

Decision to exclude companies involved in the production of tobacco

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 STG Global Finance B.V. from their investments due to income from tobacco production. The current decision is based on KLP's product criterion for tobacco, which is the same as applies to the Government Pension Fund Global (SPU).

2 KLP's Guidelines and practice

KLP looks at the same factors as the GPFG when we classify what is defined as tobacco production. According to the Guideline for KLP as a responsible investor, this is categorized as follows²:

The criterion for excluding companies that produce tobacco is limited to the tobacco product itself and does not include related products such as filters and flavorings or sales of tobacco products. All companies that themselves or through units they control cultivate tobacco plants or processing tobacco up to the final product shall be excluded regardless of whether tobacco production constitutes a large or a small part of the company's activities.

3 Information about the company

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

STG Global Finance B.V. is a subsidiary of the parent company Scandinavian Tobacco Group A / S. STG Global Finance B.V. receives 88 percent of its income from tobacco production through its financing of the parent company.

The parent company Scandinavian Tobacco Group A / S is based in Denmark and produces cigars and pipe tobacco. The company's portfolio contains more than 200 brands and has sales to more than 100 countries around the world.

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

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

4 KLP's analysis

According to KLP's assessment, the above information indicates that the company's activities are not in line with KLP's guidelines as a responsible investor as the company's income from tobacco production exceeds the limit of zero percent.

5 Decision

KLP and the KLP funds exclude STG Global Finance B.V. from its investments from January 2022 due to revenues from tobacco production that exceed the limit of zero percent.