



# DNB

DNB ASSET MANAGEMENT  
Naturally. Norwegian.

## DNB Asset Management: Responsible and Sustainable Investments. News Q2 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](http://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](http://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](http://www.unepfi.org)



UNEP Finance Initiative  
Innovative financing for sustainability



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## SRI News 2018 Q2 - Company updates<sup>1</sup>:

We have had ongoing dialogue with Norsk Hydro ASA since February regarding allegations of water and environmental pollution at its Alunorte alumina refinery in Barcarena, Brazil following heavy rainfall. Concerns regarding the company's exposure to potential risks related to corruption, water, and waste handling in Brazil were raised in the Committee of Responsible Investments' meeting in September 2017. Our three engagement objectives are that Hydro: upgrades the plant such that it is more robust and capable of storing tailings, also in a climate change scenario with more severe rainfall patterns; takes greater responsibility for the local community; and conducts an independent audit of the situation and its processes with a highly trustworthy external party.

We reached out to Anadarko Petroleum Corp in May to discuss a shareholder resolution calling for greater disclosure on climate scenario analysis. The company's public disclosure of its climate strategy is limited and does not provide detail about the methodology and assumptions used in scenario analysis. We therefore voted for this shareholder resolution, with the intention of influencing the company to become increasingly transparent in this area.

We have recently joined three new investor working groups. Collaborative engagement allows us to influence companies more effectively. The Ceres Investor Water Hub<sup>2</sup> aims to share information, data and learnings and develop more effective research methods to assess water risks and opportunities. UNFP FI's TCFD Investor Pilot<sup>3</sup> will develop scenarios, models and metrics to enable scenario-based, forward-looking assessment and disclosure of climate-related risks and opportunities for investors in line with the TCFD recommendations. The UN PRI/Ceres Cattle Engagement is one of four collaborative engagements under the theme 'deforestation and land-use'. Cattle is a key area for engagement due to the considerable impact cattle has on deforestation both due to land clearing for pasture land, and due to the indirect impact from use of soy as a primary feedstock for the animals.

Thus far in 2018, we have voted at 109 AGMs in Norway and 28 internationally – a total of 137 AGMs<sup>4</sup>. Reoccurring themes include remuneration, Board structure, double roles (between the Board, management and Nomination Committee) and capital structure (including authorisations). We are also increasingly seeing shareholder proposals related to ESG themes, specifically in regards to climate-related disclosure. Other ESG topics include reporting on political lobbying and gender pay disparity.

<sup>1</sup> 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](https://www.dnb.no/portalfont/nedlast/en/about-us/corporate-responsibility/2017/Annual_Report_Responsible_Investments_2017.pdf)

<sup>2</sup> [https://www.ceres.org/sites/default/files/Fact%20Sheets%20or%20misc%20files/2017\\_Investor%20Water%20Hub%201-Pager.pdf](https://www.ceres.org/sites/default/files/Fact%20Sheets%20or%20misc%20files/2017_Investor%20Water%20Hub%201-Pager.pdf)

<sup>3</sup> <http://www.unepfi.org/investment/tcfd/>

<sup>4</sup> [https://www.dnb.no/portalfont/nedlast/no/privat/Praktisering\\_Retningslinjer\\_stemmegivning\\_Norge.pdf?popup=true](https://www.dnb.no/portalfont/nedlast/no/privat/Praktisering_Retningslinjer_stemmegivning_Norge.pdf?popup=true)

## News from the international community

Oil sands are typically more carbon intensive than thermal coal and are also associated with other severe environmental challenges<sup>5</sup>. Based on this assessment we have excluded Cenovus Energy Inc, MEG Energy Corp and Athabasca Oil Corp from our investment universe in Q2. We will also be evaluating further companies who derive a significant percentage of their revenues from oil sands. Emphasis is placed on forward-looking assessments of the companies, including any plans which will reduce the share of their income or operations derived from oil sands and/or increase the share of their income or operations derived from renewable energy sources.

### International News

Following the EU Commission's Action Plan on Sustainable Finance<sup>6</sup>, in May the Commission has submitted its first three legislative proposals which include proposed regulation on sustainable taxonomy, investor duties and benchmarks.

<sup>5</sup> [https://www.klp.no/polopoly\\_fs/1.38621.1509968953!/menu/standard/file/UnconventionalOilAndGasInaCarbonConstrainedWorld-September2017.pdf](https://www.klp.no/polopoly_fs/1.38621.1509968953!/menu/standard/file/UnconventionalOilAndGasInaCarbonConstrainedWorld-September2017.pdf)  
<sup>6</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018DC0097&from=EN>

## 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.