

Declaration on Sustainable Investment set by Sbanken ASA in September 2020

Sbanken acknowledges that integrating strategies on sustainability into investment processes poses challenges as well as opportunities to asset managers, due to, among others; the variety of recognized environmental, social and governance (ESG) strategies available. At Sbanken, these challenges are taken seriously throughout our operations. Through our fund distribution platform, we distribute funds from several asset managers to our customers. It is our objective to provide our customers with adequate and transparent information regarding the funds' ESG strategies when choosing funds on our platform.

Feedback from our customers shows a significant interest in areas concerning ESG and we are expected to provide information on funds' ESG strategies. We have therefore created a sustainability fund labelling. There are two positive levels of the sustainability labelling: two leaves for a robust sustainability standard, and one leaf signifying a minimum sustainability standard.

By signing this Declaration on Sustainable Investment, and indicating which level you believe your fund(s) should belong to, your fund(s) will be evaluated to obtain our sustainability labelling. All funds available on Sbanken's distribution platform are screened by a third party provider on a quarterly basis. If a fund does not meet the criteria of the sustainability labelling it has signed on to, Sbanken will reach out to the fund manager. Depending on the outcome of the dialogue, the fund's labelling may change.

Managers who do not sign our Declaration on Sustainable Investment will not receive a positive sustainability label, meaning that the funds will appear without any labelling or with a red triangle. A red triangle is received if the quarterly screening reveals that a fund invests in companies that are in breach of the minimum sustainability standard of one leaf. Our customer data indicates a low interest in investing in funds labelled with a red triangle. Funds with a red triangle, unlabeled funds and funds with a yellow leaf, are excluded from our model portfolios, but will be available for execution only.

Sbanken wants to emphasize a few principles, essential throughout our operations:

- Openness and transparency. We always strive to be open to our customers and stakeholders in terms of how we think and what we do. If we misstep, we are committed to correcting the error as soon as possible.
- Understanding where we can make a difference. As a fund distributor, we believe that we can make a real contribution to our customers and society as a whole by engaging on sustainable investment with asset managers and enhancing transparency and greater focus on considering ESG factors in asset managers' investment strategies. In line with the effort to achieve greater transparency and a larger focus on sustainability, Sbanken highly encourage all asset managers distributing their funds on our platform to:
 - › endorse the principles set out in the United Nations supported Principles for Responsible Investment, and UN Global Compact
 - › report in line with Task Force on Climate-Related Financial Disclosure (TCFD) recommendations
 - › request the underlying companies to disclose their emissions (Scope 1 & 2) and to set climate targets in line with the Paris Agreement, striving to limit global temperature rise to 1.5 degrees Celsius

- › request the underlying companies to publish a sustainability report in line with Global Reporting Initiative (GRI) standards
 - › request the underlying companies to include clauses on the compliance with ESG criteria in their policy, and in contracts with subcontractors and suppliers.
- We acknowledge that the area of sustainable investment is under constant development and strive to contribute to that development in cooperation with our customers and asset managers.

Definitions of the icons on the fund platform

The meaning of the icons used for the sustainability funds labelling in Sbanken's fund platforms is as follow:

Two green leaves

Two green leaves signifies a robust sustainability standard, meaning that the Bank considers the fund to be sustainable, based on a systematic evaluation of investments derived from environment, social and governance factors, in line with the criteria set out below.

The asset manager of a fund with two leaves:

- Has a strategy for identifying investments in breach of international norms on human rights, labour rights, environment and anti-corruption, and integrating this in the investment process. This may include divestment, engagement, voting or integration.
- Discloses its approach to addressing climate change risks in its investment strategy that is in line with the expectations set out in the Paris Agreement, striving to limit global temperature rise to 1.5 degrees Celsius.
- Reports in line with TCFD recommendations.
- Discloses its approach to industries identified with high ESG risk, including mining, oil and gas, energy, aerospace and defense.
- Actively monitors the Government Pension Fund of Norway's exclusion list.

In addition, the asset manager of the fund seeks to avoid investments in companies which themselves or through entities they control are involved in:

- Controversial weapons (anti-personnel mines, cluster munitions, biological weapons, chemical weapons and nuclear weapons)
- Tobacco production
- Pornography production
- Shale Oil or Gas Extraction
- Oil Sands Extraction
- Arctic Drilling
- Supplying military equipment in breach with arms embargos
- Military equipment, production, distribution and services 5%
- Coal Mining 20 %
- Power generation from fossil fuel 30 %

One green leaf

One green leaf signifies a minimum sustainability standard, meaning that the Bank considers the fund sustainable, based on a systematic evaluation of investments derived from environment, social and governance factors, in line with the criteria set out below.

The asset manager of a fund with one green leaf:

- Has a strategy for identifying investments in breach of international norms on human rights, labour rights, environment and anti-corruption, and integrating this in the investment process. This may include divestment, engagement, voting or integration.
- Discloses its approach to addressing climate change risks in its investment strategy that is in line with the expectations set out in the Paris Agreement, striving to limit global temperature rise to 1.5 degrees Celsius.
- Actively monitors the Government Pension Fund of Norway's exclusion list.

In addition, the asset manager of the fund seeks to avoid investments in companies which themselves or through entities they control are involved in:

- Controversial weapons (anti-personnel mines, cluster munitions, biological weapons, chemical weapons and nuclear weapons)
- Production of tobacco
- Supplying military equipment in breach with arms embargos

One yellow leaf

One yellow leaf signifies a lower sustainability standard than the minimum required for one green leaf. The Bank considers the fund sustainable, based on a systematic evaluation of investments derived from environment, social and governance factors, in line with the criteria for one green leaf.

But the asset manager of a fund with one yellow leaf deviates from the criteria of one green leaf in either one or two ways, as described below

- does not actively monitor the Government Pension Fund of Norway's exclusion list
- has a different definition than the Bank concerning what is considered involvement in the ESG-issues listed above as criteria for a minimum sustainability standard required for one green leaf.

No label

Funds where the asset manager has not signed the Bank's Declaration on Sustainable Investments, but whose investments comply with a minimum sustainability standard at the time of screening.

Red triangle

A red triangle signifies that the fund does not comply with the minimum sustainability standard.

Call to action

If you want to participate and help us be transparent to our clients, please fill out the table below and return a signed copy of this declaration to your contact in Sbanken.

[illegible]

*e.g. two green leaves, one green leaf or one yellow leaf