

Decision to exclude companies involved in the production of alcohol

January 2022

1 Introduction

According to *Guidelines for KLP as a responsible investor*¹ KLP should exclude from its investments any companies that are associated with gross and/or systematic violations of generally accepted standards of business conduct.

KLP and the KLP funds have decided to exclude 6 companies from their investments due to income from alcohol production. The current decision is based on KLP's product criterion for alcohol²

2 KLP's Guidelines and practice

As of May 2019, the board of KLP decided to introduce a product criterion for excluding companies involved in the production of alcohol. The background for the decision is:

- KLP does not want to make money on investments in alcohol
- Pension funds and savings can contribute to sustainable development and positive societal effects by being invested in other companies
- Abuse of these products affects vulnerable groups of the population and entails negative societal effects and costs. In Norway, these negative effects and costs are often borne by KLP's customers and owners

Based on this, KLP has decided not to invest in companies that receive more than 5 percent of income from alcohol production.

3 Information about the company

KLP receives data and analyzes from our data provider MSCI Inc.

3.1 Beijing Yanjing Brewery Co Ltd.

Beijing Yanjing Brewery Co., Ltd. is a China-based company that mainly brews and distributes beer.

The company receives 92 percent of income from alcohol production.

3.2 Suntory Holdings Ltd

The company is part of Suntory Beverage & Food Limited, a Japan-based company that mainly produces and sells beverages and food.

¹ <https://www.klp.no/en/english-pdf/Guidelines%20for%20KLP%20as%20a%20responsible%20investor.pdf>

² <https://www.klp.no/media/samfunnsansvar/Alkohol.kriterie.pdf>

The company receives 41 percent of income from alcohol production.

3.3 Tejon Ranch Co

Tejon Ranch Co. is a diversified real estate development and agribusiness company.

The company receives 6.85 percent of income from alcohol production.

3.4 Duckhorn Portfolio Inc

Duckhorn Portfolio Inc is a producer of wine.

The company receives 95 percent of revenue from alcohol production.

3.5 Anora Group Oyj

Anora Group Oyj is a Finnish company that produces, markets, sells, imports and exports alcoholic beverages in the Nordic and Baltic countries.

The company receives 62 percent of revenue from alcohol production.

3.6 Anhui Yingjia Distillery Co Ltd

Anhui Yingjia Distillery is a China-based company that produces liqueur products, among other things.

The company receives 100 percent of revenues from alcohol production.

4 KLP's analysis

In KLP's assessment, the above information indicates that the companies activities are not in line with KLP's guidelines as a responsible investor as the companies' income from alcohol production exceeds the limit of 5 percent.

5 Decision

KLP and the KLP funds exclude the abovementioned 6 companies from its investments from January 2022 due to revenues from alcohol production that exceed the limit of 5 percent.