

# Instructions for Exclusions

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Gjensidige

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# Instructions for Exclusions

## 1. Purpose

The purpose of these instructions is to operationalise the Group Policy for Responsible Investments. This is to achieve the goals of ensuring an asset management that takes into account achieving the highest possible long-term return while maintaining ethical and environmental principles for the benefit of Gjensidige's stakeholders and reputation. The Instruction for Exclusions should support the goal to achieve net zero emissions of greenhouse gases by 2050 at the latest.

## 2. Area of application/target group

These instructions apply to Gjensidige Forsikring ASA and its subsidiaries.

The instructions apply to both assets managed for Gjensidige's account and risk, and assets managed on behalf of all external customers (such as pension assets, customer advice etc.) where Gjensidige makes the decision on where to place the customer's funds.

Funds offered to the general public, where the customers select their own funds, shall be labelled. For these funds, the labelling can be based on analyses by reputed third parties. Sections 5, 6 and 7 below are not applicable to such funds. Section 4 is applicable in terms of exclusion policy requirements, but not in terms of continuous control and reporting. In cases where no such labelling exists, an internal assessment and follow-up shall be made in relation to other funds used by Gjensidige, informing the customer of the ethical standard of the fund.

Defined contribution pension products sold by partners who wish to use their own funds are not covered by these instructions.

## 3. Definitions

For definitions, see the Group Policy for Responsible Investments.

## 4. Division of roles and responsibilities

Role/Function	Responsibility
CEO	<ul style="list-style-type: none"> <li>appropriate organization and necessary resources for compliance with this instruction.</li> </ul>
CFO	<ul style="list-style-type: none"> <li>responsibility for ensuring that this instruction is updated at all times in accordance with the Group Policy for Responsible Investments.</li> </ul>
CIO	<ul style="list-style-type: none"> <li>that there is an updated list of companies that are excluded from Gjensidige's investment universe.</li> <li>selection and follow-up of external managers for the group. When choosing a fund, the funds' ESG policy must be reviewed. ESG in selected funds must as a minimum comply with Gjensidige's requirements for exclusions adopted in the Group Policy for Responsible Investments*.</li> <li>follow up funds and investment portfolios and check that the exclusion list is followed up / complied with*.</li> </ul>
CRO	<ul style="list-style-type: none"> <li>is responsible for the department Investment Performance and Risk Measurement (IRM) controlling which excluded companies the group is exposed to.</li> </ul>
Investment Performance and Risk Measurement (IRM)	<ul style="list-style-type: none"> <li>reports on compliance with this instruction to the CFO</li> </ul>

\*To be distributed, funds offered to the general public where the customers make their own choices shall also have an exclusion policy that complies with Gjensidige's policy.

If, on Gjensidige Pensjonsforsikring's (GPF) fund platform, funds are made available to customers that do not comply with Gjensidige's policy for responsible investments and / or instructions for exclusions, these must be marked with this information.

Branches/companies in the Group that use external fund managers in their business operations shall choose fund managers within the universe of managers approved by the Group's Chief Investment Officer. When using fund managers for discretionary portfolios, the managers must be approved by the Group Chief Investment Officer the same way as for funds.

## **5. Requirements and methods for exclusion**

### **5.1 Gjensidige's exclusion criteria and process**

Companies that commit serious and/or systematic violations of the ten UN Global Compact principles or do not comply with international conventions on inhumane weapons, and that fail to take satisfactory steps to correct their conduct within reasonable time, shall be excluded from Gjensidige's investment universe. Gjensidige supports the Paris Agreement and therefore net zero emissions of greenhouse gases have been given a special focus in formulating the group's strategy for responsible investments. Companies with activities and strategies that are not compatible with such a strategy must be considered excluded if other measures are not considered sufficient. In cases where it is assumed that Gjensidige is in a position to influence the company and believes that a solution can be arrived at through active ownership, a decision can be made to place a company on an observation list. In such cases, new investments shall not be made in the company, and the extent to which the desired effect is achieved through active ownership must be continuously assessed. This solution is reserved for companies Gjensidige has a material direct investment in or customer relationship with. The Group's CIO makes the final decision to exclude and/or place a company on an observation list, in consultation with the CRO.

Assessments relating to the UN Global Compact principles are based on and make reference to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, and the conventions on which they are based.

Countries found to be in serious breach of international conventions, on the basis that particularly extensive UN sanctions have been adopted, including companies contributing to such breaches directly or indirectly shall be excluded from the investment universe.

The analytics process shall primarily be based on analyses and decisions made by external suppliers such as Sustainalytics and Storebrand. Exclusion shall be based on an overall assessment, and the following criteria are decisive:

- Satisfactory documentation that the company has violated Gjensidige's principles for responsible fund management.
- Whether the violations are serious and/or systematic.
- The company's reaction to the identified violations.

### **5.2 Consequences of exclusion**

In portfolios where entities in the Gjensidige Insurance Group, including subsidiaries, make direct investments themselves and decide the composition of companies, no direct investments shall be made in excluded companies. If such companies are found in the portfolios, they must be sold as soon as possible and within 30 days. The CIO may, in consultation with the CRO, extend the deadline by up to 60 days if a sale will incur unreasonable transaction costs.

When making investments in external funds, Gjensidige shall check that the fund's ethical guidelines are complied with in the fund manager selection process. Furthermore, external funds must be checked against Gjensidige's exclusion list. If companies that Gjensidige has excluded appear in funds, Gjensidige shall make endeavours to ensure that Gjensidige's criteria are followed. Fund managers shall be given reasonable time to carry out own investigations and outline possible solutions. Managers who are unable to provide a satisfactory explanation within reasonable time or who fail to demonstrate willingness to satisfy Gjensidige's SRI criteria will not be given new investment mandates. If

the violation is severe enough, existing investments shall be terminated.

Gjensidige Forsikring's CIO is responsible for following up the management of portfolios managed under the auspices of Gjensidige Forsikring and Gjensidige Pensjonskasse.

Gjensidige Pensjonsforsikring's CIO is responsible for following up the management of portfolios managed under the auspices of Gjensidige Pensjonsforsikring.

The person responsible for the customer relationship carries out the dialogue with external fund managers. The Group CFO and the Head of Sustainability can be consulted in more challenging cases.

## 6. Reporting

A report on compliance with the exclusion list shall be prepared on a quarterly basis. The report shall be prepared by the IRM department and sent to the CFO, CIO and the Head of Sustainability. The report shall include an overview of excluded companies and changes since the last report, a list of portfolios and funds that contain excluded companies and an overview of the dialogue with external fund managers and exclusions made.

Gjensidige Forsikring ASA's CIO is responsible for reporting relating to portfolios managed under the auspices of Gjensidige Forsikring and Gjensidige Pensjonskasse is performed.

Gjensidige Pensjonsforsikring's CIO is responsible for reporting relating to portfolios managed under the auspices of Gjensidige Pensjonsforsikring is performed.

## 7. Control

External funds shall be verified against lists of holdings from funds or third-party databases such as

Morningstar on a quarterly basis, and no later than 45 days after the end of the quarter.

## 8. Appendix

Assessments regarding the UN Global Compact principles are based on and make reference to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, and the conventions on which they are based. These conventions include:

### UN instruments:

- Arms Trade Treaty, 2013
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, 1989
- Convention on Biological Diversity, 1992 (and relative protocols)
- Declaration of the United Nations Conference on the Human Environment, 1972
- FAO International Treaty on Plant Genetic Resources for Food and Agriculture, 2001
- IMO Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter, 1972 (and relative protocol)
- IMO International Convention for the Prevention of Pollution from Ships, 1973 (and relative protocols)
- IMO International Convention on Oil Pollution Preparedness, Response and Cooperation, 1990
- Minamata Convention on Mercury, 2013
- Non-legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of all Types of Forests, 1992
- Principles for Responsible Banking
- Principles for Responsible Investment
- Rio Declaration on Environment and Development, 1992
- Rotterdam Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade, 1998
- Stockholm Convention on Persistent Organic Pollutants, 2001
- UN Convention against Corruption, 2003

- UN Convention against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988
  - UN Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, 1994
  - UN Convention against Transnational Organized Crime, 2000 (and relative protocols)
  - UN Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects, 1980 (and relative protocols)
  - UN Convention on the Elimination of All Forms of Discrimination against Women, 1979
  - UN Convention on the Law of the Sea, 1982
  - UN Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction, 1992
  - UN Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction, 1997
  - UN Convention on the Rights of Persons with Disabilities, 2006
  - UN Convention on the Rights of the Child, 1989 (and relative optional protocols)
  - UN Convention relating to the Status of Refugees, 1951 (and relative protocol)
  - UN Convention to Combat Desertification, 1994
  - UN Declaration on the Rights of Indigenous Peoples, 2007
  - UN Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities, 1992
  - UN Framework Convention on Climate Change, 1992 (and subsequent Kyoto Protocol and Paris Agreement)
  - UN Guidelines for Consumer Protection, 2016
  - UN Guiding Principles on Internal Displacement, 1998
  - UN International Convention for the Protection of All Persons from Enforced Disappearance, 2006
  - UN International Convention for the Suppression of the Financing of Terrorism, 1999
  - UN International Convention on the Elimination of all Forms of Racial Discrimination, 1965
  - UN International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, 1990
  - UN International Covenant on Civil and Political Rights, 1966
  - UN International Covenant on Economic, Social and Cultural Rights, 1966
  - UN Treaty on the Non-Proliferation of Nuclear Weapons, 1968
  - UN Universal Declaration on Human Rights, 1948
  - UNECE Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters, 1998
  - UNECE Convention on Environmental Impact Assessment in a Transboundary Context, 1991
  - UNECE Convention on Long-range Transboundary Air Pollution, 1979
  - UNECE Convention on the Protection and Use of Transboundary Watercourses and International Lakes, 1992
  - UNECE Convention on the Transboundary Effects of Industrial Accidents, 1992
  - UNEP Convention on the Conservation of Migratory Species of Wild Animals, 1979
  - UNESCO Convention Concerning the Protection of the World Cultural and Natural Heritage, 1972
  - WHO Ethical Criteria for Medicinal drug Promotion, 1988
  - WHO Framework Convention on Tobacco Control, 2003
  - WHO Good Manufacturing Practices for Pharmaceutical Products: Main Principles
- ILO instruments:**
- ILO Convention concerning Conditions of Employment of Plantation Workers, 1958 (No. 110)
  - ILO Convention concerning Discrimination in Respect of Employment and Occupation, 1958 (No. 111)
  - ILO Convention concerning Equal Remuneration for Men and Women Workers for Work of Equal Value, 1951 (No. 100)
  - ILO Convention concerning Forced or Compulsory Labour, 1930 (No. 29)

- ILO Convention concerning Freedom of Association and Protection of the Right to Organise, 1948 (No. 87)
- ILO Convention concerning Indigenous and Tribal Peoples in Independent Countries, 1989 (No. 169)
- ILO Convention concerning Migration for Employment, 1949 (No. 97)
- ILO Convention concerning Minimum Age for Admission to Employment, 1973 (No. 138)
- ILO Convention concerning Minimum Wage Fixing, with Special Reference to Developing Countries, 1970 (No. 131)
- ILO Convention concerning Occupational Safety and Health and the Working Environment, 1981 (No. 155)
- ILO Convention concerning Safety and Health in Construction, 1988 (No. 167)
- ILO Convention concerning Safety and Health in Mines, 1995 (No. 176)
- ILO Convention concerning the Abolition of Forced Labour, 1957 (No. 105)
- ILO Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively, 1949 (No. 98)
- ILO Convention concerning the Prevention of Major Industrial Accidents, 1993 (No. 174)
- ILO Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, 1999 (No. 182)
- ILO Convention concerning the Promotion of Collective Bargaining, 1981 (No. 154)
- ILO Convention concerning the Protection of Wages, 1949 (No. 95)
- ILO Convention concerning the Reduction of Hours of Work to Forty a Week, 1935 (No. 47)
- ILO Convention Limiting the Hours of Work in Industrial Undertakings to Eight in the Day and Forty-eight in the Week, 1919 (No. 1)
- ILO Declaration on Fundamental Principles and Rights at Work, 1998
- ILO General Principles and Operational Guidelines for Fair Recruitment, 2016
- ILO Guidelines on Occupational Safety and Health Management Systems, 2001
- ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy

**Other instruments:**

- Convention for the Protection of the Marine Environment of the North-East Atlantic, 1992
- Convention on Cluster Munitions, 2008
- Convention on the Prohibition of Development, Production, Stockpiling of Bacteriological (Biological) and Toxin Weapons and on the Destruction, 1972
- Equator Principles
- EU Sanctions
- Geneva Conventions, 1949 (and relative protocols)
- Hague Conventions with Respect to the Laws and Customs of War on Land and its annex: Regulations concerning the Laws and Customs of War on Land, 1899 and 1907
- IAEA Convention on Nuclear Safety, 1994
- IAEA Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management, 1997
- IAEA Safety Standards
- ICGN Global Corporate Governance Principles
- ICMM Mining Principles
- IMF Fiscal Transparency Code
- International Convention for the Regulation of Whaling, 1946
- International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation, the FATF Recommendations
- IUCN Convention on International Trade in Endangered Species of Wild Fauna and Flora, 1973
- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997
- PACI Principles for Countering Bribery, 2013
- Ramsar Convention on Wetlands of International Importance especially as Waterfowl Habitat, 1971
- UN Sanctions
- Vienna Convention for the Protection of the Ozone Layer, 1985 (and subsequent Montreal Protocol)

