

## **Declaration on Sustainable Investment set by Sbanken ASA in April 2018**

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Sbanken appreciates that integrating strategies on sustainability into investment processes poses challenges as well as opportunities to asset managers, and we acknowledge that there are a variety of recognized environmental, social and governance (ESG) strategies available. At Sbanken, these challenges are taken seriously throughout our operations. Through our fund distribution platform, we distribute funds from several asset managers to our customers. It is our objective to provide our customers with adequate and transparent information regarding the funds' ESG strategies when choosing funds on our platform.

Feedback from our customers shows a significant interest in areas concerning ESG and we are expected to provide information on funds' ESG strategies. We have therefore created a sustainability fund labelling. By signing this Declaration on Sustainable Investment, and indicating which level you believe your fund(s) should belong to, your fund(s) will be evaluated and given the opportunity to obtain our sustainability labelling. All funds on the fund distribution platform will be screened by a third party provider on a quarterly basis. If a fund is found not to meet the criteria it has signed on to, Skandiabanken will reach out to the fund manager. Depending on the outcome of that dialogue, the fund may be downgraded.

There are two positive levels of the sustainability labelling: two leaves for a robust sustainability standard, and one leaf signifying a minimum sustainability standard. Managers who do not sign our declaration on sustainable investment will not receive any positive sustainability label. If a fund is identified to be invested in companies that are in breach of the minimum sustainability standard and the manager has not signed this Declaration on Sustainable Investment, the fund will automatically receive a red triangle. The red triangle flags that this is a fund that most of our customers, based on customer feedback, do not want to be invested in.

Sbanken wants to emphasize a few principles, essential throughout our operations:

- Openness and transparency - we always strive to be open to our customers and stakeholders in terms of how we think and what we do. If we misstep, we are committed to correcting the error as soon as possible.
- Understanding where we can make a difference. We are a strict distributor of funds, and do not provide any funds of our own. We believe that engaging on sustainable investment with asset managers is where we can make a real contribution to our customers and society as a whole, pushing for enhanced transparency and greater focus on considering ESG factors in asset managers' investment strategies.
- We acknowledge that the area of sustainable investment is under constant development, and strive to contribute to that development in cooperation with our customers.

Please find below Appendix A Definitions of the icons on the fund platform for details on the different labels.

If you want to participate and help us be transparent to our clients, please fill out the table below and return a signed copy to [svennsandoy@sbanken.no](mailto:svennsandoy@sbanken.no) or your contact in Sbanken.



## Appendix A. Definitions of the icons on the fund platform

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Sbanken ASA (the Bank) requires all Asset Managers that wants to distribute funds through the Bank's platform to endorse the principles set out in the United Nations supported Principles for Responsible Investment. In communication with the Asset Managers, all funds are labelled according to the criteria set out below.

### Two green leaves

Two green leaves signifies a robust sustainability standard, meaning that the Bank considers the fund to be sustainable, based on a systematic evaluation of investments derived from environment, social and governance factors, in line with the criteria set out below.

A fund with two leaves:

- Has a strategy for identifying investments in breach of international norms on human rights, labour rights, environment and anti-corruption, and integrating this in the investment process. This may include divestment, engagement, voting or integration.
- Discloses an approach to addressing climate change risks in its investment strategy.
- Discloses an approach to high risks industries, including mining, oil and gas, energy, aerospace and defence.
- Actively monitors the Government Pension Fund of Norway's exclusion list.

In addition, the fund seeks to avoid investments in companies which themselves or through entities they control are involved in:

- Controversial weapons (anti-personnel mines, cluster munitions, biological weapons, chemical weapons and nuclear weapons)
- Tobacco production 0 %
- Pornography production 0 %
- Military equipment, production, distribution and services 5 %
- Coal mining 20 %
- Power generation from fossil fuel 30 %
- Supplying military equipment in breach with arms embargos

## One green leaf

One green leaf signifies a high sustainability standard, meaning that the Bank considers the fund sustainable, based on a systematic evaluation of investments derived from environment, social and governance factors, in line with the criteria set out below.

A fund with one green leaf:

- Has a strategy for identifying investments in breach of international norms on human rights, labour rights, environment and anti-corruption, and integrating this in the investment process. This may include divestment, engagement, voting or integration.
- Actively monitors the Government Pension Fund of Norway's exclusion list.

In addition, the fund seeks to avoid investments in companies which themselves or through entities they control are involved in:

- Controversial weapons (anti-personnel mines, cluster munitions, biological weapons, chemical weapons and nuclear weapons)
- Tobacco production
- Supplying military equipment in breach with arms embargos

## One yellow leaf

One yellow leaf signifies a minimum sustainability standard, meaning that the Bank considers the fund sustainable, based on a systematic evaluation of investments derived from environment, social and governance factors, in line with the criteria set out below.

A fund with one yellow leaf:

- Has a strategy for identifying investments in breach of international norms on human rights, labour rights, environment and anti-corruption, and integrating this in the investment process. This may include divestment, engagement, voting or integration.

In addition, the fund seeks to avoid investments in companies which themselves or through entities they control are involved in:

- Controversial weapons (anti-personnel mines, cluster munitions, biological weapons, chemical weapons and nuclear weapons)
- Tobacco production
- Supplying military equipment in breach with arms embargos

A yellow leaf will also be applicable where the fund fulfill the criteria for a green leaf, but where the fund manager has a different definition of what is considered involvement in the issues listed above then Sbanken. Whether definitions differ too far is determined at Sbanken's discretion after dialogue with the fund manager.

## No label

Funds that have not signed the Bank's Declaration on Sustainable Investments, but whose investments comply with a "one leaf label" at the time of screening.

## Red triangle

A red triangle signifies that the fund does not comply with the minimum sustainability standard as required under one green leaf.