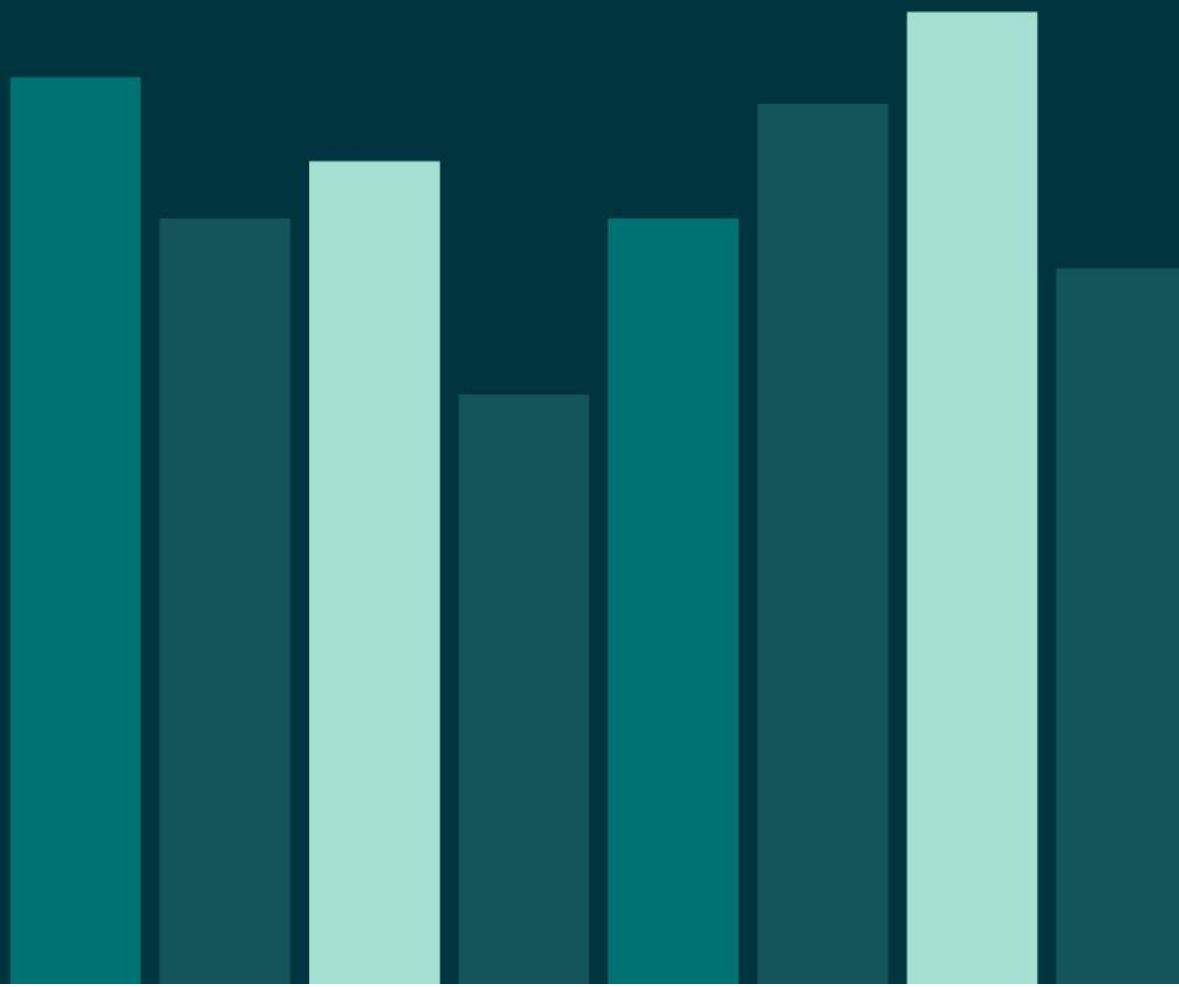


DNB ASSET MANAGEMENT

**SUSTAINABLE
INVESTMENT
POLICY**



Introduction

The aim of this document is to describe DNB Asset Management's general investment framework on sustainable and responsible investments and explain our policies on the integration of sustainability risks in our investment decisions-making process. Our policies, procedures and investment products are developed to ensure that invested companies meet our expectations on environmental, social and governance factors.

As a responsible investor with a long-term view, we aim to provide high, long-term returns, at an acceptable level of risk, whilst considering Environmental, Social and Governance (ESG) factors. The Standard for responsible investments applies to all funds and portfolios managed by DNB AM. ESG integration beyond the standard applies to all our actively managed funds. Standard setting and active ownership through dialogues and voting applies to both actively managed funds and index funds. Through exercising active ownership, we aim to push companies in a more sustainable direction. In dialogues we encourage companies to take advantage of sustainability related opportunities, and address sustainability risks and challenges we consider material for the company.

DNB Group Standard for Responsible Investment

The [DNB Group's Standard for Responsible Investments](#) seeks to 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 related to ESG factors are integrated into investment decision-making processes. We exercise our ownership rights in line with international norms and standards, including the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the G20/OECD Principles of Corporate Governance, and the OECD Guidelines for Multinational Enterprises. The Standard covers all asset classes and financial investments throughout the Group, including companies established under DNB AM.

Based on these conventions and norms, companies will be excluded from DNB AM's investment universe and portfolios if they themselves or through the entities they control:

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

- produce weapons¹ which through normal use violate basic humanitarian principles
- produce tobacco
- produce pornography

Companies which derive 30 per cent or more of their income from oil sands extraction, 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 tonnes 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 or placed under observation. 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.

Further, 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, such as murder, torture, deprivation of liberty, forced labour, the worst forms of child labour, and other forms of exploitation of children
- Grave violations of individual rights in wars or conflict situations
- Serious violations of basic labour rights
- Grave harm to the environment
- Acts or omissions that on an aggregate company level leading to unacceptable greenhouse gas emissions
- Serious corruption
- Other particularly critical violations of basic ethical norms

DNB will also not invest in government/sovereign bonds from countries subject to sanctions imposed by the UN Security Council. In addition, for all financial investments, DNB will respect sanctions regulations from the UN, EU, and the US (OFAC).

DNB's Committee for Responsible Investments implements and monitors the standard. The Responsible Investment team gathers, processes, reviews and presents ESG research to the Committee for updates, discussion, and/or decision. If a company has been identified as being involved in any of the aforementioned businesses, all holdings will be sold out and the company will be excluded as a possible investment. If companies are considered violating other parts of the guidelines, we primarily try to influence companies by actively exercising ownership rights, but we also exclude companies on these grounds. A list of [excluded](#) companies from our investment universe is publicly available at our webpages.

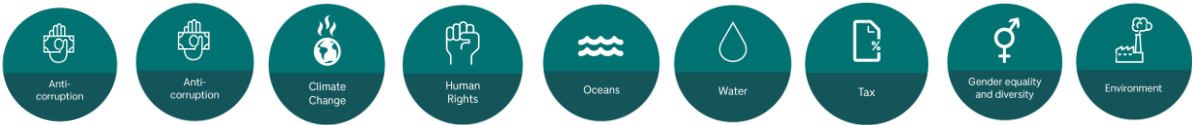
Responsible Investment Approach: Four Pillars

We have several tools at our disposal as a responsible and sustainable investor with a long-term view. These include:



Standard Setting

Developing and publishing expectations documents is an important part of our standard setting work. These documents are the basis for communicating our expectations to companies regarding best practice in terms of sustainability. In addition, the expectations documents are often the starting point for our dialogues with companies about relevant topics - both proactively and reactively. More detailed descriptions on how the various ESG issues are interpreted are described in our expectation's documents.



Exclusions

Investments are not made in companies involved in production of tobacco, production of pornography, or weapons which through normal use violate basic humanitarian principles. Companies which derive 30 per cent or more of their income from oil sands extraction, 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 tonnes 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 or placed under observation. 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.

Some funds have additional criteria beyond DNBs Standard for responsible investments and does not invest in companies with a significant portion of revenues coming from fossil fuels, conventional weapons, gambling, or alcohol production.

ESG integration

All active funds managed by DNB AM utilise integration of ESG risks and opportunities, although the process may differ between teams with different mandates. The responsible investment team works closely with the portfolio managers and key management teams have their own dedicated ESG analyst. ESG data is incorporated into DNB AM's portfolio management and information systems and is available to all of our investment professionals. Portfolio managers use this data in their company risk assessments, financial modelling, and investment decision making. The availability of this data in the front office system also often acts a flag for the portfolio managers, triggering further investigation and discussion with the DNB AM responsible investment team regarding potential risks and opportunities and the financial effect from this. These discussions may trigger actions such as further investigation, engagement in dialogue with the company, or impact on the investment decision.

Active ownership: engagement and voting

Active ownership, through company engagement and proxy voting are key elements of the DNB Asset Management active ownership approach. We engage with companies on specific ESG incidents, or to improve companies' general performance of sustainability-related processes, which may otherwise lead to underperformance. Engagements may either take place directly with companies, through our external service provider on engagements or in collaboration with other investors. Dialogues, both incident-based (reactive) and proactive (to prevent things from happening based on risk assessments) are a top priority to ensure that companies we invest in do not breach product criteria or international norms and standards including environmental regulations. In order to prioritise which reactive incidents to engage on, we assess the severity of the suspected breach, our ownership status in the company and the probability that our engagement will have a positive impact on the situation. We utilise data, alerts, and research from among other external consultants, brokerage firms and NGOs, and supplement this with our own research to make a final, informed decision about a company's practices.

The DNB Asset Management voting guidelines state that we shall vote at all Norwegian general meetings for listed companies we have ownership in, and we have adopted a systematic approach to determining which global companies' meetings we will vote at:

- Companies where we have a significant position
- The largest holdings in each active portfolio
- Strategically important items, and ESG-related topics

Voting will primarily happen by proxy, but we will physically attend shareholder meetings in certain cases. Our proxy voting service provider facilitates the voting process by providing both standard voting analyses, and analyses based on our own voting guidelines. These resources are used to inform our voting decision between the RI team and our PMs. Reoccurring themes include remuneration, issuance of shares, Board structure, double roles (between the Board, management, and Nomination Committee) and capital structure (including authorisations). We are also increasingly seeing credible shareholder proposals related to ESG themes, specifically in regard to climate-related disclosure. Other ESG topics include reporting on political lobbying, gender pay disparity and responsible tax practices. The results of our proxy voting are made publicly available.

Screening

The investment universe is carefully screened, taking into account DNB Group's Standard for Responsible Investments seeking to 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. The Sub-Fund's investments are considered in relation to social, environmental and ethical criteria based on the following internationally recognised guidelines and principles:

- the UN Global Compact;
- the OECD Guidelines for Multinational Enterprises;
- the United Nations Guiding Principles on Business and Human Rights
- the Ottawa Convention (international agreement on the prohibition of anti-personnel mines); and
- the Convention on Cluster Munitions.

We screen companies prior to inclusion into our investment universe, quarterly for benchmark rebalancing, and on a weekly and daily basis for changes to ESG ratings/factors or alerts on potential and/or realised breaches in international norms and standards. The purpose is to uncover potential product violations, breaches of international norms and standards and/or material ESG risks and opportunities. Based on the screening, and in-house research (based on additional sources of information), we highlight potential ESG risks and opportunities to the portfolio managers in addition to alerts on controversial issues. Furthermore, the responsible investment team will also provide input/recommendations about divesting or investing in securities.

Transparency and Reporting

DNB Asset Management strive to be transparent on the work on of we continuously work with responsible and sustainable investments and reports on a regularly basis on the following:

- Excluded companies
- Dialogues and proxy voting
- DNB Annual Report- in accordance with GRI
- A separate annual report on DNB Asset Management Responsible Investments work
- Carbon footprint
- PRI reporting framework

In addition, we regularly report updates on activities and news on www.DNBAM.com and publishes quarterly reports on our work on responsible investments.