A person in a red jacket is sitting on a large, dark rock at sunset. The sun is low on the horizon, creating a bright orange glow and a lens flare effect. The person's reflection is visible in the calm water below. The sky is a mix of orange and blue.

Persistent chemicals

- an investors
approach

Victoria Lidén
Senior Analyst – Sustainable Investment
Storebrand Asset Managements

About Storebrand

- Storebrand is a Nordic financial group headquartered in Oslo, Norway, and with office in Stockholm, Sweden under the name SPP.
- Today, Storebrand are one of the largest private asset managers in the Nordic region, with over NOK 1,000 billion invested in more than 5,000 companies around the world.
- As a leading Nordic asset manager, we have a responsibility to move assets in a more sustainable direction. We have been working with sustainable investments since 1990s.

 storebrand

 spp



Hazardous chemicals – a financial risk?



LITIGATION



REGULATION



REPUTATION

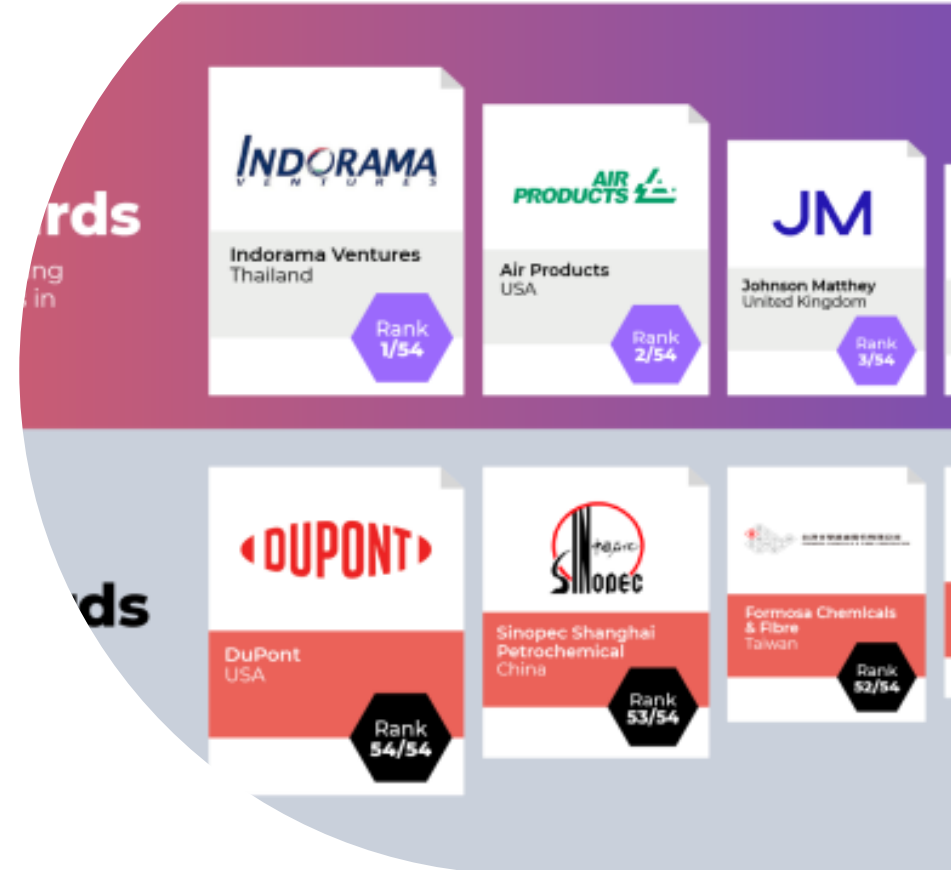
Financial risks of persistent chemicals

- Examples in recent years on litigation, companies who had to pay significant amounts to settle lawsuits connected to for example leak of PFOA in local water supplies.
- Environmental impact liabilities are also a liability when looking at a company's balance sheet. Companies forced to make provisions in their balance sheets to cover for compensation and clean-up costs linked to these lawsuits. Which has an **impact on share price** and weigh on company valuations.
- As investors, we want to anticipate and avoid exposure to these risks.



How investors can use ChemScore

- **Lack of disclosure** and data in this area
- Imbalance between materiality and level of disclosure from companies
- Very **complex issue** that needs technical understanding
- Current data providers can rank companies as "Low risk" or "A+" on ESG overall, without a full understanding of the issue of hazardous and persistent chemicals



Investor action

- Collaboration with Chemsec
- Aviva and Storebrand taking initiative in 2021, letters sent to the ranked companies in ChemScore
 - Letter supported by 23 investors with 4 trillion USD in assets under management or advice
- Engagement with companies during 2022
- Second letter sent in 2022
 - Letter supported by 47 investors with 8 trillion USD in assets under management or advice
- Launch of *Investors Initiative on Hazardous Chemicals*

2021:

Sustainable Business
3 minute read · December 13, 2021 11:13 AM GMT+1 · Last Updated a year ago
Investors push world's top chemicals companies over hazardous substances

By Simon Jezzop



Warning signs are seen on a 1 southeastern France, Novem

Environment

2 minute read · December 1, 2022 1:15 AM GMT+1 · Last Updated 2 months ago

Call to phase out 'forever chemicals' gains investor momentum

By Simon Jezzop



A general view of chemical industries in the city of Cubatao, Brazil June 8, 2017. REUTERS/Paulo Whitaker/File Photo

2022:

FINANCIAL TIMES

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Investors demand end to 'forever' chemicals

Asset managers tell companies to phase out hazardous PFAS compounds linked to human health problems



used in food packaging, cookware, clothing and carpets © Nicolas Azeirod/Bloomberg

in DECEMBER 5 2022



Outcomes

- Storebrand engaged in an investor dialogue with 3 companies, all of which showcased an improvement in this years ranking compared to 2021.
 - **Yara:** from rank 13 to rank 5 out of 54
 - **Umicore:** from rank 41 to rank 16 out of 54
 - **3M:** from rank 42 to rank 38 out of 54
- In December 2022, 3M announced an exit from PFAS manufacturing, explicitly citing investor demand as a key driver for taking this decision.

ChemScore ranking 2022:



December 2022:

“3M to end ‘forever chemicals’ production as pressure builds”

3M announces exit from PFAS manufacturing

Dec 20, 2022

Summary

- Production of persistent chemicals creates a **future business risk and liability** for us as investors.
- ChemScore is a significant step forward for **increasing transparency** and **information** on hazardous chemicals
- Great tool for investors to identify leaders and laggards, and as **basis for engagement with companies**.
- Storebrand will continue engaging with companies on their results, together with other investors, as part of the *Investor Initiative on Hazardous Chemicals*, co-chaired by Aviva Investors with the support from Chemsec.

