



INSIDE

Environmental

Social

Investments - ESG risks and
Carbon Footprint

Governance

2020

ALFRED BERG KAPITALFORVALTNING

CORPORATE SOCIAL RESPONSIBILITY REPORT

HELGE SILJEHOLM ARNESEN, CEO OF ALFRED BERG KAPITALFORVALTNING



The focus on sustainability is increasing. Most are now aware of the importance of being transparent with the impact companies have on nature, the surroundings, and the stakeholders. Being transparent is a way to show that we understand and care.

Sustainability has many aspects. The current focus is the impact of human activities on the environment. Drastically reducing CO2 emissions has been on the global political agenda for a long time. A result; implementation of a number of regulatory changes covering sustainability. Not to forget, the social aspects where we see an increased focus on the supply chain. This is demanding increased transparency.

As an asset manager, the most important impact on the environment and the social conditions is through the activities we finance with our investments on behalf of clients.

Succeeding in the sustainability area as a company will have many positive effects. On the environmental side, by identifying our impact, we can increase our understanding of how to reduce our corporate impact. On the social side, mapping the status with relevant KPIs in the different areas can help better identify what we need to improve to ensure our employees like clients and regulators, are satisfied with our way of operating.

Governance is also important for our stakeholders, as they wish to see that our company is governed well now and in the future. We have therefore included relevant governance information in this report.

We believe that being more sustainable as a company will increase the strength of our business model at Alfred Berg.

On the investment side, there are important ongoing EU regulatory changes, mainly on reporting in order to stop greenwashing. We work to keep track of these changes, to ensure we align with any new and future requirements. We have worked on extending our database with ESG relevant data and this work will likely continue for some time. New in 2021 is the inclusion of ESG scores and carbon intensity data in our monthly fund reporting. Going forward, work will also be focusing on fine-tuning ESG integration in all our investment processes.

A handwritten signature in black ink, appearing to read 'Helge Siljeholm Arnesen'. The signature is fluid and cursive, written in a professional style.

Helge Siljeholm Arnesen - CEO

INTRODUCTION

Alfred Berg Kapitalforvaltning is a Nordic Asset manager. Our direct activities have in general low direct impact on environmental (E) and social (S) factors.

There are different stages for a company in the work to lower emissions. The first and maybe most important is to reduce consumption of goods and services leading to lower GHG emissions and other pollution. The second is to ensure that electricity is coming from renewable sources. This can be done by buying Guarantees of Origins in Europe. These two action points should optimally lead to a non-compressible GHG emission level. The third stage is to carbon compensate through a certified carbon compensation project.

Stakeholders

Alfred Berg Kapitalforvaltning's direct stakeholders are:

- Clients
- Employees
- Owners
- Regulators
- Suppliers

How we are behaving, both as a company but also as individual employees of the company can make stakeholders change their attitude and behavior.



Materiality

The materiality factor selection is based on SASB (Sustainable Accounting Standards Board) for asset management.

Material factors for Alfred Berg Kapitalforvaltning:

- SASB:
 - Selling practices and product labeling
 - Employee diversity and inclusion
 - Incorporation of ESG in investment management and advisory
 - Business ethics
 - Systemic risk management
- From stakeholders:
 - Environmental impact
 - Direct and in portfolio investments
 - Social impact
 - Direct and in portfolio investments

Alfred Berg Kapitalforvaltning, as a subsidiary of BNP Paribas Asset Management follows local policies and BNP Paribas Asset Management policies. Alfred Berg policies can be found here: [Alfred Berg Kapitalforvaltning - Regler og retningslinjer](#)

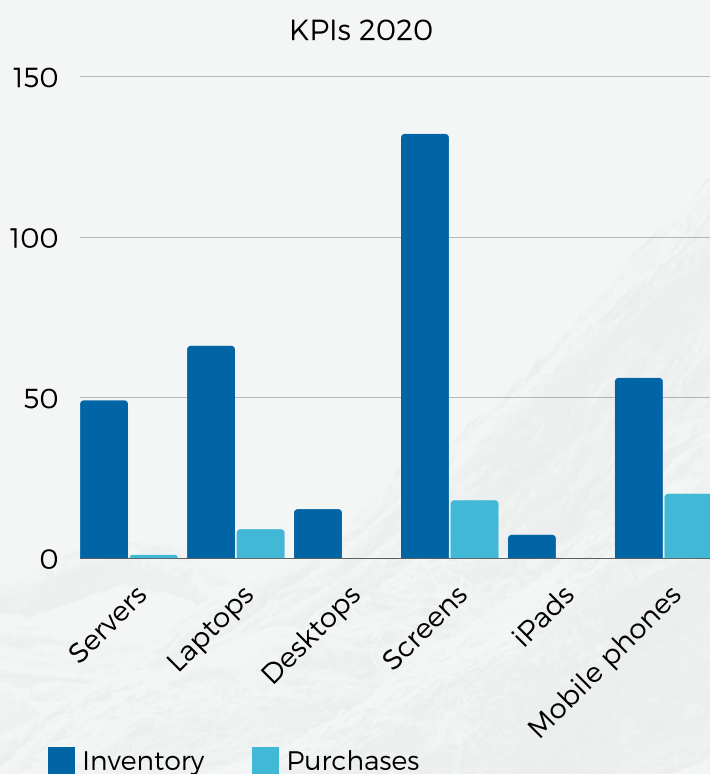
ENVIRONMENTAL (E) – EXPOSURE AND MITIGATION

Our offices in Oslo and Stockholm require equipment, lighting, heating/cooling, etc. and our employees use public and private transport.

IT and electronic equipment

Our policy:

Decommissioned IT and electronic equipment are sent to Inrego (<https://www.inrego.com>) which is a secure way of recycling used electronics.



From 2021 we will systematically track the number of electronics being decommissioned and recycled.

Office electricity use and heating/cooling

The heating and cooling in the Oslo office are provided by the landlord, Norwegian Property. Norwegian Property provide heating and cooling from seawater exchange pumps that can reduce energy consumption and CO2 emissions by up to 75%: <https://ne.no/wp-content/uploads/2017/12/5829b91aaa6587-16825025.pdf>

Our policy: All electricity consumed and purchased by Alfred Berg in the Oslo and Stockholm office is on a renewable tariff since 2020.

KPIs 2020

	Used kWh	No specific contract	Renewable with specific contract	Renewable part	tCO2 emissions
Lighting, IT etc.	29 818		29 818	100 %	0,0
Heating/Cooling- Electricity (Landlord*)	75 764	75 764			30,0
Heating/Cooling- District heating (Landlord*)	14 636				0,2
Energy - Scope 2					30,2

*This data comes from the landlord and represents Alfred Berg Kapitalforvaltning's share of the total waste in the building. Based on the proportion of the area Alfred Berg Kapitalforvaltning rents in the building. If no specific contract for 100% renewable or Guarantees of Origin is purchased, we use NVE product declaration for residual electricity: 402g/kWh. CO2 emissions are calculated by CEMAsys.

Data storage

Data storage requires energy, mainly to operate and control temperature on our servers. All data storage is either with Microsoft or with BNP Paribas.

"Microsoft has been carbon neutral across the world since 2012 and commits to being carbon negative by 2030". Please find further information: https://www.microsoft.com/en-us/corporate-responsibility/sustainability?activetab=pivot_1:primaryr3

BNP Paribas is calculating all the CO2 emissions from their main installations in the world including all internal datacenters. In general, the BNP Paribas approach is to consume less electricity, to buy renewable electricity through Guarantees of Origin in EU and equivalents in other regions of the world and by compensating the remaining carbon emissions through a selection of qualifying programs.

Even if we are based in countries producing mainly renewable electricity, we need to buy Guarantees of Origin or ensure that the electricity provider through our renewable electricity contract does, to be able to claim we use renewable electricity.



Office refurbishment

From 2021 we systematically track furniture being decommissioned and recycled. In 2020 we moved facilities from Munkedamsveien 35 to Støperigata 2 in Oslo. Around 80 % of the furniture, we re-used in the new facilities. The rest was recycled.

Waste

Alfred Berg generate several types of waste. Some can be recycled, some cannot. We do our utmost to correctly sort our waste to ensure that as much waste as possible end up in the correct recycling process.

KPIs 2020*

Type waste	Process	Consumption	tCO2 emissions
Wastewater	Treatment	675 m2	0,5
Glass waste	Recycled	805 kg	
Paper waste	Recycled	717 kg	
EE waste	Recycled	43 kg	
Food Waste		735 kg	
Residual waste	Unsorted waste	2 742 kg	1,4
Waist -Scope 3			1,9

*This data comes from the landlord and represents Alfred Berg Kapitalforvaltning's share of the total waste in the building. The share is based on the proportion of the area Alfred Berg Kapitalforvaltning rents in the building. CO2 emissions are calculated by CEMAsys.



Business travel

We use public and private transportation to meet clients, suppliers and for internal meetings, etc. our travel policy is to buy carbon compensation for all air travel and to prefer train and other public transport before air travel when it is a realistic alternative.

The number of travels and the resulting CO2 emissions has been low in 2020 due to Covid-19 restrictions.

KPIs 2020

	Type	Units	tCO2 emissions
Taxi	Km	1 532	0,3
Train	Trips	78	0,0
Car	Km	17 091	2,4
Ferry	Trips	1	0,0
Air travel - Europe	Trips	48	4,1
Hotel	Nights	68	1,1
Travel - Scope 3			7,9

*CO2 emissions are calculated by CEMAsys.

Total GHG emissions and carbon compensation

KPIs - Scope accounting:

	Gross-tCO2	Carbon compensated	Initiative-Comment
Scope 1	0		Tiny direct emissions from the activity
Scope 2	30,2	100 %	Guarantees of Origin for renewable energy + Carbon compensated through CEMAsys
Scope 3 (ex portfolio investments*)	9,8	100 %	Carbon compensated through CEMAsys
Total	40,0	100 %	Carbon compensated through CEMAsys

*see separate chapter on portfolio exposure for CO2 data. CO2 emissions are calculated by CEMAsys.

The carbon compensation

Alfred Berg Kapitalforvaltning has carbon compensated the remaining CO2 emissions. We support the CER (Certified Emission Reduction, see below) verified project 7647: 74 MW wind energy project in Tamilnadu, India.

The project consists of 67 wind turbines installed by the Indian company The Ramco Cements Limited and is located in three different districts in the state of Tamil Nadu in southern India. The wind energy project connects to the regional power network and ensures a stable power supply in the area. Today, energy production in India is mainly based on the use of fossil fuels with high consumption of coal, which is also a major source of greenhouse gases and local air pollution. The Danish company Vestas has delivered the largest share of the installed capacity for the project, 24 wind turbines with an output of 1650kW of a total of 74MW. The project generates around 168 GWh of electricity each year, which is exported to the Tamil Nadu State Electricity Board. By replacing traditional power production, dominated by coal, the project has achieved emission reductions of 156,000 tons of CO2 equivalents annually. This corresponds to the annual emissions from 65,000 cars.

Renewable energy from wind has positive impacts globally and locally, and supports UN Sustainability Goals 7, 8 and 13. (Source: CEMAsys)

Project documentation: cdm.unfccc.int/Projects/DB/SGS-UKL1349793965.06/view

The CDM - Clean Development Mechanism

The CDM allows emission-reduction projects in developing countries to earn certified emission reduction (CER) credits, each equivalent to one ton of CO₂. These CERs can be traded and sold, used by industrialized countries to meet a part of their emission reduction targets under the Kyoto Protocol. The mechanism stimulates sustainable development and emission reductions, while giving industrialized countries some flexibility in how they meet their emission reduction limitation targets. The CDM is the main source of income for the UNFCCC Adaptation Fund, which was established to finance adaptation projects and programs in developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change. The Adaptation Fund is financed by a 2% levy on CERs issued by the CDM.

SOCIAL (S) – EXPOSURE AND MITIGATION

Employee engagement, Health and Safety

Wellbeing is very important for Alfred Berg Kapitalforvaltning, as we are a people business with highly qualified personnel. We do a yearly employee survey for all employees.

KPIs - History

	Number of employees	Survey participation rate	Total favorable score of well-being	Sick leave	Accidents
2020	48	52 %	79 %	1,3 %	0
2019	45	84 %	78 %	1,7 %	0
2018	36	67 %	74 %	1,7 %	0

The total favorable score of well-being has been stable. Employee's sick leave is at a low level, decreasing the past years.

Alfred Berg offers all employees free yearly health checks, and health insurance. In addition the company also subsidizes employee health by covering expenses for physical activities up to NOK 3 000 (EUR 300) per year.

Employee diversity and inclusion

We believe a diverse group of employees makes better decisions, as different ways of thinking can lead to better practices and better problem solving. Gender, background, culture, etc. is irrelevant for us and shall not be a hinder for professional development and potentially accessing to senior and management roles.

BNP Paribas Diversity Policy:

<https://group.bnpparibas/en/news/diversity-inclusion-heart-bnp-paribas-corporate-culture>

KPIs for 2020:

	Male %	Female %	Non Nordic %	Non European %
Board of Directors	67	33	50	0
Executive management (AB ExecutiveCo)	100	0	0	0
Non Executive management (AB ManCo)	91	9	18,2	0
All employees	77	23	8,9	0

Transparent Information and Fair Advice for clients

We do our best by following the regulatory requirements for documentation and regulation for advisory activity to ensure that our clients get transparent information. Our product information and regulatory required information are available on our websites and documents can be obtained by contacting us.

Specific regulations relevant for us: Mifid, SFDR, UCITS, AIF, GDPR

Policies:

Code of conduct including protection of interest of clients and anti-money laundering

E-learning programs:

As an employee of Alfred Berg and BNP Paribas Asset Management, all employees complete and succeed in several eLearning modules throughout the year. The e-learning modules internal educational programs to ensure all employees understand our company policies; on topics such as KYC (know your client), AML (anti-money laundering), cyber security, and personal data protection. All e-learning modules end with a test that must be passed.

KPIs - Percentage of completed training in relevant policies

	Anti-corruption	IT/cyber risk	Regulatory requirements	Required certification* of relevant personnel%	Code of conduct signature	Code of conduct training
2021e	NA	NA	NA	NA	100 %	100 %
2020	100 %	100 %	100 %	100 %	NA	NA
2019	100 %	NA	99 %	NA	NA	NA
2018	NA	NA	96 %	NA	NA	NA

*All employees in Sweden have Swedsec licenses.
All relevant persons in Norway have Bärchen - Mifid certification.

All employees have completed "Conduct Journey", a new code of conduct training, in the eLearning system, by October 2021. This kind of eLearning has been practiced for many years, but until now there has been no focus on showing and tracking historic KPIs on this.

Alfred Berg has no employees with a record of investment-related investigations, private civil litigations, regulatory proceedings and has had no cases or losses related to legal proceedings because of marketing practices. There were no consumer-initiated complaints. Alfred Bergs whistleblower channel can be found here: [whistleblowing_\(at\)_alfredberg.com](mailto:whistleblowing@alfredberg.com)

Business Ethics

Business ethics is about protecting our stakeholders and ourselves as a company against any wrongdoing. Good business ethics only exists when well understood by the employees and practiced daily in the company.

Policies:

- Code of conduct - BNP Paribas Asset Management ([084BAFF5-1C7C-47EB-9AB4-EC5958125381 \(bnpparibas-am.com\)](https://www.bnpparibas-am.com/084BAFF5-1C7C-47EB-9AB4-EC5958125381)))
- Protection of interest of clients - BNP Paribas Asset Management ([Procedure_Template_2017 EN \(bnpparibas-am.com\)](https://www.bnpparibas-am.com/Procedure_Template_2017_EN)))
- Conflict of interest - BNP Paribas Asset Management (<https://docfinder.bnpparibas-am.com/api/files/6A7C1B3A-C510-4C0F-AFE3-4407C7E10314>)
- All Alfred Policies can be found here: [Alfred Berg Kapitalforvaltning - Regler og retningslinjer](#)

Client surveys - External

Alfred Berg Kapitalforvaltning was ranked this year again as number 1 both by institutional investors and by distributors, consultants, and fund selectors in the Prospera surveys for 2021. 2020 was the first time in the Nordic region that both customer groups ranked the same asset manager number 1, which also was rewarded to Alfred Berg Kapitalforvaltning. The surveys are conducted annually by Kantar Sifo.

The ranking in the surveys is based on feedback from 76 institutional investors with a minimum of NOK 300 million placed with external managers and 35 distributors, investment consultants and fund selectors.

External Asset Management 2021 Norway:

<https://www.kantarsifo.se/sites/default/files/0f6aab81.pdf>

Fund Distributors & Selectors 2021 Norway:

<https://www.kantarsifo.se/sites/default/files/a5d770e2.pdf>

Systemic risk management

As an investor representing large assets under management, we must consider the systemic risk of our investment on behalf of our clients.

Alfred Berg Kapitalforvaltning manages portfolios that invest mainly in listed equities and listed bonds where liquidity is not an important concern. Liquidity is best in listed large cap equities and listed investment grade bonds. The lowest liquidity is in small cap/micro cap equity and small issue/company size high yield bonds. These lower liquidity asset classes represent a very small part of Alfred Berg Kapitalforvaltning's total assets under management. The contribution to systemic risk from Alfred Berg Kapitalforvaltning's portfolios is therefore very low.

The description of the approach for incorporation of liquidity risk management programs into portfolio strategy and redemption risk management can be found in the Alfred Berg Kapitalforvaltning risk policies:

- Risk Policy
- Operational Risk Management Policy
- Liquidity Risk Policy
- Credit and Counterparty Risk Policy
- Capital Requirement and ICAAP Process Policy

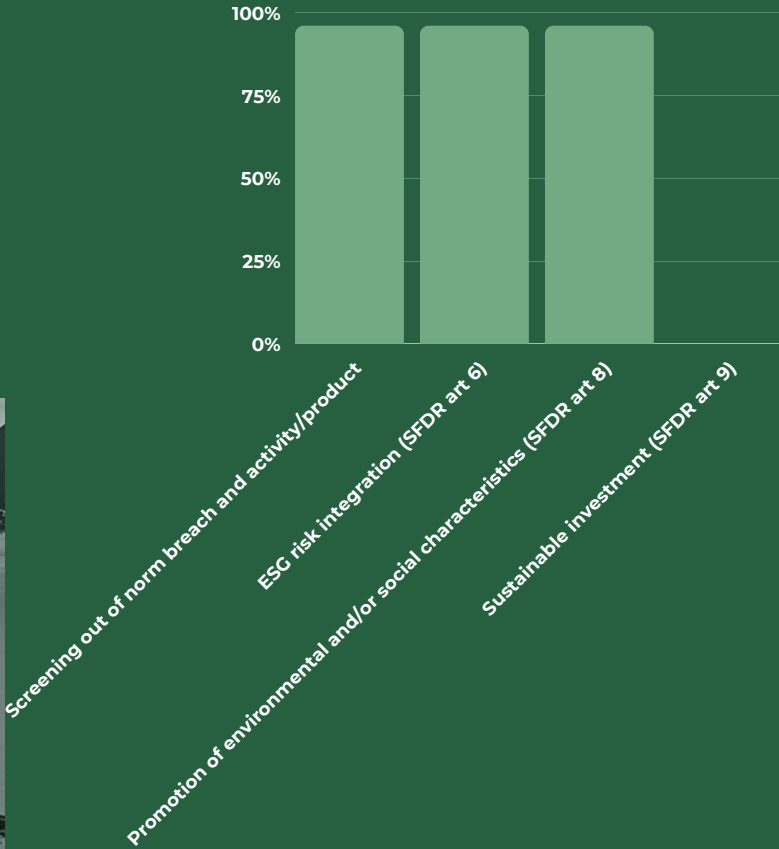


PORTFOLIO EXPOSURE - ENVIRONMENTAL (E) AND SOCIAL (S)

Reducing negative impact on nature and human beings

We screen out several sectors and activities from our investment universe that we find controversial and/or do not wish to invest in on behalf of our clients. We also screen out companies that breach with UN Global Compact and other international norms. Exclusions are mostly based on social factors and the target is to reduce negative impact on human beings. Please see: <https://www.alfredberg.no/ansvarlige-investeringer/>

KPIs - Alfred Berg Kapitalforvaltning funds* - SRI strategies overview relative to SFDR - per end June 2021 (total AUM 89,1 bnNOK):



*Does not include mandates and delegated management of funds

ESG risk integration - ESG scores and data coverage

Through our investment decisions on behalf of our clients we respect the fiduciary duty and integrate ESG risks in the investment decision processes. This means that we have an understanding of the Environmental, Social and Governance risks of holdings in the portfolios. We base this understanding on ESG research provided by BNP Paribas Asset Management, other external providers like SustainAX and our own research.

For each fund we track the average weighted ESG score, and the percentage of the fund's market value being covered by ESG scores. 0 is the lowest ESG score (highest ESG risk) and 100 is the best ESG score (lowest ESG risk). 50 represent the average sector ESG score for the relevant region (Europe). Details of the BNP Paribas AM ESG scoring can be found here:

<https://www.bnpparibas-am.com/en/esg-scoring-framework/>. It is important to keep in mind that the ESG factors are only a part of all the factors that are taken into consideration in an investment decision process.

In the table below can be found the data for our funds grouped in equities and fixed income. The weighted average ESG score is for the % that is covered by ESG research.

CO2 emission "responsibility" and data coverage

For our equity portfolios, we estimate that a given fund is financing companies that all have CO2 emissions and that as an equity holder the fund should take "responsibility" for the CO2 emissions they "own". This is calculated as the company's CO2 emissions (Scope 1+2) divided by the EV (Enterprise Value) and multiplied by the market value of the fund's equity holding.

For our fixed income portfolios, it is theoretically less straight forward as a bond investor does not own parts in the company. However we are as investors still "responsible" for a part of the CO2 emissions of the companies we finance. This is calculated as the company's CO2 emissions (Scope 1+2) divided by the EV (Enterprise Value) and multiplied by the market value of the fund's bond holding.

In the table below, the CO2 emission "responsibility" is calculated as the weighted average based on the covered companies and when we calculate this on a fund level, we apply the same average intensity on the non-data covered holdings. This may be an overstatement or an understatement of CO2 emission "responsibility". With more carbon emission data from the companies, these numbers will become more accurate.

The main remaining source of financing for the company when reasoning this way is bank financing. We expect the banks to be transparent on their "responsibility" of the CO2 emissions by reporting this for their loan portfolio.

The above approach should give a meaningful indication of the CO2 emission "responsibility".



KPIs - Alfred Berg Kapitalforvaltning funds - ESG scoring and CO2 emissions "responsibility" - per end June 2021:

	Average weighted ESG score	ESG score coverage	CO2 emission intensity (tCO2/EVm€)	AUM (m€)	tCO2 emission "responsibility"	CO2 data coverage
Alfred Berg Equity	54,9	99 %	189,39	2 266	429 168	93 %
Alfred Berg Fixed Income	56,4	81 %	51,85	6 627	343 641	53 %
Total	56,1	88 %	86,90	8 893	772 809	63 %

We plan to report on this for individual funds in our 2021 full year CSR reporting.

If you as an investor wish to calculate your own CO2 responsibility based on the above approach, you can calculate this way:

My CO2 responsibility = fund CO2 responsibility x My ownership of the fund

Calculus:

My CO2 responsibility =
 (Fund tCO2/EVm€ x Fund total AUM) x (My number of fund units/Total fund units)
 or (Fund tCO2/EVm€) x (My invested amount in m€)

Fund tCO2/EVm€ is the equivalent to tCO2 per million EUR invested.

We are considering extending our reporting to also include the Weighted Average Carbon Intensity as recommended by the TCFD in our 2021 full year CSR reporting. The TCFD approach describes a portfolio's exposure to carbon-intensive companies, expressed in tons CO2 equivalents relative to Sales.

For the description of:

- approach to incorporation of environmental, social, and governance (ESG) factors and risks in investment processes and strategies
- proxy voting and investee engagement policies and procedures

See more here (in Norwegian):

<https://www.alfredberg.no/ansvarlige-investeringer/>

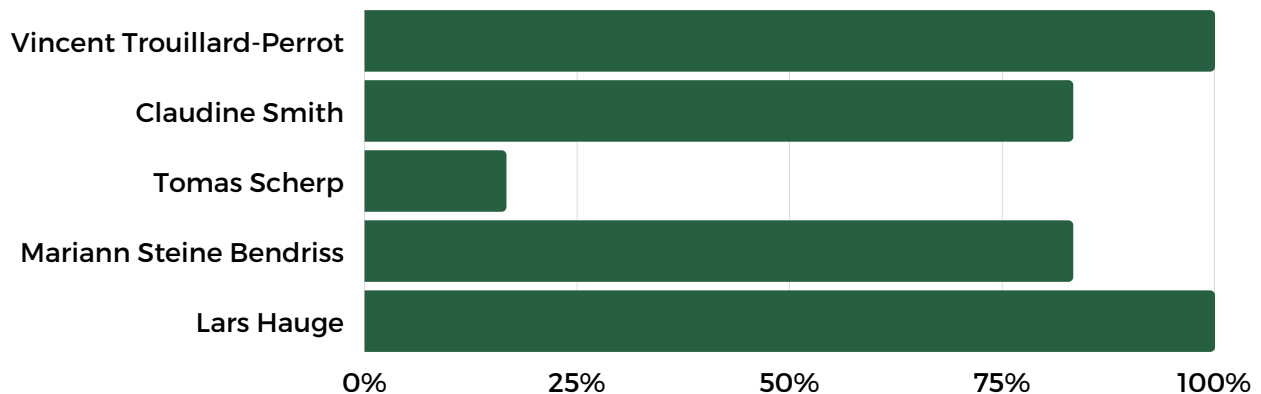
GOVERNANCE (G)

Alfred Berg Kapitalforvaltning is a private company owned 75% by BNP Paribas Asset Management and 25% by Drypnr AS. There is only one share class and all shares have the same voting right.

The Board of Directors (BOD) per end 2020:

	Gender	Role	Compensation in 2020	Independent	Dependent of:
Vincent Trouillard-Perrot	Male	Chair	0	No	Owner representative
Claudine Smith	Female	Director	0	No	Owner representative
Tomas Scherp	Male	Director	0	No	Ex senior manager in Alfred Berg Sweden
Mariann Steine Bendriss	Female	Director	45 000 NOK	No	Client representative
Lars Hauge	Male	Director	50 000 NOK	No	Client representative
Tony Hægeland	Male	Alternate director	0	No	
Hans Petter Tusvik	Male	Alternate director	0	No	Employee
Christian Henrik Grosch	Male	Alternate director	0	No	Part of executive management
Jan Eiler Fleischer	Male	Alternate director	0	Yes	

In 2020 the BOD held 6 meetings and the attendance was as follows:



After end 2020: the following persons have been elected as board directors:

	Gender	Role	Compensation in 2020	Independent	Dependent of:
Ligia Torres (from 09.03.2021)	Female	Director	0	No	Ex senior manager in BNPP AM
Leif Eriksrød (from 09.03.2021)	Male	Director	0	No	Part of executive management

After end 2020: the following person has left as board director;

	Gender	Role	Compensation in 2020	Independent	Dependent of:
Tomas Scherp	Male	Director	0	No	Ex senior manager in Alfred Berg Sweden

Please find more information on BOD members in the following link:

<https://www.alfredberg.no/styret/>

BOD committees:

The BOD has installed a remuneration committee. Members are Vincent Trouillard-Perrot (chair) and Claudine Smith. There are no separate audit or nomination committees, the Board of Directors in its entirety take the tasks of these committees.

CEO and BOD shareholding:

Helge S. Arnesen 3,9 %

Leif Eriksrød 3,4 %

CEO Remuneration:

	Fixed salary	Short Term bonus	Long Term bonus (deferred)	Other	Total
Helge S. Arnesen	2 203 649	1 154 320	1 301 639	25 459	4 685 067

CEO bonus system:

The CEO is part of the same remuneration system as all employees of Alfred Berg Kapitalforvaltning. The remuneration policy can be found here (in Norwegian):

<https://docfinder.bnpparibas-am.com/api/files/EC1061E1-545D-4CEF-ABB0-1D7E03517753>

DISCLAIMER

This CSR report for Alfred Berg Kapitalforvaltning has been made with the best intentions to give a fair image of how Alfred Berg Kapitalforvaltning is dealing with sustainability. The report is for information purposes only, not a solicitation or offer to buy or sell any financial product and does not constitute any kind of advice. Alfred Berg Kapitalforvaltning makes no representation as to the accuracy or completeness of the information in the report. Alfred Berg Kapitalforvaltning will not be responsible for any loss or damage, direct or indirect, incurred by the use of the information in the report.