainable palm oil production, result in exclusion.	Screening for the risk of deforestation has been conducted by companies in which the Group has invested. Around 50 companies have been prioritised for further dialogue. The Storebrand Group made, among other things, a resolution, at the Annual General Meeting (AGM) of the agribusiness and food company Bunge in 2021, which won the approval of the meeting, receiving 98.8% of the votes. The proposal means that Bunge undertook to draw up a report relating to how they can increase the speed and scale of their measures to reduce deforestation in the value-chain for soya production, including implementing a Best Practice Policy for how they deal with suppliers who do not honour their undertakings. Storebrand also contributed to the launch of a Taskforce for Nature-related Financial Disclosures (TNFD) in 2021, which will establish a framework for how biodiversity and environmental related issues should be reported. A list of companies that have been excluded based on serious environmental degradation has been published once per quarter on *spp.se/hallbarhetsrapporter*	Two companies ended up on our observation list during the spring of 2022, with restrictions on investing more in them until they have demonstrated improvements, owing to the risk of deforestation in their supply chain. Continue dialogue with identified companies and also with the two companies on the observation list.
Adverse sustainability indicator – social and employee, respect for human rights, anti-corruption and anti-bribery matters	*Metric*	*Impact in 2021*	*Explanation - How are the indicators considered?*	*Actions taken in 2021*	*Planned measures/objectives for 2022*
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for		All investments in SPP follow these principles. Serious breaches of the guidelines result in exclusion.	Continual screening of holdings to identify serious breaches of the guidelines. Companies that have breached them have been excluded and a list of excluded companies is published quarterly.	Continual screening of holdings to identify breaches of the guidelines. Companies that breach them will be excluded and a list of excluded companies is published quarterly.

	Multinational Enterprises				
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises		This data item is purchased from data providers for listed companies. If a lack of processes is identified, an assessment is made of the risks and their severity, based on a combination of dialogue and/or other data items. When needed, this is included as part of ownership dialogues. If a breach is identified, this is dealt with in accordance with the above. Human rights in a company's supply chain are one of four priority areas for active ownership work from 2021 to 2023. This includes companies complying with principles for labour and human rights.	This data item is purchased from data providers for listed companies. If a lack of processes is identified, an assessment is made of the risks and their severity, based on a combination of dialogue and/or other data items. When needed, this is included as part of ownership dialogues. If a breach is identified, this is dealt with in accordance with the above. The focus of active ownership last year was on companies in the textile, ICT, food and renewable sector to influence these companies to implement human rights due diligence.	This data item is purchased from data providers for listed companies. If a lack of processes is identified, an assessment is made of the risks and their severity, based on a combination of dialogue and/or other data items. When needed, this is included part of ownership dialogues. If a breach is identified, this is dealt with in accordance with the above.
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies		SPP does not take any particular account of these indicators in its investment decisions. However, we purchase gender equality data from Equileap, which is used when rating the level of sustainability of listed holdings. One of the priority issues for the Group when voting at a company's annual meetings relates to equal opportunities, equality and remuneration.	All listed holdings have been rated, among other things, based on gender equality factors. The aggregated rating on a scale of one to ten has been published for all funds in our ordinary range of funds. One company, Activation Blizzard, was excluded from our investment universe owing to a lack of gender equality and discrimination against female employees.	SPP plans to review how this indicator could be integrated into its decision-making.
13. Board gender diversity	Average ratio of female to male board members in investee companies				
14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	Proportion of controversial weapons: 0%	All investments in SPP exclude investments in companies that produce or distribute controversial weapons.	Continual screening of holdings to identify breaches of the guidelines. Companies that have breached them have been excluded and a list of excluded companies is published quarterly.	Continual screening of holdings to identify breaches of the guidelines. Companies that breach them will be excluded and a list of excluded companies is published quarterly.
Optional indicator 2. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child		Human rights in a company's supply chain are one of four priority areas for active ownership work from 2021 to 2023. The Storebrand Group has signed and participates in a commitment related to forced labour, based on data from Know-the-Chain and together with the Investor Alliance for Human Rights. We are involved in the Platform for Living Wages.	Some key engagement with companies last year related to forced labour for Uyghurs in the Xinxiang province in China, the response to COVID-19 and living wages. We joined the Platform for Living Wages last year and were particularly involved with companies	Continue the active ownership work on human rights in the supply chain in our investments.

	labour and forced labour)			in the textile, ICT, food and renewable sector to influence these companies to implement human rights due diligence.	
Indicators applicable to investments in sovereigns and supranationals					
Adverse sustainability indicator	*Metric*	*Impact in 2021*	*Explanation - How are the indicators considered?*	*Actions taken in 2021*	*Planned measures/objectives for 2022*
15. GHG intensity	GHG intensity of investee countries (measured as CO2 equivalent/ total greenhouse gas emissions)		SPP does not take any particular account of this indicator in its investment decisions. We only invest sovereigns from countries that are part of OECD.	In 2021, SPP only had investments in sovereigns from Sweden, Denmark, Norway and Finland, which have set a target for net zero emissions by no later than 2050. We also had exposure to, for example, China and the United States via supranationals, but these are often related to green projects.	SPP plans to review how this indicator could be integrated into its decision-making.
16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	Absolute number: 0 Relative number: 0%	SPP excludes states that are systematically corrupt. The number of states excluded is published on *spp.se/hallbarhet* and is based on the UN sanctions list. We only invest in sovereigns from countries that are part of OECD.	In 2021, SPP only had investments in sovereigns from Sweden, Denmark, Norway and Finland. We have, for example, invested in Côte d'Ivoire via supranationals, but this is money targeted at green investments.	Countries that commit human rights violations and thus end up on the UN sanction list are excluded.
Indicators applicable to investments in real estate asset					
Adverse sustainability indicator	*Metric*	*Impact in 2021*	*Explanation - How are the indicators considered?*	*Actions taken in 2021*	*Planned measures/objectives for 2022*
17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0%	SPP's real estate investments are in SPP Fastigheter, and also a small proportion of old funds that are in the process of being phased out (not included in the figures to the left of this table). SPP Fastigheter purchases origin-labelled, renewable electricity from fossil-free sources and eco-labelled district heating, where possible. The objective is to produce energy via, for example, solar cells on each property.	SPP Fastigheter does not lease to fossil fuel operations.	SPP Fastigheter does not lease to fossil fuel operations.

			The property company does not lease to fossil fuel operations.		
18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	92% (Energy class C and below)	Investments in properties take this into account through SPP Fastigheter's properties having a plan and target for minimising their energy consumption. CO2 emissions that cannot be reduced to zero are carbon offset.	The following breakdown applied in 2021 (rounded figures): Energy class A: 1% Energy class B: 8% Energy class C: 37% Energy class D: 34% Energy class E: 12% Energy class F: 8% Energy class G: 0% A mapping focused on those properties with the worst energy efficiency has been performed. A plan has been made for them to improve their energy efficiency and eventually achieve the sustainability requirements in the taxonomy.	Mapping and action plans shall continue to be developed for the stock, and continual improvement measures taken.
Optional indicator 3: GHG emissions	Scope 1 & 2 GHG emissions generated by real estate assets based on market value	673.6 $TCO2_e$	Investments in properties take this into account through SPP Fastigheter's properties having a plan and target for minimising their energy consumption. CO2 emissions that cannot be reduced to zero are carbon offset. SPP Fastigheter purchases origin-labelled, renewable electricity from fossil-free sources and eco-labelled district heating, where possible. The objective is to produce energy via, for example, solar cells on each property.	A mapping focused on those properties with the worst energy efficiency has been performed. A plan has been made for them to improve their energy efficiency and eventually achieve the sustainability requirements in the taxonomy.	Mapping and action plans shall continue to be developed for the stock, and continual improvement measures taken.
Optional indicator 4: Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	0 GWh/m^2	*See above.*	*See above.*	*See above.*
Optional indicator 5: Waste production in operations	Proportion of Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract (calculated on the basis of market value)	0%	All properties have this.		

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

All investments in SPP are analysed on the basis of their impact on a number of sustainability factors within environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. The investments must comply with the Group's standard for sustainable investments (the Storebrand standard) and also, as far as possible, SPP's sustainability criteria which are more extensive than the Storebrand standard.

All investments in SPP complied with the Storebrand standard for the period 1 January 2021 to 31 December 2021, with the exception of some old private equity and hedge fund investments made prior to the application of the Storebrand standard, and also derivatives being phased out. These investments account for less than 10% of the exposure in SPP's investments. All listed equity holdings, mortgages, bonds, infrastructure and asset-backed securities in SPP's largest product, Savings with Guarantee, and also for our own equity capital in SPP, comply with SPP's sustainability criteria. Savings with Guarantee and equity capital account for 90% of the total capital for which SPP makes investment decisions.

The Storebrand standard takes a number of adverse sustainability impacts into account, and the policy is decided by SAM's management team. The mandate for SPP's investment decisions is determined by SPP's Investment Department.

According to the Storebrand standard and SPP's sustainability criteria, the following adverse sustainability impacts are prioritised through the exclusion of companies (see summary in the table):

Adverse environmental sustainability factors in the Storebrand standard

A company is excluded if they

- contribute to serious climate and environmental degradation
- contribute to serious and/or systematic deforestation through the unsustainable production of palm oil, soya, livestock farming and timber
- produce or distribute coal and tar sand, which contributes to emissions that damage the climate
- are lobbying against the Paris Agreement

Additional environmental sustainability factors resulting in exclusion according to SPP's sustainability criteria

- Production and/or distribution of fossil fuels

Exclusion criteria in internal management	SPP's sustainability criteria	The Storebrand standard
Norm-based criteria *We reject companies that:*		
• Violate human rights and international law	x	x
• Are engaged in corruption and economic crime	x	x
• Contribute to serious climate and environmental degradation, including unsustainable palm oil production	x	x
• Are lobbying against the Paris Agreement	x	x
Product-based criteria *We exclude companies where more than five per cent of their turnover comprises the production and/or distribution of:*		
• Coal and tar sand	x	x
• Production and distribution of fossil fuels (coal, tar sand, oil, gas, etc.)	x	
• Weapons – unconventional	x	x
• Weapons – conventional	x	
• Tobacco	x	x
• Cannabis (for non-medical use)	x	x
• Alcohol	x	
• Commercial gambling	x	
• Pornography	x	

Adverse social and employee-related sustainability factors in the Storebrand standard

Companies are excluded if they produce or distribute

- tobacco
- cannabis (for non-medical use)

Additional social and employee-related sustainability factors resulting in exclusion according to SPP's sustainability criteria

- Production and/or distribution of alcohol
- Production and/or distribution of commercial gambling
- Production and/or distribution of pornography

Adverse sustainability factors linked to respect for human rights in the Storebrand standard
Companies are excluded if they

- violate human rights and international law
- produce or distribute unconventional weapons which contribute to the risk of human rights violations.

Additional sustainability factors linked to respect for human rights resulting in exclusion according to SPP's *sustainability criteria*

- Production and/or distribution of conventional weapons

Adverse sustainability factors linked to corruption and bribery in the Storebrand standard
Companies are excluded if they

- Are engaged in corruption and economic crime
- Or states that are systematically corrupt

In addition, the Group is working to integrate the indicators for adverse sustainability impacts specified in the Disclosure Regulation into its management. These will be integrated and prioritised based on a traffic light system, where companies with poor values for the indicators are given a red rating, those that perform in the middle a yellow rating, and the best are given a green rating. Those with a red rating will then be further analysed by the Group's Risk and Corporate Governance Team and this may result in exclusion based on the scope and level of severity of the adverse impacts identified. It may also result in engagement processes with the companies.

The method for this has not quite been completed (30 June 2022) and therefore has not been used in 2021, which is the reference period for this statement.

The Group has a process for working with sustainability and identifying material sustainability factors in investments, which comprises three parts: Inclusion, active ownership and exclusions.

- **Invest in companies** that are having a positive impact on sustainability factors using the sustainability rating. Some funds have a particular focus on allocating greater weight to solution companies, such as the Plus fund family, the objective of which is to have approximately 10% of its investments in these companies, or the Global Solutions family, which only invests in them. Solution companies may, for example, be companies that work with renewable energy, circular solutions, gender equality, health, etc.

- **Active ownership** through SAM entering into dialogue with companies, voting at general meetings or participating in nomination committees. Active ownership aims to do three things: Increase the transparency of and reporting by companies so that the Group can make better-informed investment decisions, strengthen the companies' work in order to manage sustainability risks, and reduce the companies' negative impact on sustainability in the surrounding world. The active ownership work focuses on the proactive work, where four areas have been prioritised from 2021 to 2023 based on their materiality and our potential for contributing to change: 1) CO_2 emissions, 2) Biodiversity and ecosystems, 3) Human rights and resilient supply chains, and 4) Reporting of sustainability data. Several of the indicators in the table for adverse sustainability impacts are included under these areas. For up-to-date information about the Group's active ownership work, you can find out more here or at *SAM's page on sustainability-related disclosures*.

- **Exclude companies** based on the adverse impacts on sustainability factors identified in accordance with the description provided in the preceding paragraph according to the Storebrand standard and SPP's sustainability criteria. This aims to ensure that we avoid investments in unsustainable sectors and companies that also have a low willingness to change or high sustainability risks. Further details about the Storebrand standard are available at *storebrand.no*. Further details about SPP's sustainability criteria are available at *spp.se*.

Storebrand's Climate Policy, which clearly describes priority areas for the Group within climate, is available here.

Associated margin of error and data sources used

We use a number of different data sources to analyse investments and exclude companies that are breaching the Group's criteria.

For product-based criteria, i.e. exclusions based on the products that companies produce, we use a limit of 5% of the companies' revenue for companies to be caught by the screening. This is in accordance with recommendations from the Swedish Investment Fund Association, which has concluded that 5% is a reasonable limit for when an industry or sector may be deemed to be excluded. In most cases, the revenue from these sectors is 0% or close to 0%, but it may be up to 5%.

For norm-based criteria, an assessment is made, among other things, of the level of severity, the risk of reoccurrence and the handling of the matter by the corporate management. According to the Storebrand standard, norm-based incidents are analysed and presented anonymously to an investment committee, which decides on any exclusion. For listed holdings in SPP, all companies excluded by the investment committee are excluded, together with all companies that have been given a red flag by our data providers ISS-Ethix and GSS (see below).

The data sources we use in our analysis are:

ISS-Ethix

- Data for proxy voting for voting at general meetings internationally
- Data for ESG screening for controversial weapons, tobacco, cannabis, alcohol, pornography, weapons, commercial gambling, exposure to fossil fuels
- Screening for ISS-Ethix Norm Screen, which identifies and gives red flags to companies that breach the UN Global Compact.

Sustainalytics:

- Data on sustainability risk rating (unmanaged ESG risk)
- Data on controversial weapons, weapons, alcohol, tobacco, commercial gambling, and pornography, and also data for evaluating companies that potentially conduct unsustainable palm oil production
- Monitoring of controversial events with category ranking 1 to 5

- Sustainalytics Global Standards Screening (GSS): Data on companies that are breaching or at risk of breaching international norms according to the UN Global Compact (just like ISS-Ethix)
- Data on adverse impacts on sustainability indicators

FTSE Russel:

- Data on 'Green Revenue', where income exposure for products that deliver environmental solutions is classified and measured

Equileap:

- Gender equality data

InfluenceMap

- Data that evaluates the level at which a company is working against regulations that aim to achieve the Paris Agreement.

Trucost:

- Data on carbon footprint and fossil fuels

Other:

- For exclusions of Government bonds we use publicly available sources, such as Transparency International and the World Bank Worldwide Governance Indicators (data on corruption), the UN Security Council sanctions list and Freedom House (human rights)
- For palm oil production, we also use, in addition to Sustainalytics which was mentioned above, qualitative evaluations based on reports from PRI, CERES, Annual Reports, SPOTT, RSPO, NGOs

Unit-linked insurance

All of the investment options provided in SPP's ordinary range are analysed on the basis of the investments' impact on a number of sustainability factors within environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. The methods for dealing with these adverse sustainability impacts differ depending on asset manager, and we refer you to each fund manager's statements for adverse sustainability impacts in their investment decisions. A summary of internal fund management and also how SPP deals with adverse sustainability impacts in external management is provided below.

Internal management

Funds managed internally in the Group are dealt with in accordance with the description in Storebrand Asset Management's statement for adverse sustainability impacts in their investment decisions, which is available here. All internally managed funds comply with the Storebrand standard, and work according to the methods described above to prioritise their work on adverse sustainability impacts.

Any fund that has 'SPP' or 'Storebrand' in its name, and is available as part of our range, must comply with SPP's sustainability criteria. Most of these are managed by Storebrand Fonder, SAM's Swedish subsidiary. In funds that comply with SPP's sustainability criteria, companies that produce or distribute alcohol, pornography and commercial gaming operations (social and employee-related sustainability factors) and also all fossil fuels (environment-related factors) are identified and excluded in addition to the Storebrand standard.

Besides adverse impacts on sustainability factors, it is just as important for SAM to identify companies that are having a positive impact on sustainable development worldwide. This is done by analysing how well positioned the companies' products and services are for contributing to the UN's Sustainable Development Goals. The Group calls these companies 'solution companies'. This analysis is then weighed against the sustainability risks to which the companies are exposed, and constitutes supporting information for the Group's internally developed sustainability rating. All internal fund managers have access to the sustainability rating. The rating is also made for externally managed assets and constitutes supporting information for making better-informed decisions about which funds we should be offering and also to create transparency and comparability of the level of sustainability in our range.

External management

We also analyse the externally managed funds from a sustainability perspective. The funds go through a rigorous assessment and decision-making process with us before being added to our range of funds and are then continually followed up.

Each individual fund is evaluated on the basis of both qualitative and quantitative parameters. We gather information from the external fund manager at each stage of our investment process. Furthermore, we impose requirements on the fund manager to actively work to reduce their CO2 emissions down to net zero while working to protect biodiversity.

For externally managed funds, it is not a criterion that a company must have been excluded with reference to the above factors. We will enter into dialogue with the external fund manager if we discover that the fund manager has chosen to maintain its investment in one of the companies excluded by Storebrand's asset management. In most cases, they are working on active ownership for those companies, as they consider that this is the best way of dealing with these companies. If the fund manager is not doing anything in relation to the company, they will get a lower rating, which forms the basis of the decision about whether or not to select their fund, but SPP can still offer the fund in our range as long as the overall assessment of the external fund manager is that they are integrating sustainability into their management in a serious and active way. All holdings in the funds we offer are screened quarterly to identify how the companies stand in relation to the above sustainability factors.

When selecting funds for SPP's unit-linked insurance, taking adverse sustainability impacts into account is an important factor that we analyse, and we investigate how the fund manager is working on these issues. SPP reviews whether asset managers, which manage the funds we offer our customers, are taking the adverse sustainability impacts into account in their investment decisions in compliance with Article 4 of the Disclosure Regulation. A good and well implemented policy and method for taking adverse sustainability impacts into account when making decisions is encouraged in the rating model for external fund candidates.

As the templates for reporting of adverse impacts, and interpretations thereof, according to the Disclosure Regulation has not yet been fully developed, we are now in a process of understanding the current situation and seeing how this can be integrated more clearly into the selection.

Engagement policies

As described above, active ownership is a way of minimising and mitigating sustainability risks and adverse impacts of sustainability factors. Active ownership is conducted by SAM, either through their own initiatives or in collaboration with other asset managers throughout the world. This may be conducted through dialogue, voting at general meetings or through participation in nomination committees.

Active management aims to do three things: Increase the transparency and reporting from companies so that the Group can make better-informed investment decisions, strengthen the companies' work in order to manage sustainability risks, and reduce the companies' negative impact on sustainability in the surrounding world. The active ownership work focuses on the proactive work, where four areas have been prioritised from 2021 to 2023 based on their materiality and our potential to exert an influence: 1) CO_2 emissions, 2) Biodiversity and ecosystems, 3) Human rights and resilient supply chains, and 4) Reporting of sustainability data. Several of the indicators in the table for adverse sustainability impacts are included under these areas.

More information about the Storebrand Group's Shareholder Engagement Policy is available here.

References to international standards

The Storebrand Group has signed and complies with the following international codes of conduct and standards:

- **UN Principles for Responsible Investment (PRI).** PRI is the leading international initiative within responsible investments for financial institutions.
- **UN Global Compact.** Commitment to adapt strategies and operations to universal principles on human rights, labour, the environment and anti-corruption and to take measures to promote social progress.
- **Task Force on Climate-related Financial Disclosures (TCFD).** TCFD is a leading international initiative mandated to produce recommendations to measure and take action against climate change.
- **Climate Action 100+.** Climate Action 100+ is an international initiative mandated to exert influence on those companies producing the highest greenhouse gas emissions and getting them to take the necessary measures.
- **Net Zero Asset Owner Alliance.** An ambitious climate steering group that has undertaken to ensure that our investment portfolios have net-zero greenhouse gas emissions by no later than 2050.
- Tobacco-Free Finance Pledge
- Montreal Pledge
- Portfolio Decarbonization Coalition
- CDP
- UN Principles for Sustainable Insurance (UNPSI)

We also comply with the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises. We support the UN Universal Declaration of Human Rights, the ILO core conventions, the UN environmental conventions and the UN anti-corruption convention.

More information about the initiatives we have signed and organisations of which we are members is available here.

Taking adverse sustainability impacts into account when providing financial advice

SPP takes account of adverse impacts of our investments through the sustainability level we have developed, which is published for the investment options for which we provide advice. A high sustainability level means that companies are making a positive contribution to sustainability factors, while having low sustainability risks.

SPP ascertains a customer's sustainability preferences before providing advice. This will be regulated by law under the Insurance Distribution Act (IDD) from August 2022. In accordance with this, information is obtained about whether the customers want their fund manager to take account of adverse sustainability impacts in accordance with the framework in the Disclosure Regulation. We also obtain information about whether the customer wants to exclude any of the sectors that SPP has identified as contributing to adverse impacts on environmental or social sustainability according to SPP's sustainability criteria.

The actual values of the indicators for adverse sustainability impacts are still not available for consideration. The advisory process consequently has the potential to be further developed in the future. Currently, the information will only be used if preferences have been expressed, together with exclusion criteria.

If the customer states that they have sustainability preferences, the advisor will also investigate more carefully what the customer thinks is actually important at the advisory meeting. The customer's capacity to bear the financial risks is always more important than the sustainability preferences, but we have a broad range of options that promote sustainability in various categories and financial risk classes in order to be able to match the customer's needs.