

## **Appendix 1:**

The Executive Board has decided to ask Norges Bank Investment Management to engage through active ownership with the companies Rio Tinto Plc, Rio Tinto Ltd and South32 Ltd on their work to reduce serious environmental damage over a period of 5-10 years. The Council on Ethics recommended excluding the companies based on the companies' participation in the joint venture Mineração Rio do Norte (MRN), which operates a bauxite mine in the Amazon rainforest.

In accordance with the Guidelines for Observation and Exclusion from the Government Pension Fund Global (GPF), Norges Bank shall ensure that matters are sufficiently informed before it makes a decision on the exercise of ownership, observation or exclusion. In its assessments, the Bank may, among other, place emphasis on the seriousness and extent of the norm violation, and assess the breadth of the company's activities, including whether the company is doing what can be expected to reduce the risk of future norm violations within a reasonable time frame. The Bank shall also assess whether other instruments, including the exercise of ownership rights, may be better suited to reducing the risk of continued violations of norms or may be more appropriate for other reasons.

The decision to exercise ownership is made on the basis of the scale of the mining operations in question and the negative consequences over a long period. The companies have taken a number of steps to limit the environmental impacts. The Executive Board finds it appropriate that Norges Bank, through targeted dialogue, monitors over time that the companies are implementing their planned measures and that operations are keeping pace with the development of good practice in the environmental area. This gives the bank the opportunity to follow developments closely and assess the effect of the measures implemented.

## **Appendix 2:**

The Guidelines for Observation and Exclusion from the Government Pension Fund Global state that "in the assessment [under the product-based coal criterion], emphasis shall be placed on forward-looking assessments, including of any plans that will change the level of extraction of or power capacity associated with thermal coal, reduce the revenue or activity share related to thermal coal and/or increase the income or activity share related to renewable energy sources.

RWE will continue to have coal extraction above the absolute threshold in the coal criterion for some time to come. On the basis of the guidelines on forward-looking assessments, Norges Bank nevertheless considers that RWE's plans are sufficiently concrete and credible for the exclusion of the company to be lifted.

The Bank has also noted that the independent Science Based Targets Initiative has confirmed that RWE's emission targets and plans are in line with the Paris Agreement's goal of limiting global temperature rise to 1.5 degrees.

The guidelines for observation and exclusion state that "Observation may be decided where there is doubt as to whether the conditions for exclusion are met, about future developments or where it is deemed appropriate for other reasons".

Norges Bank considers that it may be appropriate to place the company under observation while the company implements the rest of the plan for shutting down coal mining and coal-fired power production.