



Responsible and Sustainable investments

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

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

Our guidelines for responsible investments also state 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 responsible investment guidelines throughout DNB. Input and basic data for decision-making are submitted to the committee by dedicated analysts who continually gather, process and review information about companies. We also engage external consultants with expert knowledge on these issues.

Active owners

The guidelines for responsible investments are based on active shareholder engagement and include both informal (constructive dialogue with companies) 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 policies of funds and segregated accounts, we also carry out specific negative screening beyond the scope of the guidelines for responsible investments and perform positive ESG screening, as well as climate change analysis and other integration strategies. DNB is continually developing the model and the ESG criteria. We are also flexible in adapting the model to clients' specific needs.

DNB's guidelines for responsible investments are based on the following international principles and guidelines: The 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.

<https://www.unglobalcompact.org/>

The OECD Guidelines for multinational companies are recommendations addressed by governments to multinational enterprises. They provide non-binding principles and standards for responsible business conduct in areas such as employment and industrial relations, human rights, the environment, combating bribery and more.

www.oecd.org/daf/investment/guidelines

The Ottawa Convention and the Convention on Cluster Munitions prohibit all use, stockpiling, production, storing and transfer of anti-personnel landmines and cluster munitions

DNB supports the following investor initiatives:

The United Nations-supported Principles for Responsible Investment (PRI), is an investor initiative in partnership with the UNEP Finance Initiative and the UN Global Compact and sets forth six principles for how to invest responsibly. DNB (then DnB NOR) signed up for the Principles as early as in 2006. www.unpri.org

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

www.unepfi.org



Responsible and sustainable investments. News Q4 2017.

Company updates

Since early 2014, we have been following up on Yara ASAs anti-corruption measures. **In October** we met with **Yara ASA** to discuss this in addition to other ESG related issues. In the follow-up meeting, the impression was that Yara's anti-corruption program is strong now. However, with a large presence in challenging countries in terms of corruption risk (Brazil, etc.) the anti-corruption work has to be pursued continuously. Other material ESG topics such as water stress and carbon emission were also discussed. Yara seems to have a fairly strong handle on ESG-risks related to corruption, water stress and greenhouse gas emissions.

A follow-up meeting with **Wilmar International Ltd. was held in November**. The company updated us on their progress on the implementation of human rights and labour rights. Wilmar is a major buyer of palm oil and an important company to engage with as the challenges facing supply chain in palm oil production are major and have been well known for years. Their work towards a more sustainable palm oil production is going forward, but it still requires dedication from the company and the industry in order to tackle the challenges.

Emerging market supply chain is another of the four thematic engagements we have put emphasis on in 2017. Together with 60 investors we signed earlier this fall an investor letter together with a report on investor expectations that were 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 was to convey the issue of child labour in the cocoa supply chain in West Africa. In **December** several of the cocoa companies were together with ILO and International cocoa initiative gathered in Switzerland to follow up on the investor expectations. Dialogues with the respective companies were held in December and there is hope for a change of industry practices.

News from the international community

COP 23 which took place in Bonn in November with the purpose to advance the aims and ambitions of the Paris Agreement and achieve progress on its implementation guidelines. After Trump's decision in June that he wanted to pull the US out of the Paris Agreement all eyes were on the US official delegation to see how they would navigate the negotiations. However, many of the US negotiators were the same officials who have been representing the US at COPs for years and they seemingly continued their negotiations with little change in attitude. Pre-2020 ambition became one of the focus points in negotiations, and is essential in order to reach a global reduction of greenhouse gas emissions after 2020.

In December Paris hosted the **Global Climate Summit**. Several commitments to the Paris Agreement were made during the summit. The World Bank announced it from 2019 would stop financing projects involving upstream oil and gas. Further, Norway, among others, is supporting France to mobilize sovereign wealth funds to advance responsible practices. From Norway, the Government Pension fund Global will participate in this working group.