

# Responsible investments -

## Group instructions

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## 1 Purpose

The instruction shall ensure that DNB does not contribute to the infringement of human or labour rights, corruption, serious environmental harm or other actions that could be regarded as unethical. It should also ensure that assessments of risks and opportunities related to environment, social and governance factors are integrated in investment management.

## 2 Scope

This document applies to all permanent and temporary employees in the Group.

In principle, it also applies to all companies in the DNB Group, including the Group's international operations.

The governing document does not apply to:

1. Companies in which DNB has no controlling interest as defined by the Norwegian Private Limited Liability Companies Act, or companies that DNB owns jointly with other financial institutions. In such companies, DNB should use its influence in the governing bodies to work towards ensuring that such companies have governing principles in place relating to corporate responsibility and ethics that are in line with DNB's own governing principles.
2. Companies which DNB has taken over or acquired for temporary ownership. Such companies must implement and comply with principles for ethics and corporate responsibility that are in line with DNB's own governance principles.

In the event of any conflict, legislation and other binding external rules will take precedence over this document. The person responsible for implementation must notify the document owner of any such conflict.

This instruction applies to all financial investments and covers all asset classes. However, there are certain specific and deviating guidelines for individual portfolio management agreements and private equity funds managed by DNB Asset Management AS. The particularities of these product types are described in more detail in DNB Asset Management AS's guidelines for the integration of sustainability risk.

## 3 Roles and responsibilities

- The EVP of GF Sustainability is the document owner.
- All group executive vice presidents have executing responsibility.
- Compliance shall be monitored according to the three lines of defence.
- All managers are responsible for reporting non-compliance with the principles in the Group instruction.

## 4 Principles

### 4.1 Exclusions

Companies will be excluded from the investment universe if they themselves or through the entities they control:

- produce weapons<sup>1</sup> which through normal use violate basic humanitarian principles,

<sup>1</sup> DNB shall not invest in companies that are involved in anti-personnel mines and cluster munitions, as described in the Anti-Personnel Mine Ban Convention and the Convention on Cluster Munitions, or in companies that develop and produce key components for weapons of mass destruction. Weapons of mass destruction are defined as NBC weapons (nuclear or atomic, biological and chemical weapons). The same applies to non-detectable fragments, incendiary weapons, and blinding laser weapons. Note that the list above is not exhaustive.

- produce tobacco,
- produce cannabis for recreational use, or
- produce pornography.

Companies which derive 30 per cent or more of their income from oil sands extraction<sup>2</sup>, as well as mining companies and power producers which themselves or through entities they control derive 30 per cent or more of their income from thermal coal, or base 30 per cent or more of their operations on thermal coal, may be excluded from the investment universe. In addition, companies which either extract more than 20 million tons of thermal coal or with power generating capacity of more than 10000 MW from the combustion of thermal coal, may be excluded from the investment universe. In addition, emphasis shall be placed on forward-looking assessments of the companies, including any plans which will change either the level of thermal coal extraction or the level of power generating capacity derived with thermal coal, and/or reduce the share of their income or operations derived from oil sands or thermal coal, and/or increase the share of their income or operations derived from renewable energy sources.

Companies may be excluded from the investment universe if there is an unacceptable risk that a company contributes to or is responsible for:

- serious or systematic violations of human rights,
- grave violations of individual rights in wars or conflict situations,
- the sale of weapons to states engaged in armed conflict that use the weapons in ways that constitute serious and systematic violations of international rules on the conduct of hostilities,
- the sale of weapons or military materiel to states that are subject to investment restrictions on government bonds from countries subject to sanctions imposed by the UN Security Council<sup>3</sup>,
- serious violations of basic labour rights,
- grave harm to the environment,
- acts or omissions that on an aggregate company level lead to unacceptable greenhouse gas emissions,
- serious corruption,
- other particularly critical violations of basic ethical norms.

DNB will not invest in government bonds from countries subject to sanctions imposed by the UN Security Council.

DNB will not invest in companies subject to sanctions (from UN, EU, US (OFAC) and other local sanctions regulations if they are relevant) applicable to financial investments in DNB.

## 4.2 Exercise of ownership rights

Engagement with companies and the exercise of ownership rights shall be based on the UN Global Compact and the OECD Guidelines for Multinational Enterprises and be consistent with the United Nations Guiding Principles on Business and Human Rights.

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<sup>2</sup> Bitumen is the main component of oil sands. Oil sand is typically a mixture of sand, water, clay and bitumen. Bitumen is oil which is too heavy or viscous to flow or be pumped without being diluted or heated. Oil sands are often also referred to as tar sands.

<sup>3</sup> May also include other international measures of particularly large scale aimed at a specific country where Norway has supported the measures.

DNB Asset Management AS exercises ownership rights for its own portfolio through dialogue, meetings and other measures. DNB Asset Management will seek to influence companies positively, and in cases where companies are suspected of acting contrary to DNB's responsible investment guidelines and internationally recognised standards and conventions, encourage them to correct their actions. Furthermore, assessments of risks and opportunities related to ESG factors will be an integral part of the investment management and a starting point for active exercise of ownership rights.

#### **4.3 External suppliers**

External suppliers mean management of customer assets outside DNB through various mutual funds and asset management companies.

The selection of external suppliers is based on an evaluation of whether the supplier's guidelines and implementation thereof are in line with DNB's own guidelines for responsible investments.

DNB shall not itself invest in external funds which include companies which themselves or through units they control produce weapons which during normal use breach fundamental humanitarian principles.

With respect to the investment services Discretionary management and Investment advice, only external funds which meet the requirements in the previous paragraph will be used. Customers who enter into agreements on discretionary management or investment advice may nevertheless ask that their portfolio be exempt from this restriction.

For external funds used in the investment services Discretionary management and Investment advice, as well as external funds offered by DNB Liv, an active dialogue will be maintained with fund managers who have companies in their investment funds that DNB itself has excluded from its investment universe. The aim is to influence the funds to adopt a more sustainable and responsible investment practice.

External funds in DNB products managed by DNB Asset Management AS shall comply with DNB's Group Instruction for Responsible Investments.

#### **4.4 Responsible Investment Committee**

DNB shall have appropriate arrangements in place to identify companies that may be in breach of DNB's Group Instruction for Responsible Investments and to assess whether such companies should be excluded from the investment universe. It shall also be regularly assessed whether the exclusion of a company should be revoked.

Recommendations regarding exclusion, or the revocation of an exclusion, shall be considered by DNB's Responsible Investment Committee. The Committee, chaired by the Executive Vice President for GF Sustainability, is otherwise responsible for following up the Group Instruction for Responsible Investments within its mandate. The Committee also includes, among others, representatives from the Wealth Management business area and at least one representative from DNB's Group Management.

A mandate has been established for the Committee, which sets out in more detail the Committee's composition, responsibilities and procedures, as well as the process for deciding exclusions and the revocation of exclusions.

The Committee reports annually to Group Management on its work and, at an aggregated level, on the topics considered in exclusion cases.

#### 4.5 Publication

A list of the companies excluded from the investment portfolio, according to exclusion criteria, shall be publicly available and regularly updated.

There shall be transparency about which topics are prioritised in the exercise of ownership rights. Voting records should be made publicly available for general meetings where votes are made contrary to the Board of Directors' recommendation. Voting records will also be made public in matters of significant public interest, or that are of particular interest to the fund unit holders.