



# DNB

THE NORWEGIAN BANK

## DNB Asset Management: Sustainable and responsible investments - (SRI) process

DNB Asset Management exercises special care with respect to transactions and acts which represent a risk of involvement in

- unethical conduct,
- infringement of human or labour rights,
- corruption
- harm to the environment.

Our ethical investment guidelines also states that DNB will not invest in companies that are involved in the production, storing or trading of anti-personnel landmines, cluster weapons or nuclear weapons or the production of tobacco or pornography. In addition, mining companies and power producers which derive 30% or more of their income from thermal coal (or base 30% or more of their operations on thermal coal) may be excluded from the investment universe.

### Resources and processes

A special committee has been established to administer and follow up approved ethical investment guidelines throughout DNB. Input and basic data for decision-making comes to the committee from dedicated analysts (Team Responsible Investments) who continually gather, process and review information about companies. We also engage external consultants with expert knowledge on these issues.

### Active owners

Active shareholder engagement is the foundation of the ethical investment guidelines and involves both informal (constructive dialogue with firms) and formal (initiating shareholder proposals and voting) actions. In cases where active ownership does not lead to an acceptable solution, the company will be excluded from further investment until it has implemented adequate measures to remedy the situation.

### SRI funds and segregated accounts

Based on the specific policies of funds or segregated accounts we also do specific negative screening beyond the scope of the ethical investment guidelines, perform positive ESG-screening, climate change analysis and other integration strategies. DNB is continuously developing the model and the ESG-criteria. We are also flexible in adapting the model to clients' specific needs.

## General information

DNB's ethical investment guidelines are based on the following international principles and guidelines:

UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

[www.unglobalcompact.org](http://www.unglobalcompact.org)

OECD Guidelines for multinational companies are recommendations to multinational enterprises. They provide voluntary principles and standards for responsible business conduct in areas such as employment and industrial relations, human rights, environment, combating bribery and more.

[www.oecd.org/daf/investment/guidelines](http://www.oecd.org/daf/investment/guidelines)

The Ottawa convention and the Convention on cluster munitions prohibits the production, storing or trading of anti-personnel landmines and cluster munitions

### DNB supports investor initiatives:

UN PRI, The Principles for Responsible Investment, is an investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact which sets forth six principles for how to invest responsibly. DnB NOR signed up for the Principles already in 2006.

[www.unpri.org](http://www.unpri.org)

UNEP FI is a global partnership between UN and the financial sector which seeks to improve understanding of the impacts of environmental and social considerations on financial performance.

[www.unepfi.org](http://www.unepfi.org)



UNEP Finance Initiative  
Innovative financing for sustainability



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## SRI News 2017 Q2 - COMPANY UPDATES:

Corruption is one of the four thematic engagements we prioritize in 2017. In Q2 we have focused on corruption in international companies, such as *Petróleo Brasileiro S.A. (Petrobras)*, *Eni SpA*, *Saipem* and *PetroChina Company Ltd.* among others. In addition we have looked at corruption in general in Brazil. In May, the responsible investment team took a course in ISO 37001, anti-bribery management systems, to get a practical guide on how to manage anti-corruption from an organizational point of view. The guidance sets out specific requirements and activities to a management system designed to help an organization to prevent, detect and respond to bribery and comply with anti-bribery laws.

Sustainable shipbreaking is another of our thematic engagement themes. During spring we have had dialogue with *Maersk* on their shipbreaking practices. Additionally, there have been stakeholder dialogues together with other investors and NGOs and company meetings to discuss the issue and how to work towards a more sustainable way to scrap ships.

In June, *Baharat Heavy Electrical Limited* was excluded from DNBs investment universe due to grave harm to the environment through its operations close to the boarder of the world's largest mangrove forest protected under the Ramsar Conventions, Sundarbans.

Production of palm oil, soy and beef is driving tropical deforestation which again is leading to global warming and threatening endangered species by destroying their habitats. Tropical deforestation is estimated to account for at least 10 % of the world's carbon emission. We have had stakeholder dialogue on this topic and been in dialogue with *Bunge* and *Restaurant Brands International* regarding deforestation. Our objective with engaging with these companies is to aim for a company commitment to implement certified standards that promote sustainable forest management.

### Other news

The responsible investment team has had several meetings in Q2 in two PRI led investor working groups we participate in. Sustainable palm oil focuses on collaborative engagement with growers, traders and processors of palm oil with aim of supporting the development of a sustainable palm oil industry. The other is a collaborative engagement working group on methane in the energy and utilities sectors. The objective is to strengthen understanding of the risks associated with and management of methane risks in global investor portfolios and influence companies to measure, manage and reduce their methane emissions and improve disclosure.

In May 2017 DNB Asset Management signed the PRI Montreal Carbon Pledge, and committed to measure and publicly disclose the carbon footprint of our investment portfolios.

In June the Swan, the official Nordic ecolabel, introduced by the Nordic Council of Ministers launched criteria for Eco labeling of funds in the Nordic region. The purpose of the labeling is to emphasize sustainable funds for investors and clients. The first eco labeled funds will be presented in October this year.

The final Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) were published late June. DNB was one of more than 100 global firms that have provided statements of support to welcome the recommended disclosures and encourage take-up of the TCFD recommendations.

## Our SRI analysts



Janicke Scheele is Head of Responsible Investments in DNB Asset Management AS. She is in charge of the RI processes, ESG analysis and is working closely with portfolio managers and analysts. Janicke has long experience both as portfolio manager and as investment advisor for institutional clients and holds an MBA degree from the Norwegian School of Economics in Bergen.



Karl G. Høgtun works as analyst at Responsible investments in DNB Asset Management. He joined DNB in 1997. He has long experience, both as financial analyst and as portfolio manager - including being Head of the Nordic equity team. As part of that position, Mr. Høgtun managed the green Nordic fund (DNB Grønt Norden). He holds a MBA from the Arizona State University and a MIM from the American Graduate School of Management (Thunderbird).

Please contact us for any questions or feedback.