



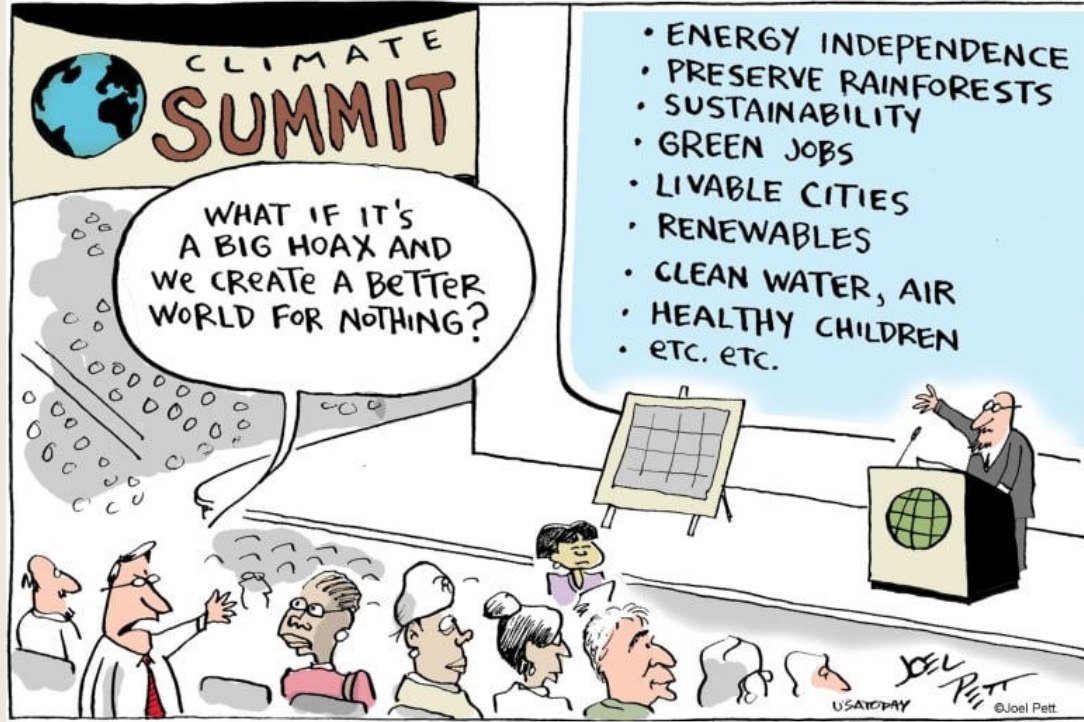
Emergency declared

An aerial photograph showing a vertical dirt road that divides the landscape. To the left of the road is a dark, charred, and mostly treeless area, representing a deforested or burned region. To the right is a dense, vibrant green forest. The text is overlaid on the right side of the image.

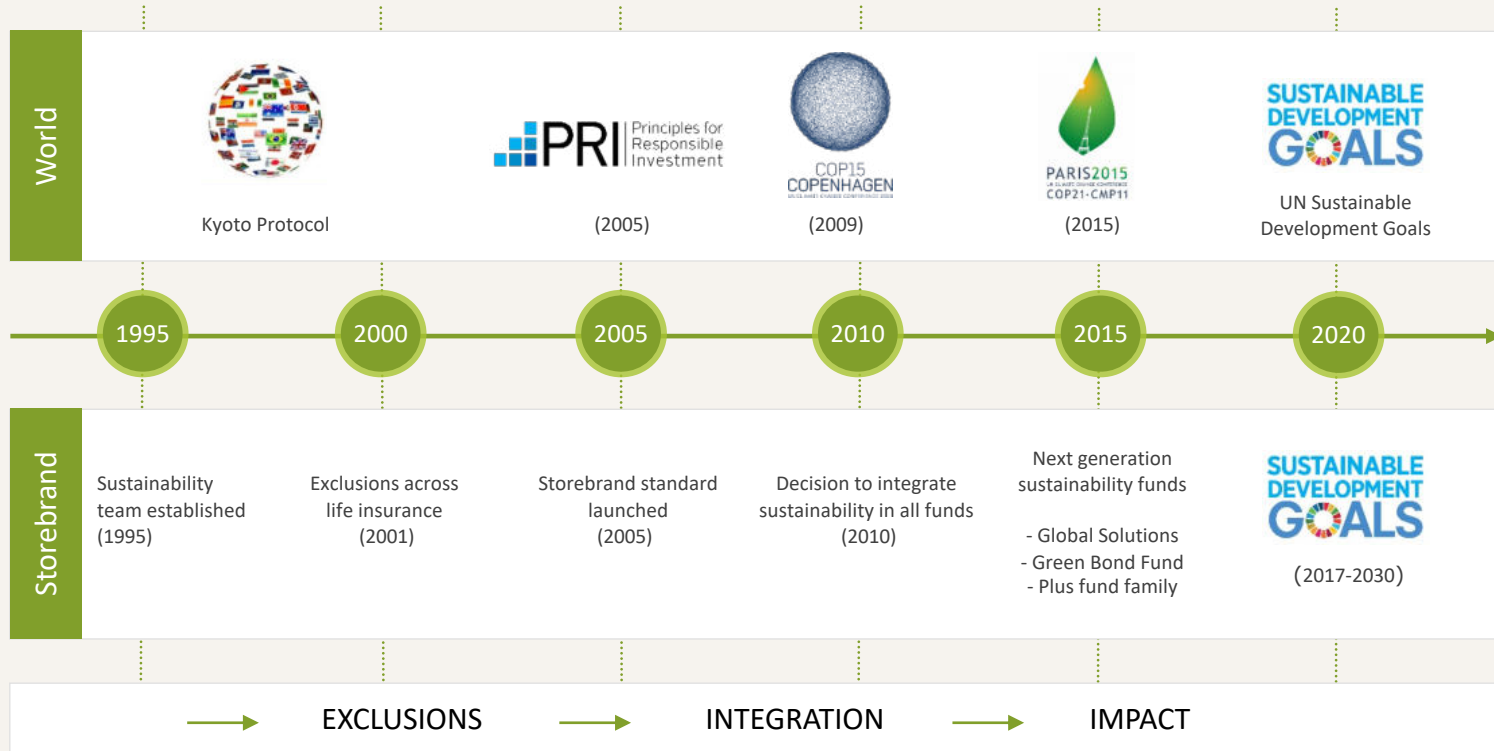
"Firms ignoring the
climate crisis, will
go bankrupt"

Mark Carney, Bank of England

What is it all about?



The history of sustainability at Storebrand



Storebrand Asset Management Sustainability credentials

External Asset Management 2020 Norway

Rank		Score	
20	19	20	
1	1	4,66	Storebrand
2	2	4,23	KLP
3	3	3,98	Nordea AM
4	4	3,88	DNB AM
5	7	3,62	SEB
6	5	3,57	Danske Bank AM
7	6	3,41	Alfred Berg
8	*9	3,29	C Worldwide AM
9	*9	2,91	ODIN Fondene
10	8	2,90	Arctic AM
11	11	2,88	Holberg Fondene
12	12	2,83	Pareto
13	13	2,74	Fondsfinans
14	14	2,52	First Fondene

External Asset Management 2020 Sweden

Rank		Score	
20	19	20	
1	*1	4,27	Storebrand Kapitalförvaltning
2	*1	3,89	Öhman
3	3	3,86	Handelsbanken
4	4	3,78	SEB
5	6	3,66	Swedbank Robur
6	5	3,64	Nordea AM
7	14	3,45	Danske Bank AM
8	13	3,40	Enter
9	8	3,39	Skandia
10	11	3,30	Lannebo Fonder
11	12	3,25	C Worldwide AM
12	7	3,23	Cliens
13	10	3,20	Carnegie Fonder
14	15	2,97	Catella
15	16	2,50	Brummer & Partners

Sustainability translated to asset management..

A preference for:

- well run
- cost conscious
- forward looking

companies that...

- have a positive impact
- have a social license to operate
- can attract good talent





helps us
make better
investment
decisions

Photo by Vladislav Babienko on Unsplash



Sustainability

complements
existing
analysis

Photo by YTCOUNT on Unsplash



allows us to
think long
term about
investments

One strategy, three methods



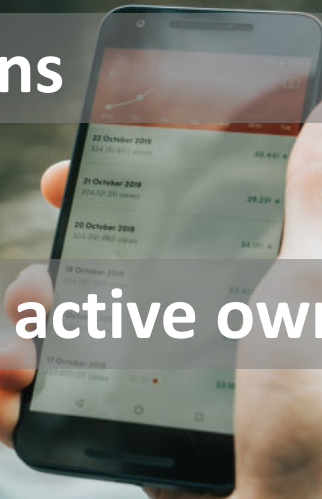
Invest in solutions



Change through active ownership



Excluding companies



Storebrandstandarden – overview

~9% of MSCI World and ~9.5% of MSCI All Countries excluded per Q2-2020:

Storebrand's exclusion of companies in Q2 that do not meet Storebrand's criteria linked to:

1. Serious climate and environmental damage	98
2. Human rights and international law	32
3. Corruption and financial crime	10
4. The sale of tobacco	24
5. The production of controversial weapons	26
No. of companies excluded:	179
No. of companies on observation list	2

Some of the companies were excluded based on several criteria.

Storebrand also does not invest in companies that have been excluded by Norges Bank from the Government Pension Fund – Global, where the exclusion principle is the same as the Storebrand standard.



Oljefondet har tapt milliarder på å droppe tobakk

At oljefondet ikke eier tobakksselskaper har redusert avkastningen med 16 milliarder kroner de siste ni årene. Andre etikkvurderinger har «kostet» fondet omtrent like mye.



"Sin stock"-alpha?

The Journal of Portfolio Management

2008: significant alpha

Latest Issues About Information for Events Videos

Article

Sin Stock Returns

Frank J. Fabozzi, K.C. Ma and Becky J. Oliphant
The Journal of Portfolio Management Fall 2008, 35 (1) 82-94; DOI: <https://doi.org/10.3905/JPM.2008.35.1>

Article Info & Metrics PDF

Abstract

In this article, the authors examine the issue of how social values affect economic values. Based on a small subset of the stock universe that has been generally associated with sin-seeking activities, such as alcohol consumption, adult services, gaming, tobacco, weapons, and biotech alterations, the authors find that a sin portfolio produced an annual return of 19% over the study period, unambiguously outperforming common benchmarks in terms of both magnitude and frequency. Several likely reasons for the positive excess returns in sin stocks are identified. The authors argue that trustees or fiduciaries who develop institutional investment policy statements should fully understand the economic consequences of screening out stocks of companies that produce a product inconsistent with their value systems. In addition, institutional investors should question if the cost to uphold common social standards is worthwhile.

The Journal of Portfolio Management

2017: no alpha when adjusted for factor exposure

Latest Issues About Information for Events Videos

Article

Sin Stocks Revisited: *Resolving the Sin Stock Anomaly*

David Blitz and Frank J. Fabozzi
The Journal of Portfolio Management Fall 2017, 44 (1) 105-111; DOI: <https://doi.org/10.3905/jpm.2017.44.1.105>

Article Info & Metrics PDF

Abstract

Various studies report that investing in "sin stocks"—firms that make money from human vices such as alcohol, tobacco, gambling, and weapons—has historically delivered significantly positive abnormal returns. This finding has inspired the hypothesis that sin stocks are shunned to such an extent that they become systematically underpriced, enabling investors who are willing to bear the reputation risk involved with investing in these stocks to earn a return premium. In this article, the authors further investigate this notion, finding that the performance of sin stocks can be fully explained by the two new quality factors in the recently introduced Fama–French five-factor model, profitability and investment. Their finding is robust over time and across different markets. In short, there is no evidence that sin stocks provide a premium for reputation risk after controlling for their exposure to factors in today's asset pricing models.

Running index-tracker with exclusions

- 0,03% annual outperformance, net of fees, since 2005



Divestment vs Investment - the pros and cons

Pros of divestment

- Signalling effect
- Easy to understand
- No greenwash
- Reduce own risk

Cons of divestment

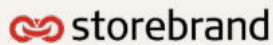
- Irresponsible owners
- No formal voting right
- Not contributing to transition
- Irreversible

Pros of investment

- Engagement for change in the real economy
- Broader support, established alliances
- Allows for a balanced approach, relevant across markets and clients

Cons of investment

- Investment at risk
- Susceptible for greenwash
- Resource intensive (engagement)
- Proof of impact challenging





Our Investment Beliefs - Climate

Divestment and engagement are both efficient tools for achieving a common goal – **decarbonising portfolios and changing the real economy**

They can be a **catalyst for change** and **increase the pace of transition**

Funding new solutions is vital to achieve the challenges ahead

Revised strategy on climate - August 2020

Ambition

- Target of net zero emissions from investments by 2050

Road Map

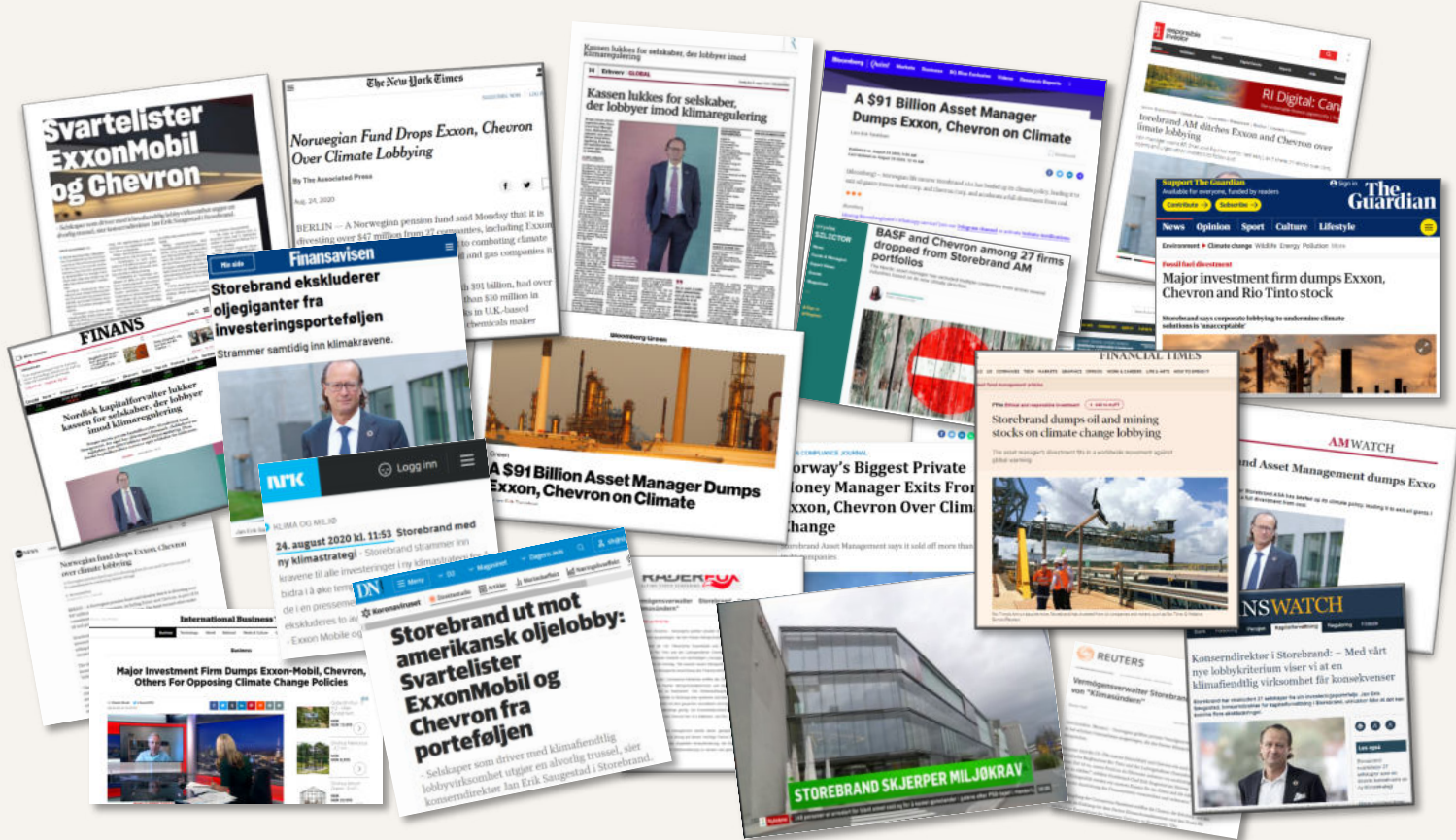
- Adoption of IPCC 1,5 degrees scenario and sector targets
- EU Taxonomy mapping and reporting

Actions

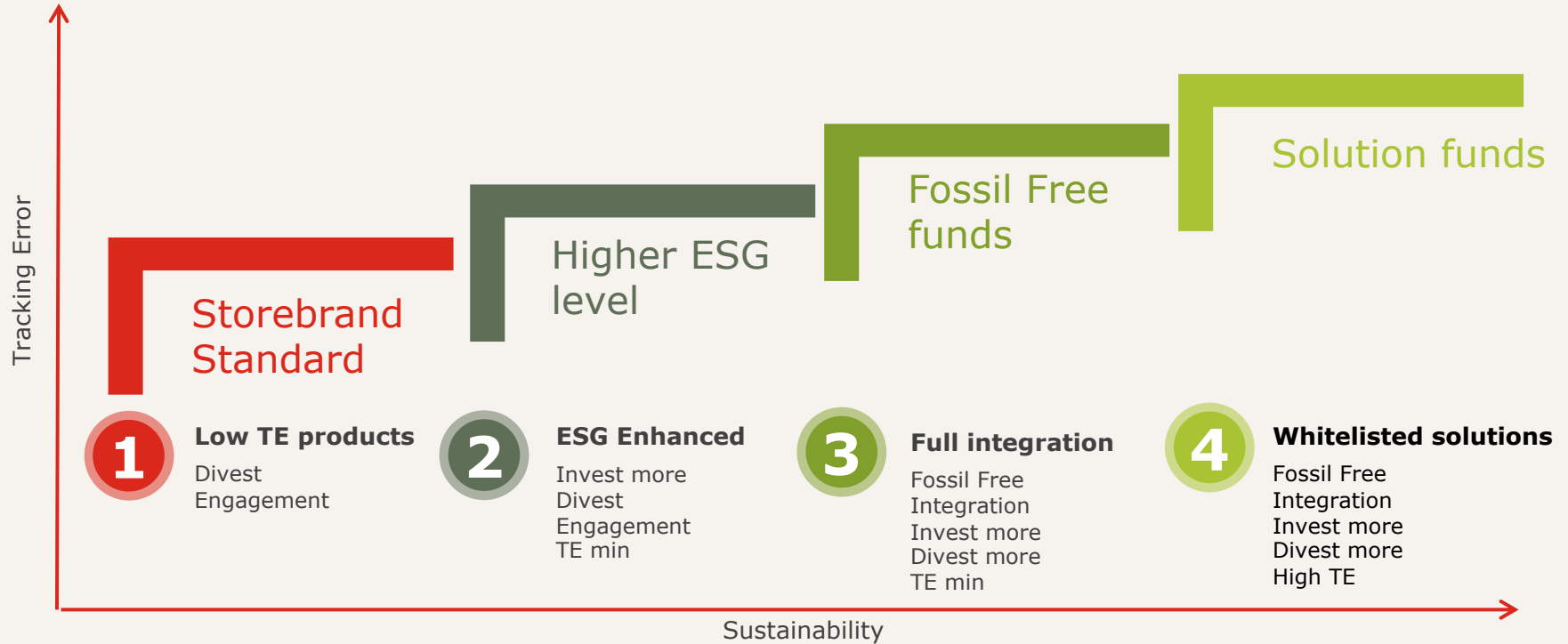
- Stricter coal and oil sands exclusion criteria
- Exclusion of companies that lobby actively against climate legislation
- Intensified engagement on both fossil fuel producers (Oil and Gas) and Consumers (high emitting sectors)
- Enhanced climate risk analyses in portfolio management



Revised strategy on climate - August 2020



Sustainable investments in Storebrand: Different tools for different strategies

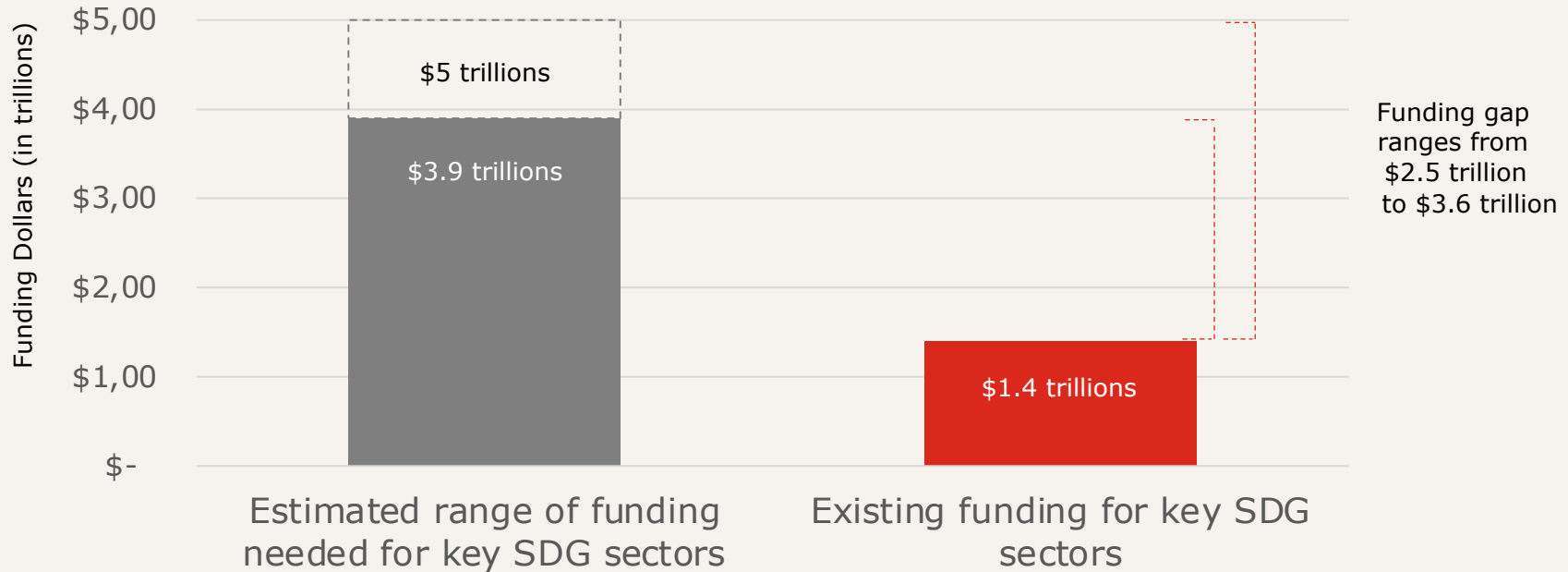


The Global Goals for Sustainable Developments



The opportunity

SDGs Funding Gap



Solution Company Whitelist



acciona
BUSINESS AS UNUSUAL

EXPERTS IN DESIGNING A BETTER PLANET
We offer solutions for society's main needs: supplying clean energy, infrastructure, water and services

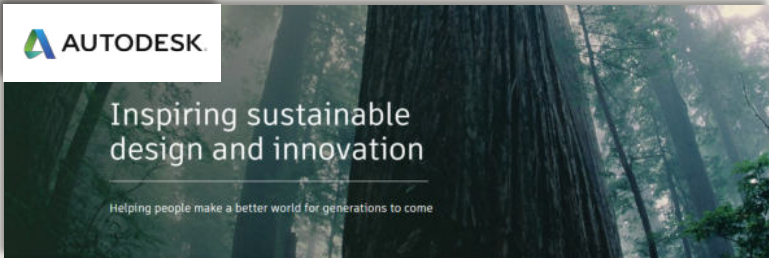
Find out more

AGV



Scatec Solar
Improving our future™

A frontrunner in renewable energy



AUTODESK

Inspiring sustainable design and innovation

Helping people make a better world for generations to come



PROTOLABS
Manufacturing. Accelerated.

3D Printing Technologies for Prototyping and Production

How to leverage additive manufacturing to build better products



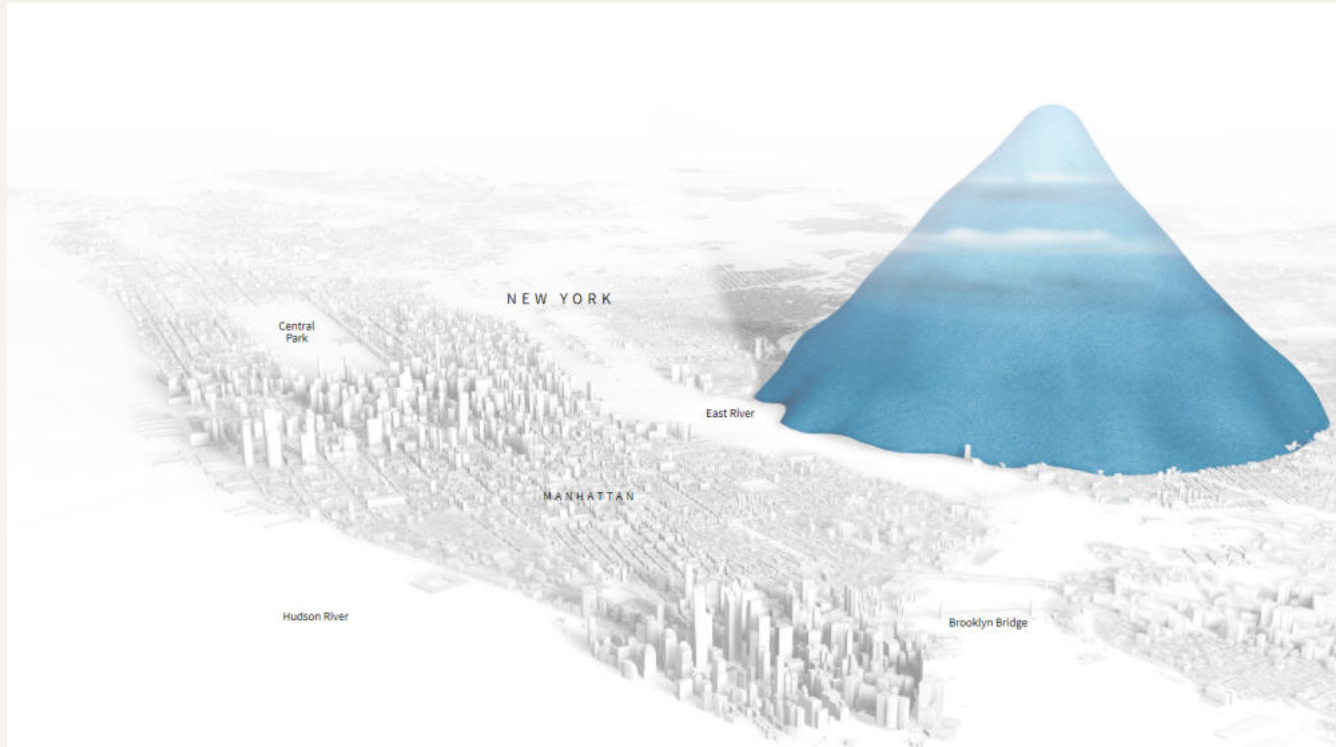
CITY DEVELOPMENTS LIMITED

BUILDING VALUE FOR TOMORROW, TODAY



xylem
Let's Solve Water

The past 10 years



Original image by Simon Scarr, Marco Hernandez at REUTERS

4 trillion bottles
The plastic bottles sold worldwide since 2009 would tower above New York's Manhattan Island. Data from Euromonitor International shows that more than 480 billion of these bottles were sold last year alone. The 2018 annual figure of almost 482 billion is up more than 50% since 2009. The pile visualised below is around 2.4 km high and dwarfs the glittering skyscrapers of the Financial District at the tip of Lower Manhattan.

Photo by Jonathan Chng on Unsplash

The solution



Investing in Solution-companies

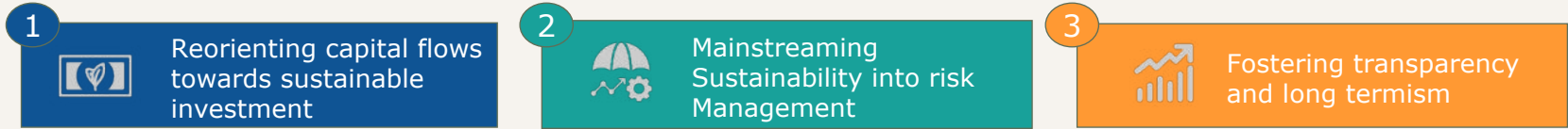
- 2,20% annual outperformance, net of fees, since 2013



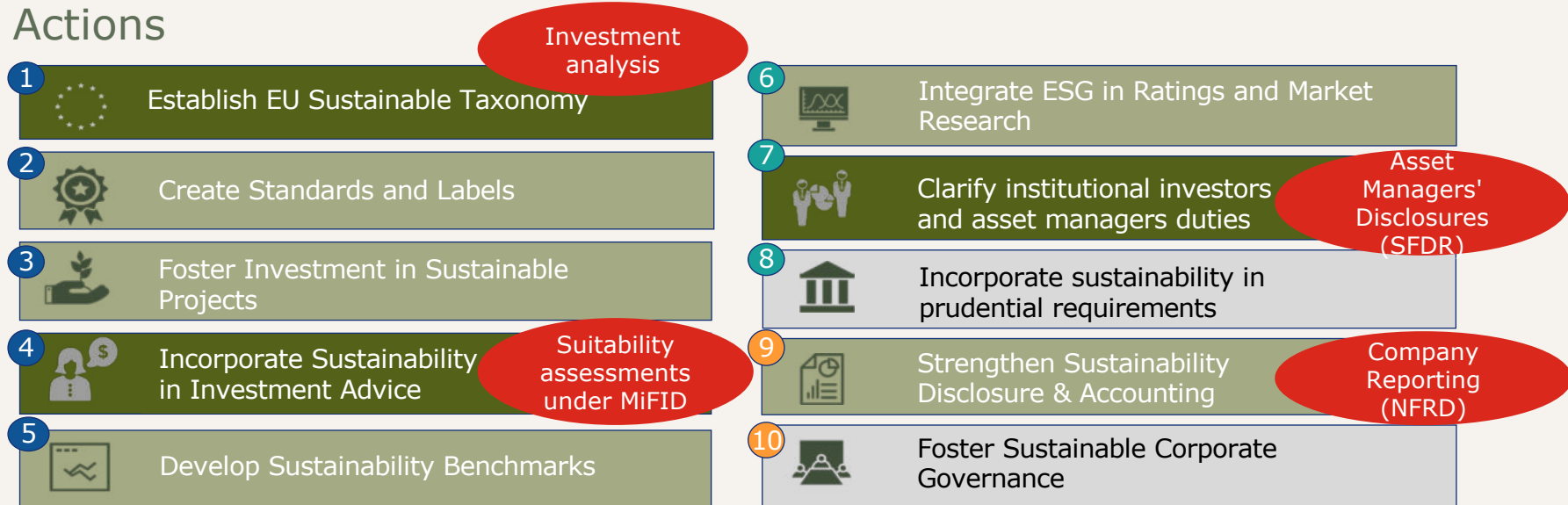
The European Green Deal

#EUGreenDeal

EU Action Plan on Sustainable Finance



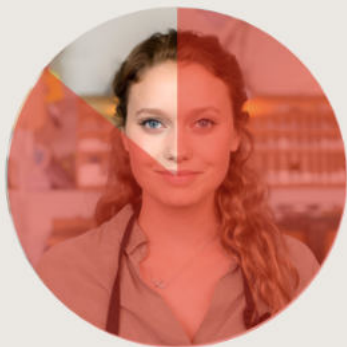
Actions



To end on a positive note...

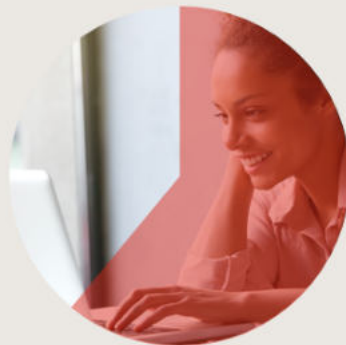
According to Morgan Stanley, millennials are putting their money in sustainable investments at a rate that is **2x higher** than average

With a **\$30 trillion wealth transfer** coming to millennials in coming decades – this is not likely to stop anytime soon



86%

are "very interested" or "interested" in sustainable investing



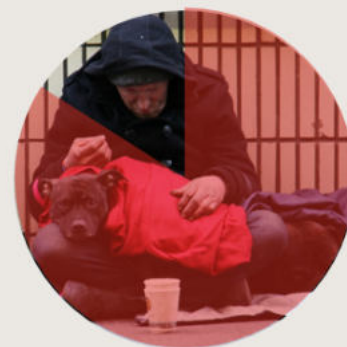
61%

have made at least one sustainable investment action in the last year



75%

think their investments can influence climate change



84%

think their investments can help fight poverty

Thank you

