



Decision to exclude companies that produce alcohol

November 2019

Introduction

KLP and the KLP Funds (KLP) have decided to exclude eight companies from their investment portfolios because they earn more than 5 per cent of their revenues from the production of alcohol.

Background

With effect from May 2019, KLP's board of directors has decided to introduce a product-based criterion for the exclusion of companies involved in the production of alcohol. This decision rests on the following factors:

- KLP does not wish to earn money from investments in alcohol production.
- Pension fund assets and savings can contribute to sustainable development and have a positive impact on society by being invested in other companies.
- Abuse of alcohol has a negative effect on vulnerable groups in the population and its consequences lead to social harm and costs for KLP's customers and owners.

In addition, KLP aims to be a place for everyone – including those with stronger than usual preferences with regard to how their pensions are managed. In the process of evaluating whether to introduce new exclusion criteria, KLP has listened carefully to important stakeholders, our customers and owners.

Furthermore, it is KLP's clearly stated ambition to contribute to the realisation of the UN Sustainable Development Goals through its management of pension fund assets. Sustainable Development Goal No. 3, *Good Health and Wellbeing* for all at all ages, has a clear link to alcohol consumption and the literature on alcohol's negative effect on health. Subgoal 3.5 in particular says that we must: *Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol.*¹

Analysis

¹ <https://www.un.org/sustainabledevelopment/health/> (<https://www.fn.no/Om-FN/FNs-baerekraftsmaal>)

For many people, the consumption of alcohol is a pleasant recreation that they enjoy. It is also an important part of a positive culture in society. Unfortunately, however, the consumption of alcohol leads to serious problems for some people. Often, it is not only the individual concerned who is affected, but also their family and – in particular – their children.

The World Health Organisation (WHO) has a clear focus on the impact of alcohol on health, the risk of disease and on the damage it causes. In connection with the WHO's latest status report on alcohol and health, the organisation's Director-General, Dr Tedros Adhanom Ghebreyesus, said: "*Far too many people, their families and communities suffer the consequences of the harmful use of alcohol through violence, injuries, mental health problems and diseases like cancer and stroke.*"² He also said it was time to step up action to prevent this serious threat to the development of healthy societies.³

Alcohol can have both acute and long-term effects on health and quality of life.⁴ The acute effects relate primarily to an increased risk of accidents, violence, suicide and suicide attempts when under the influence of alcohol.⁵ The long-term effects are due to a high rate of consumption over time, and lead to a greater risk of, for example, stroke, certain types of cancer, problems with digestion and reduced stomach/intestinal function, mental health problems, cardiovascular diseases and liver damage.⁶

According to the WHO, alcohol consumption resulted in 3 million deaths, or 5.3 per cent of all deaths, in 2016.⁷ By comparison, tobacco accounted for 6 million deaths worldwide in 2016.⁸ A total of 336 alcohol-triggered deaths were recorded in Norway in 2016.⁹ This is less than 1 per cent of all deaths.¹⁰ However, it is worth noting that unlike the WHO's figures, this covers only deaths where alcohol was the direct cause, and does not include deaths resulting from diseases in which alcohol was a contributory factor, traffic accidents or other sudden deaths.

Alcohol-related harm to health is not equally distributed across all social groups. Economically and/or educationally disadvantaged groups are more vulnerable.¹¹ This also

² <https://www.who.int/news-room/detail/21-09-2018-harmful-use-of-alcohol-kills-more-than-3-million-people-each-year-most-of-them-men>

³ *ibid*

⁴ <https://fhi.no/hn/helse/artikler/alkohol-og-narkotika/>

⁵ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2887748/>

⁶ <https://www.who.int/news-room/detail/21-09-2018-harmful-use-of-alcohol-kills-more-than-3-million-people-each-year-most-of-them-men>, <https://fhi.no/hn/helse/artikler/alkohol-og-narkotika/>

⁷ <https://apps.who.int/iris/bitstream/handle/10665/274603/9789241565639-eng.pdf?ua=1>

⁸ [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(17\)30819-X/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(17)30819-X/fulltext)

⁹ <https://www.fhi.no/ml/alkohol/alkoholutlostedodsfall-i-norge-i-2016/>

¹⁰ <https://www.ssb.no/dode/>

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<http://www.kommunetorget.no/Global/Sosial%20ulikhet%20i%20alkoholbruk%20og%20alkoholrelatert%20sykelighet%20og%20d%C3%B8delighet%20IS-2474.pdf>

means that differences in mortality rates in Norway can, to a certain extent, be attributed to different social groups' alcohol consumption.¹²

In recent years, alcohol has been described as one of the intoxicants that causes the most harm, if you consider both the harm to the users themselves and the harm it causes to others. The Norwegian Institute of Public Health points out that, in Norway, alcohol leads to significantly more social and health problems than narcotic drugs, and that high-risk alcohol consumption can reduce both the health and quality of life of the user's spouse/partner, children, friends, co-workers and neighbours.¹³ The literature pays particular attention to children who grow up in homes where alcohol is abused. A study carried out on behalf of the Norwegian Directorate of Health and Social Affairs estimated that 1 in 5 children in Norway grow up in a family in which alcohol is a problem.¹⁴ The link between growing up in a heavy-drinking household and developing a drink problem or other dependency and/or psychosocial issues is well documented.

International alcohol-related research indicates that there is a causal link between alcohol consumption and violence.¹⁵ Studies in Norway show that in cases of violent injuries treated at A&E centres, between a half and two-thirds of the patients were under the influence of alcohol.¹⁶

Alcohol has a number of economic consequences for society. One study estimated a cost of NOK 18–19.6 billion per year.¹⁷

The sale and advertising of alcohol in Norway is strictly regulated.¹⁸ However, KLP has investments worldwide and companies in many places do not have to abide by regulations that can help mitigate the negative aspects of alcohol consumption.

On this basis, KLP has decided not to invest in companies that earn more than 5 per cent of their revenues from the production of alcohol.

¹² <https://fhi.no/hn/helse/artikler/alkohol-og-narkotika/>

¹³ <https://fhi.no/hn/helse/artikler/alkohol-og-narkotika/>

¹⁴ https://lundbeck.com/upload/no/files/pdf/Alcohol%20in%20Norway%20-%20Use%20Consequences%20and%20Costs%202013_FINAL.pdf

¹⁵

https://www.ndphs.org/documents/2253/Babor_alc%20no%20ordinary%20comm%20second%20edition.pdf

¹⁶

<https://www.fhi.no/nettpub/alkoholinorge/konsekvenser-av-alkoholbruk/alkohol-og-vold/>

¹⁷ <http://www.forebygging.no/Rapporter-og-undersokelser/Temarapporter/Temarapporter-2004---2006/Utredning-av-de-samfunnsmessige-kostnadene-relatert-til-alkohol/>

¹⁸ <https://www.regjeringen.no/no/tema/helse-og-omsorg/psykisk-helse/innsikt/alkohol/id2528164/?expand=factbox2536071>

Decision

KLP and the KLP Funds have decided to exclude eight companies from their investment portfolios because they earn more than 5 per cent of their revenues from the production of alcohol.

Company	Revenue derived from production of alcohol
ANHUI GUJING DISTILLERY COMPANY LIMITED	90 %
Anhui Kouzi Distillery Co Ltd	100 %
BEIJING SHUNXIN AGRICULTURE CO.,LTD	55 %
Beijing Yanjing Brewery Co., Ltd.	94 %
Budweiser Brewing APAC	100 %
Chongqing Brewery Co., Ltd.	97 %
Jiangsu King's Luck Brewery Joint-Stock Co Ltd	100 %
Sichuan Swellfun Co., Ltd.	100 %