



DNB

DNB ASSET MANAGEMENT
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DNB Asset Management: Responsible and Sustainable Investments. News Q4 2018. 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.

General information

DNB's ethical investment guidelines 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 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



UNEP Finance Initiative
Innovative financing for sustainability



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SRI News 2018 Q4 - Company updates:¹

As we reach the end of 2018, we have voted at 139 AGMs/EGMs in Norway and 30 internationally. Of these, we have voted against management's recommendations for 34 Norwegian companies and eight global companies. We see an increase in credible shareholder resolutions on ESG topics. In May, we voted for one such shareholder resolution at Anadarko Petroleum Corp's AGM which called for greater disclosure on climate scenario analysis. With more than half of shareholders voting in favour of the resolution, Anadarko published a Climate Change Risk Assessment and Management Report in November. We met with the company again in December to discuss potential for further improvements to its climate change disclosure, specifically regarding climate scenarios and impact on strategy, as well as target setting, particularly related to methane emissions. We have also encouraged the company to link executive compensation to climate issues, as is considered best practice. In 2019, we expect that we will vote for further shareholder resolutions on ESG issues.

This year, we have focused on climate change, anti-corruption and responsible tax practices amongst other ESG topics. In connection with our work on these areas, we have developed and published expectation documents. This is an important part of our standard setting work, communicating our expectations around best-practice and for use as a starting point for dialogues with companies on these topics.

In November we reached out to Novartis AG to discuss issues around corruption and responsible tax practices. Novartis has previously revised and updated its anti-bribery policy, which is followed at global and subsidiary level. The company is now in the middle of

a five-year cultural transformation process, which we will continue to follow up on. Novartis will probably start a third party independent audit of this process in H2 2019. Regarding tax, we wished to uncover gaps related to policies and payments. The company appears to be well-aligned with our tax expectations and aims to make further strides in terms of openness in 2019, for example through country-by-country reporting. The company's identified tax-gap will be followed up on in connection with future disclosure by the company.

Our work through the investor collaboration Climate Action 100+ continues. This five-year initiative led by investors targets the world's largest 100 greenhouse gas emitters and other global companies and aims to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures. As collaborating investors on Equinor and Maersk, we have had insightful meetings with these companies and are happy to see that Equinor continues to be world-leading in regards to its scenario analysis work and that Maersk has recently committed to become carbon neutral by 2050² (without offsetting carbon). A big breakthrough for the investor group has been Royal Dutch Shell's announcement that it will both establish carbon emissions targets and link these targets to executive remuneration, which happened on the back of CA100+ engagement with the company. The plan, as well as the first set of targets, is due to be presented at the company's 2020 AGM.

International News

The Global Climate UN, Conference of Parties (COP) 24 in Katowice in December, ended with countries agreeing on concrete ways forward to bring the Paris-agreement to life. The 'Katowice rulebook' includes consensus from almost 200 Parties around ambitions related to climate finance, transparency and adaptation.³ However, agreement around rules on carbon markets and welcoming of the IPCC's Special Report on Global Warming of 1.5C remains.

In late December, the Norwegian Government's expert group on climate risk (Klimautvalget), headed by Martin Skancke, Chair of UNPRI, published its report on climate-related risks and their potential impact on the Norwegian economy.

¹ For further information on our work within responsible investments, see our 2017 Annual Report: https://www.dnb.no/portalfont/nedlast/en/about-us/corporate-responsibility/2017/Annual_Report_Responsible_Investments_2017.pdf

² <https://www.ft.com/content/44b8ba50-17cf-11e8-af46-2022a0b02a6c>

³ <https://cop24.gov.pl/highlights/details/news/success-of-cop24-in-katowice-we-have-a-global-climate-agreement/>

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.