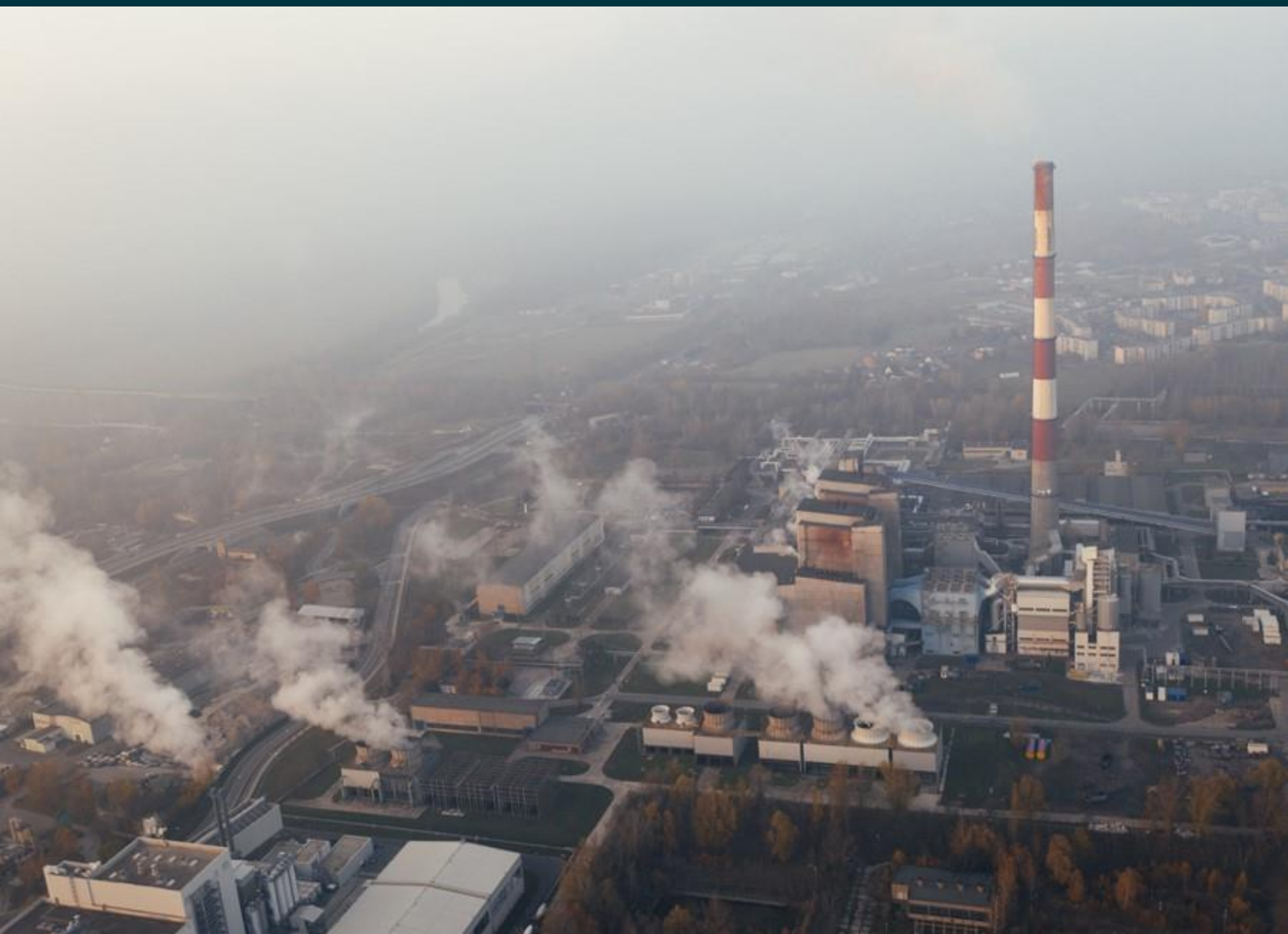
DNB Asset Management

Expectations to companies on

Climate Change



Objective

This document is part of a series of expectation documents from DNB Asset Management (DNB AM), intended to explicitly outline to companies within our investment universe how we expect them to manage specific environmental, social and governance (ESG) topics. Our expectations are based on internationally recognised principles such as the UN Global Compact, the UN Guiding Principles on Business and Human Rights (UN Guiding Principles), the G20/OECD Principles of Corporate Governance, the OECD Guidelines for Multinational Enterprises (OECD Guidelines) and other topic-specific standards.

The DNB Group Instruction for Responsible Investments (the Group Instruction) is the starting point when considering sustainable investment practices. The Group Instruction shall ensure that DNB does not contribute to human or labour rights violations, corruption, serious environmental harm, and other actions which may be perceived to be unethical and/or unsustainable. It shall also ensure that assessments of risks and opportunities arising ESG factors are integrated into the investment decision-making process.

The purpose of this document is to define our expectations and criteria towards companies related to climate, including in supply chains and other business relationships. This document forms the basis for dialogues with companies, particularly for companies operating within carbon intensive industries. Our expectations on climate are closely linked to other expectation documents published by DNB AM, including expectations on biodiversity[1], water[2], oceans[3], human rights[4] and serious environmental harm[5]. Specifically important is the expectation document on biodiversity due to the close interconnectedness of these topics. Climate change is also closely interlinked with several of the Sustainable Development Goals (SDGs) outlined by the United Nations.

Definition and scope

The Intergovernmental Panel on Climate Change (IPCC) defines climate change as "a statistically significant variation in either the mean state of the climate or in its variability, persisting for an extended period (typically decades or longer).[6] Specifically, our expectations relate to mitigating human-induced climate change by practicing active ownership to influence the companies in which we invest in a positive direction and towards a low-carbon and sustainable future.

This document aims to address two sides or "double materiality" of climate change:

1. The impact or potential impact of climate change on companies, both in terms of transition risks and physical risks.
2. The impact of the company on the climate, because of the GHG emissions associated with the company (including scopes 1,2 and 3 emissions).

This expectation document is relevant for companies operating in all industries, but particularly those in high emitting sectors (either direct or indirect emissions)[7]

- Energy (Oil and Gas)
- Utilities (Coal, Water)
- Industrials (Aviation, Shipping, Road transport),
- Materials (Agriculture, Aluminium, Aquaculture, Cement, Chemicals, Construction, Steel)
- Consumer discretionary (Textiles)

1 DNB AM (2024), "Biodiversity": https://s3.eu-north-1.amazonaws.com/dnb-asset-management/Biodiversity-expectations-2023.pdf
2 DNB AM (2024), "Sustainable Water Management": https://s3.eu-north-1.amazonaws.com/dnb-asset-management/Expectations-to-companies-on-Water.pdf
3 DNB AM (2024), "Oceans": https://s3.eu-north-1.amazonaws.com/dnb-asset-management/Oceans-expectations-v6-published.pdf
4 DNB AM (2024), "Human Rights": https://s3.eu-north-1.amazonaws.com/dnb-asset-management/DNB-AM-Human-Rights_criteria-and-expectations_-2023_2023-12-19-134939_meyq.pdf
5 DNB AM (2024), "Serious Environmental Harm": https://s3.eu-north-1.amazonaws.com/dnb-asset-management/ESG-SRI-pdf/Serious_Environmental_Harm_V2.0_2019.pdf
6 IPCC (2018), "The Scientific Basis": http://www.ipcc.ch/ipccreports/tar/wg3/index.php?idp=456
7 UNEPFI (2023), "NZAOA Target Setting Protocol": https://www.unepfi.org/wordpress/wp-content/uploads/2023/01/AOA-Target-Setting-Protocol-Third-edition.pdf

Introduction to Climate Change

The evidence for man made contributions to climate change is conclusive. The IPCC's sixth Assessment Report highlights that humans are responsible for all global heating over the past 200 years, leading to a current temperature rise of 1.1°C above pre-industrial levels. The results of which has led to more frequent and hazardous weather events that have caused increasing destruction to people and the planet.[8] Scientific evidence shows that the effects of climate change are already impacting and will continue to impact people globally in terms of access to water, food production, health, and the environment[9]. This will be intensified if the rate and scale of climate change is not managed and for every degree of warming above current levels of warming[4&10].

Climate change presents a systemic risk that can affect entire industries and economies. Companies that fail to adequately consider and disclose their climate-related risks and opportunities may face financial impacts, reputational damage, and increased regulatory scrutiny.

Climate risk

Climate related risks fall broadly into two categories: transition risks and physical risks. The Task Force on Climate-related Financial Disclosure (TCFD) define these in their formative Final recommendations report[11] as:

- **Transition risks** - risks related to the transition to a lower-carbon economy. Transitioning to a lower carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organisations.
- **Physical risks** - risks related to the physical impacts of climate change. Physical risks resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for organisations, such as direct damage to assets and indirect impacts from supply chain disruption.

By adopting an established climate related disclosure framework such as the International Sustainability Standards Board (ISSB)'s IFRS, European Sustainability Reporting Standards (ESRS), or CDP (formerly the Carbon Disclosure Project) companies can enhance transparency, demonstrate good governance, and better position themselves to navigate the challenges and opportunities associated with climate change. Additionally, investors and other stakeholders are increasingly recognizing the importance of climate-related disclosures in making informed decisions about where to allocate capital.

Carbon offsets

Over the longer term, emissions from some activities will be more difficult to eliminate, and carbon credits represent a potential solution for these residual emissions. It is our position that companies should prioritise decarbonisation of emissions, utilising removal credits for residual emissions. Companies should disclose the quantity, type and certification of carbon credits retired in the previous 12 months. Companies should only utilise reputable carbon removal credits, including those resulting from permanent removals such as carbon capture, usage and storage (CCUS) and credible nature-based solutions .

Science based targets

A science-based target (SBT) is a greenhouse gas emission reduction target set by a company that aligns with the latest climate science to limit global warming and mitigate climate change impacts. These targets are

8 UNEP (2023), "Climate Change 2023: Synthesis Report": https://www.unep.org/resources/report/climate-change-2023-synthesis-report
9 Stern (2007), "Stern Review: The Economics of Climate Change": http://unionsforenergydemocracy.org/wp-content/uploads/2015/08/sternreview_report_complete.pdf
10 IPCC (2018), "Global Warming of 1.5C Headline Statements": https://www.ipcc.ch/sr15/resources/headline-statements/
11 TCFD (2017), "Recommendations of the TCFD": https://assets.bbhub.io/company/sites/60/2021/10/FINAL-2017-TCFD-Report.pdf

designed to be consistent with limiting global warming to well below 2°C above pre-industrial levels, with an aspirational target of limiting it to 1.5°C.

The SBTi provides a framework and guidelines for companies to set targets that align with the latest climate science, particularly the goals outlined in the Paris Agreement. Companies that commit to the SBTi undergo a rigorous process to develop and validate their science-based targets. These targets are expected to be in line with what the latest climate science indicates is necessary to prevent the most severe impacts of climate change. By adopting science-based targets, companies can contribute to global efforts to address climate change, enhance their sustainability efforts, and demonstrate a commitment to responsible environmental practices.

Companies may set science-based targets that are not validated by the SBTi, however external validation adds transparency and credibility to a company's targets, making it easier for investors to compare targets. Companies should seek validation for emissions reduction targets, where methodology exist.

Net zero

The concept of Net zero refers to "a state in which the greenhouse gases going into the atmosphere are balanced by removal out of the atmosphere."[12]. In this document, the concept of Net zero is discussed from a corporate perspective. The SBTi recognise a company as having reached Net zero when "it has achieved its long-term science-based target and neutralized any residual emissions."[13]

Paris Agreement

The Paris Agreement, adopted at the 21st Conference of the Parties (COP 21) in December 2015, occurred in response to the growing recognition of the urgent need to address climate change on a global scale. The primary aim is to mitigate anthropogenic climate change by limiting global temperature rise this century to well below 2°C above pre-industrial levels by 2100, with a simultaneous, more ambitious, goal of pursing efforts to limit temperature increase to 1.5°C[14]. The IPCC estimates that limiting global warming to this level will require a 45 per cent reduction in global GHG emissions from 2010 levels by 2030 and reaching "net zero" by 2050. Companies may contribute to this by either reducing the energy intensity of their operations, or by sequestering carbon from the atmosphere, or by combining both approaches. The Paris agreement was ratified by 195 of 198 countries present at the COP[15].

Country Nationally Determined Contributions (NDC) outline efforts "to reduce its national emissions and adapt to the impacts of climate change"[16]. The Agreement also seeks to strengthen the ability of countries to work collectively to manage the impacts of climate change. However, the IPCC's special report on Climate Warming of 1.5°C determines, with high confidence, that "these ambitions would not limit global warming to 1.5°C, even if supplemented by very challenging increases in the scale and ambition of emissions reductions after 2030"[6]. Financial institutions therefore have a crucial role to play in shifting capital from high to low carbon activities[17].

Scenario analysis

Scenarios are produced using climate models. The selection of scenarios is a key consideration when companies assess potential impacts of climate change. There exists a significant range of models available for use publicly, with many developed by different academic research groups. Each model is built on a range of inputs and assumptions in the attempt to represent the earth's climate. For corporate transition and physical risks, we are reliant on a subset of climate models, known as Integrated Assessment Models (IAMs). The IAMs in addition to the physical earth systems also include considerations for human systems, including economic/GDP growth, energy, and population growth. The IAMs are utilised to produce scenarios with varying

12 Net Zero Climate (2023), "What is Net Zero?": https://netzeroclimate.org/what-is-net-zero-2/
13 SBTi (2023), "Net Zero Standard": https://sciencebasedtargets.org/resources/files/Net-Zero-Standard.pdf
14 UN (2015), "Paris Agreement": https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf
15 UNFCCC (2016), "Paris Agreement – Status of Ratification": https://unfccc.int/process/the-paris-agreement/status-of-ratification
16 UNFCCC (2020), "Nationally Determined Contributions": https://unfccc.int/process-and-meetings/the-paris-agreement/nationally-determined-contributions-ndcs
17 UNEP FI (2018), Rethinking Impact to Finance the SDGs: A Position Paper and Call to Action for the Financial Sector.

levels of carbon emissions. When selecting the IAM and the scenarios under which to assess companies, an understanding for the inputs and assumptions must accompany the viewing of the results.

Climate transition plan

A climate transition plan is a "quantitative and time-bound action plans that outline how an organization plans to pivot its existing assets, operations, and business model towards a trajectory that aligns with the most recent and ambitious climate science recommendations"[18]. The plan should outline the role of the business model in a future world with limits on carbon emissions.

There are an increasing number of standards being developed and released to help companies in developing their plans, including the Transition Pathway Taskforce (TPT) and Glasgow Financial Alliance for Net Zero (GFANZ). Companies should evaluate what type of plan is best suited for their business model and sector, aligning with industry-acknowledged best practice.

Scope 3 emissions

For companies to adequately manage climate risk, it is essential to measure, monitor, and set targets on scope 3. While there are known shortcomings associated with scope 3, namely data challenges, limited control over indirect emissions, and complexities in quantification, addressing scope 3 emissions is essential for a complete approach to climate risk. By accounting for emissions throughout the entire value chain, including those from suppliers and customers, organizations can identify opportunities for emission reductions, enhance transparency, and drive collaborative efforts towards achieving meaningful climate goals. The SBTi also point out that "Setting science-based emissions reduction targets across corporate value chains not only supports combating the climate crisis, but also ensures that business models evolve to continue delivering value in a carbon-constrained world."[19]

Avoided emissions

Avoided emissions refer to "the difference between GHG emissions that occur or will occur (the "solution") and GHG emissions that would have occurred without the solution (that of the reference scenario). GHG emissions of both the solution and the reference shall be assessed throughout their entire life cycle."[20] The World Business Council for Sustainable Development (WBCSD) highlight that avoided emissions is an essential indicator for determining a company's compatibility with a low carbon world. They note further that by conducting avoided emissions evaluations, companies can gain insights to innovate their business models and quickly adopt low-carbon solutions, helping to explore and develop new future revenue streams. While there is no single standardised methodology for avoided emissions, companies should follow several key elements when calculating avoided emissions to ensure consistency and comparability:

- Establish a clear, realistic baseline scenario.
- Conduct a full lifecycle assessment (LCA) of products or services to ensure fully representative of emissions.
- Apply standardized and scientifically recognized emission factors.
- Define the scope and boundaries of calculations, including relevant scopes (1, 2, and 3 emissions) and transparent boundary limits.
- Use an established, standardized methodology, following guidelines from recognized frameworks (e.g., ISO, GHG Protocol).
- Ensure transparency on all assumptions, methods, and limitations clearly to support transparency.
- Report avoided emissions separately from standard scope emissions (Scopes 1, 2, and 3) and carbon offsets.

18 CDP (2022), "CDP Technical Note: Reporting on Climate Transition Plans": https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/003/101/original/CDP_technical_note_-_Climate_transition_plans.pdf?1643994309
19 SBTI (2024), "Aligning Corporate Value Chains to Global Climate Goals": https://sciencebasedtargets.org/resources/files/Aligning-corporate-value-chains-to-global-climate-goals-SBTi-Research-Scope-3-Discussion-Paper.pdf
20 WBCSD (2023), "Guidance on Avoided emissions": https://www.wbcsd.org/resources/guidance-on-avoided-emissions-helping-business-drive-innovations-and-scale-solutions-towards-net-zero/

Just transition

As the world is transitioning to a low carbon economy, companies need to balance the environmental outcomes of their transition plans with the consequences for the social dimension, with special emphasis on human and labour rights. Companies should transition in a fair and inclusive way, promoting a just transition.

The concept of just transition is more formally defined by the International Labour Organization (ILO) as "greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind".[21] A just transition necessitates addressing the needs of key stakeholders such as workers, consumers, suppliers, and communities. The geographical context is also important, as companies must adapt their definition of "just" and their strategies according to local policies, aligning with nationally defined development priorities.[22]

Solutions

To decarbonize the global economy and meet the goals set by the Paris Agreement, substantial transformations in industrial processes and energy systems are crucial. A selection of technologies which may be key to reducing carbon emissions include:

1. Carbon Capture, Utilization, and Storage (CCUS): The capture of carbon dioxide (CO_2) emissions from industrial processes or power generation, preventing them from entering the atmosphere. The captured CO_2 can be stored underground or utilized in other industrial processes. CCUS represents a key technology for reducing emissions from hard-to-decarbonize sectors.
2. Hydrogen: Hydrogen, particularly when produced using low-carbon methods (such as electrolysis powered by renewable energy), offers a versatile solution for decarbonizing various sectors. It has multiple uses, including use as a clean fuel in industries (e.g. steelmaking), as an energy carrier for long-duration storage, or as a feedstock in the production of chemicals.
3. Greening of Gas: The greening of gas refers to the process of replacing conventional natural gas with low-carbon alternatives. This approach reduces the carbon intensity of gas used for heating, electricity generation, and industrial processes. The classification under the EU taxonomy is restrictive and requires adherence to specific criteria.
4. Nuclear Energy: Nuclear energy is recognized as a low-carbon energy source and can contribute to decarbonization by producing electricity without direct CO_2 emissions. However, concerns exist regarding the treatment of nuclear waste as well as more general safety concerns. Further, in the EU, its classification under the EU taxonomy is restrictive and requires adherence to specific criteria. Advocates for nuclear energy argue it can enhance the overall efficiency of the energy mix, supporting a stable transition to a low-carbon economy.

21 ILO, Climate change and financing a just transition (ilo.org)
22 UN (2015), "Paris Agreement": https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf

Expectations to Companies

Our expectations to companies regarding climate change apply to all companies in our investment universe. Recognizing the interconnectedness of climate change and biodiversity, these expectations should be viewed alongside our biodiversity expectations. These serve as the starting point for DNB AM's active ownership activities (company dialogues and voting) with companies regarding climate change:

1. Governance

a) Management of climate-related risks and opportunities and delivering on a climate transition strategy should be a key responsibility of the board. The board should ensure the integration of climate risks and opportunities into corporate strategy and risk management.
b) Climate-related risks and opportunities should be clearly identified and assessed in the company's management of these efforts (at board and executive management level).
c) Incorporate management of climate change including emissions reduction targets and transition plans into executive remuneration and incentive programmes. When incorporating climate metrics into incentive schemes, metrics should be quantifiable and easily comprehensible, while also maintaining a direct alignment with the overarching strategy of the company.

2. Strategy

a) Publicly support the ambition of the Paris Agreement. Companies should be transparent about lobbying activities and should ensure any direct or indirect lobbying activities align with this position.
b) Commit to Net zero by 2050 or sooner and develop a transition strategy to align their activities with the objectives of the Paris Agreement.
c) Transition strategies should be clear, quantitative and time bound integrating concerns for a just transition. These should include an explanation of the decarbonisation levers intended to deliver on the strategy and the intended timeframe.
d) Describe the climate-related risks and opportunities they have identified for their business over the short-, medium- and long-term, explaining how materiality determinations have been made.
e) Consider how climate-related risks and opportunities (transitional and physical, including social implications) may affect their business, strategy and financial planning.
f) Assess the resilience of the strategy and the potential financial impact of this under different climate-related scenarios, including at least 1.5°C, 2°C and Business-as-Usual (BAU) scenarios, and report results annually. If not utilising internationally recognised and industry-specific scenarios, the company should provide transparency regarding the methodology and assumptions used.
g) Publicly disclose climate change management policy/strategy and consider third-party evaluation of this. An internal evaluation of the strategy (along with any potential changes) should be undertaken on a schedule reflective of the strategic investment cycle of the business.
h) Develop and publicly disclose a policy on addressing climate change in supply chains. Undertake relevant engagement and knowledge sharing of best practice with suppliers to reduce emissions intensity and adverse climate-related impacts of production.
i) Companies are encouraged to calculate and report on the avoided emissions of their products and services, where relevant. These disclosures should align with international reporting standards and should be clearly reported separately from other emission scopes, along with underlying assumptions of the analysis.

3. Risk Management

a) Consider risk management processes for identifying and assessing material climate-related risks in direct operations and supply chain, explaining how materiality determinations have been made.
b) Follow best-practice by considering the sensitivity of their short-, medium- and long-term business strategy and profitability to relevant future regulatory and physical climate scenarios (at least 1.5°C, 2°C and BAU scenarios), including considering the potential associated social implications of these where material.

c) Consider their processes for managing climate-related risks, including how they make decisions to mitigate, transfer, accept of control those risks, and how climate-related risks are prioritised (also in relation to other risks).
d) Consider how climate-related risks are integrated into their overall risk management (including environmental management system), including processes for identifying, assessing, and managing risks.
e) Energy intensive sectors should work to improve efficiency and reduce energy use.
f) Utilise internal carbon pricing mechanisms to ensure investment decisions align with emission reduction plans. If not, provide an explanation as to why this is not necessary.
g) Where possible, switch from using fossil fuels to using renewable energy sources. Companies have a range of mechanisms available to achieve this and should be transparent on those utilised. Companies should prioritise renewable power purchase agreements (PPA) or investing in on-site renewable energy generation, as a preference. Other mechanisms include bundled renewable energy certificates/ guarantees of origin (GO) or unbundled renewable energy certificates (RECs).
h) Companies producing or purchasing commodities, products and materials that rely on forests should follow best practice to avoid deforestation and abide by international standards and certifications for sustainable production and management of forests.

4. Metrics and Targets

a) Disclose the metrics used to assess climate-related risks and opportunities in line with their strategy and risk management processes.
b) Disclose scope 1, 2, and 3 emissions in line with the GHG Protocol. Companies should seek verification of these emissions, at a minimum for scope 1 and 2 emissions. Regarding scope 2 emissions, companies should report both location-based and market-based scope 2 emissions, providing explanation for any differences.
c) The materiality of scope 3 categories will vary depending on the industry, companies should utilise and reference external frameworks which highlight relevant scope 3 categories.
d) Target Net zero emissions by 2050 (clearly outlining how targets will be achieved) and demonstrate progress towards this target (including but not limited to CAPEX alignment).
e) Companies' decarbonisation targets should follow market practice and:
    - include scope 1, 2 and material 3 emissions. Explanation of assessment of materiality, should be included.
    - include explicit interim (short and medium) targets and long-term targets.
    - be set in absolute or intensity emission terms.
    - be science-based and provide details as to how the pathway is Paris-aligned. Companies should seek external validation for targets, for example by the SBTi.
    - be quantitative and time bound.
    - have progress disclosed on an annual basis, relative to target KPIs to allow for the measurement of progress.
f) Voluntary carbon offsets should not replace decarbonization strategies of operations but may be used where all other decarbonization solutions have been exhausted. Companies should disclose the quantity, type and certification of carbon credits retired in the previous year.
g) Use best practice frameworks including IFRS S2 (previously TCFD) and CDP, and eventually through regulatory frameworks including ESRS, provided all elements are covered for climate reporting, and when selecting relevant metrics to report on. In addition to other metrics required by regulators in the markets in which the companies operate, including the EU Corporate Sustainability Reporting Directive (CSRD). Where material, companies should include an assessment of double materiality regarding climate change.
h) Report GHG emissions to appropriate, internationally recognised reporting initiatives to facilitate the analysis of portfolio GHG emissions by investors, as well as in mainstream financial filings (in line with frameworks mentioned above). The metrics selected to demonstrate decarbonisation, should be reported annually and consistently.

Appendix

Laws, norms, and standards relevant for climate change that DNB AM expects companies to be compliant with

International Standards and Initiatives	Description of Principles
Corporate Sustainability Reporting Directive (CSRD)/ European Sustainability Reporting Standards (ESRS)	An EU directive mandating sustainability reporting for large companies in the EU to enhance transparency and accountability regarding their sustainability impacts and strategies. ESRS is the mandatory standards developed under the EU's CSRD, requiring comprehensive reporting on environmental, social, and governance topics from companies operating in the EU.
EU Carbon Border Adjustment Mechanism (CBAM)	A carbon tariff system on carbon intensive products to be imported into the EU. It aims to prevent carbon leakage by imposing tariffs on certain imports to the EU based on the import's carbon footprint.
EU Emission Trading Scheme (ETS)	A European Union market-based mechanism to cap and reduce greenhouse gas emissions from energy-intensive industries, power generation, and aviation. It operates with a fixed limit of emissions, and allowances can be traded to incentivize cost-effective reductions.
EU Green Bond Standard	A set of criteria and requirements established by the European Union for green bonds. These standards ensure that the proceeds from green bonds are used for environmentally sustainable projects and activities.
EU Sustainable Finance Directive	A broad set of regulations, including SFDR (defined below), that make up the EU Sustainable Finance Directive. These regulations are intended to promote sustainability and integrate ESG considerations into the financial sector to support the transition to a more sustainable economy.
EU Taxonomy	A classification system established by the European Union through the EU Taxonomy Regulation (Regulation (EU) 2020/852). This regulation sets criteria for determining whether an economic activity is environmentally sustainable.
International Financial Reporting Standards (IFRS)	Accounting standards produced by the IFRS Foundation intended for use by public companies. The ambition is to ensure worldwide consistent and transparent company financial reporting. The foundation produces standards for financial accounting and sustainability. The latter comprises two key standards: IFRS S1 for general sustainability disclosures and IFRS S2 for climate-related disclosures, promoting transparency and accountability in reporting.
International Financial Reporting Standards Climate-related Disclosures (IFRS S2)	A voluntary global standard for climate-related disclosures developed by the International Sustainability Standards Board and aligned with the TCFD framework. It requires companies disclose information on climate-related risks, opportunities, and emissions that "could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term"[23].
Paris Agreement	An international treaty within the United Nations Framework Convention on Climate Change (UNFCCC) that aims to limit global warming to well below 2 degrees Celsius above pre-industrial levels, with efforts to limit it to 1.5 degrees Celsius.

23 IFRS (2023), "IFRS S2": https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s2-climate-related-disclosures/

Partnership for Carbon Accounting Financials (PCAF)	A global initiative that provides a standardized framework for financial institutions to measure and disclose the greenhouse gas (GHG) emissions associated with their loans and investments, enabling alignment with climate goals such as the Paris Agreement.
Sustainability Accounting Standards Board (SASB)	Provides industry-specific standards for disclosing financially material sustainability information across 77 industries. It is now overseen by the ISSB.
Sustainable Finance Disclosure Regulation (SFDR)	A European Union regulation (Regulation (EU) 2019/2088) that requires financial market participants to disclose information on how they integrate environmental, social, and governance (ESG) factors into their investment decisions.
Task Force on Climate-related Financial Disclosures (TCFD)	An international framework established by the Financial Stability Board (FSB) to guide organizations in disclosing climate-related risks and opportunities, promoting transparency and informed decision-making to support the transition to a low-carbon economy. Now replaced by ISSB's IFRS S2 reporting.
TNFD	A global initiative aimed at providing a standardized framework for organizations to identify, assess, and disclose their dependencies and impacts on nature, as well as the associated risks and opportunities. It builds on the success of the TCFD framework and extends the focus to biodiversity and ecosystem services.
UK Sustainable Disclosure Regulation (UK SDR)	Requires UK companies to disclose sustainability-related information, aligning with international best practices to enhance transparency and accountability.
US SEC Climate Disclosure Rule	Mandates certain companies to disclose climate-related risks and their impact on financial performance, enhancing accountability in corporate reporting.

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DNB Asset Management

Below are our additional expectation documents.

See our website https://dnbam.com/en/responsible-investments/guidelines-and-exclusions for a full and updated list of our expectations on sustainability topics.