



# 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 or
- harm to the environment.

Our ethical investment guidelines 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 ethical investment guidelines throughout DNB. Input and basic data for decision-making comes to the committee from dedicated SRI-analysts 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 SRI Platform 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 have established a specific negative screening beyond the scope of the ethical investment guidelines; perform a positive ESG-screening, climate change analysis and other integration strategies. DNB continuously develop the model and the ESG-criteria. We are also flexible to adapt 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:

PRI, the Principles for Responsible Investment is an investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact with six principles for how to invest responsibly. DNB 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 trying 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 2016 Q1 - COMPANY UPDATES:

DNB Asset Management (DAM) will not invest in companies involved in the production of controversial weapons. In 2016 Q1, two additional companies associated with nuclear weapons have been excluded from our investment universe. BAE Systems is a global defense, aerospace, and security company employing 83,000 people worldwide. The company has been in and out of exclusion lists for issues related to nuclear weapons. BAE Systems is involved with the US Navy Trident and US Air Force Minuteman missiles programs, etc. Our guidelines do not allow companies that “develop and produce main components of nuclear weapons” (including “infrastructure for the maintenance of nuclear weapons”). BAE Systems seems to be in violation of these guidelines. Finmeccanica has also been excluded by DAM for similar reasons. The company is a global player in the high-tech sectors, and a major operator worldwide in the aerospace, defense, and security sectors. Finmeccanica is involved in the design, development and delivery of Transporter Erector Replacement Vehicles to support the US Minuteman III-fleet. It is also involved in the joint venture (MBDA-Systems) that supplies medium-range air-to-surface missiles for the French arsenal.

Corruption is a widespread problem globally. In these cases, the typical response from DNB Asset Management is a period of engagement in order to establish the facts as well as to try to influence companies in a positive direction (typically together with other major investors). In the case of ZTE Corporation (a listed telecommunication company in China/HK), there have been accusations of corruption in 18 countries and the company is under investigation in 10 of those countries. ZTE has also in one case been convicted of corruption (Algeria, 2012). Due to the past pattern of corruption and the unacceptable risk of further corruption, DAM has excluded the company from its investment universe.

Illegal exploration of natural resources in the occupied territories of Western Sahara is another area of concern. In this regard, DNB has joined engagement activities directed towards several companies including Glencore PLC.

## OTHER NEWS

Climate changes and coal: The Nordic region has long been in the forefront of sustainable investments for fund managers. NBIM has been a trendsetter both in Norway and Internationally. NBIM has for a lengthy period worked on issues associated with climate changes - especially coal and greenhouse gases. Their work in this area, including clarifying guidelines and excluding companies has intensified in the last couple of years. In parallel with NBIM, DNB Asset Management (and the DNB Group) has spent considerable time on this topic, and in early 2016 DAM finalized the new guidelines for climate and coal in its ethical guidelines (see the first page).

ESG-rating of funds: The focus on sustainable investments is gaining traction in the global financial community. One visible sign of this is that MSCI ESG Research Inc. launched MSCI ESG Fund Metrics in March, a product that provides ESG-rating over 21,000 multi-asset class mutual Funds and ETFs globally. Furthermore, Morningstar is also in the process of introducing ESG-ratings of all the funds it covers. Morningstar will base their ratings on the works of Sustainability.

## 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 Norwegian School of Economics in Bergen.



Karl G. Høgtun works as analyst 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 American Graduate School of Management (Thunderbird).

Please contact us for any questions or feedback.