



# 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



# DNB

THE NORWEGIAN BANK

## SRI News 2017 Q3 - COMPANY UPDATES:

Emerging market supply chain is one of four thematic engagements we prioritize in 2017. In Q3 we have, among other issues, enhanced our focus on combatting child labour in cocoa industry. Together with dozens of other investors we have signed an investor letter together with a report on investor expectations and corporate good practice regarding child labour in cocoa industry that are sent to the major companies in the industry, Nestlé, Lindt & Sprungeli, Mondelez, Cargill, Barry Callebaut, Olam and Hershey's. The purpose with the investor expectations is to convey the issue of child labour in the cocoa supply chain in West Africa.

In September, there was a change of reason for the exclusion of Raytheon Co. The former reason for exclusion was based on the alleged production of cluster munition which is no longer the case as the production has ceased. However, the company is involved in production of nuclear weapons, another inhumane weapon, and therefore the exclusion is remaining, but due to a change of reason.

The responsible investment team has in Q3 met with Norsk Hydro to discuss various material ESG issues with the company, focusing on water stress, greenhouse gas emissions, corruption and toxic emissions and waste. Norsk Hydro has a high ESG score compared to its peers.

Repsol visited us in September and we had a good meeting with the ESG- investor relations team. We discussed the Carbon Tracker's 2 degrees of separation report that describes the transition risk for oil and gas companies in a low carbon world. We challenged the company on how they work on the 2 degrees alignment and the risk of not meeting the target. Methane emissions, a major part of the global greenhouse gas emission, and reporting on their emissions has a high priority for the company.

### Other news

In September, DNB participated in the yearly Nordic Sustainable Investment Forum meeting in Copenhagen together with Swesif, Dansif, Finsif and Norsif. Topics such as transition risk for oil and gas in a low carbon world, key considerations for due diligence under the OECD Guidelines for Multinational Enterprises and effects on the value and risk-return profile of the investor's portfolio were discussed.

As part of being transparent and our aim to share information with our stakeholders we have published two expectation documents on human rights and serious environmental harm, which are detailed descriptions on which criteria we expect companies to be compliant with. The documents are a detailed description of the interpretation of our guidelines for responsible investments.

A new paper from OECD has been launched this fall, the paper Responsible business conduct for institutional investors. The guideline states that also institutional investors are committed to ensure that companies they invest in are not contributing to violation of human right, serious harm to the environment or the society. This applies to the companies supply chain and includes subsidiary companies.

As part of efforts to reduce exposure to companies with high climate risk, in 2016 DNB Asset Management started to measure the carbon footprint of equity funds. Detailed information regarding our commitment to the Montréal Carbon Pledge has been published on our website this month.

## 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.