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, through its management and investment activities.

The instructions 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 which DNB owns jointly with other financial institutions. In such companies, DNB should use its influence as owner 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.

The instructions apply to own investments and management of customer assets, and cover all asset classes. Certain product types and activities nonetheless have separate and deviating guidelines:

- When managing customer assets under individual portfolio management agreements, exclusions and ownership rights are exercised, based on what has been agreed with the customer.[1]

- When managing customer assets through private equity funds or funds for other forms of alternative investments, separate guidelines can be established that are adapted to the specific characteristics of the relevant product type.

3 Roles and responsibilities

- The Executive Vice President (EVP) of Group Sustainability is the document owner.
- All Group EVPs have executing responsibility.
- Compliance monitoring is conducted in accordance with the three lines of defence.
- All managers are responsible for reporting non-compliance with the principles in the Group instructions.

4 Principles

[1] Other investment services and investment activities in accordance with the Norwegian Securities Trading Act are not covered by these instructions.

4.1 Exclusions

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

- produce weapons[2] which through normal use violate basic humanitarian principles;
- 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[3], 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 that 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 individuals' 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[4];
- 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.

It is further prohibited to invest in government bonds from countries subject to sanctions imposed

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[2] DNB shall not invest in companies that are involved in anti-personnel mines and/or 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.

[3] 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.

[4] May also include other international measures of particularly large scale aimed at a specific country where Norway has supported the measures.

by the UN Security Council, or 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.

A list of excluded companies shall be published on DNB's website and updated regularly. The process for exclusion and re-inclusion of companies is described in Section 4.4 (*Responsible Investment Committee*) below.

4.2 Exercise of ownership rights

Dialouge with companies and the exercise of ownership rights shall be based on the UN Global Compact principles (UNGC) and the OECD Guidelines for Multinational Enterprises, and be consistent with the United Nations Guiding Principles on Business and Human Rights (UNGP).

Each company exercises ownership rights for its own portfolio through dialogue, meetings and other measures.

In cases where companies are suspected of violating the norm-based exclusion principles in these instructions, the companies should, as a general rule, be encouraged to rectify the identified misconduct.

Furthermore, assessments of risks and opportunities relating to ESG factors shall be an integral part of the investment management and a starting point for active exercise of ownership rights.

4.3 External managers

Investments can be made through collective investment funds or individual mandates that are managed by companies outside DNB (external managers). Each company in DNB that invests through external managers in its own funds, or that uses external fund managers through its pension profiles and guaranteed products, shall follow up that investments in the external fund, or through the external mandate, are in line with the exclusion principles in this instruction.[5] The way this is followed-up can be adapted to each asset type.

Specific guidelines apply to investments in external investment funds offered by DNB Livsforsikring AS (DNB Liv) as an investment option for its customers. DNB Liv shall not offer external funds that include investments in companies which themselves or through units they control produce weapons that violate basic humanitarian principles through normal use. In addition, DNB Liv must follow up fund managers that have invested in companies that have been excluded in accordance with these instructions, with a view to achieving more responsible investment practices. DNB Liv can also choose not to offer the fund anymore.

4.4 The Responsible Investment Committee

Each company that is subject to these instructions must have suitable arrangements for its products in order to identify companies that are in breach of the exclusion criteria for possible dialogue and exercise of ownership rights, or exclusion. It shall also be assessed on a regular basis whether the exclusion of a company should be discontinued.

DNB's Committee for responsible investments (the Responsible Investment Committee) shall assess recommendations relating to exclusion or re-inclusion of companies.

[5] Management companies in DNB that have services for customers that were developed before these instructions were adopted may apply the exclusion principles to the extent appropriate, and in line with what was agreed with the customer.

The committee is led by the EVP of Group Sustainability, and its members include representatives from companies that are subject to the instructions and DNB's Group Management team.

A mandate has been established for the committee, that provides further details of the committee's composition, responsibilities and procedures, including the process for deciding exclusions and re-inclusions.

The committee reports annually to Group Management on its work and, at a general level, on the topics assessed in connection with exclusion cases.