

HARVEST FUNDS AS - ESG Policy

HARVEST FUNDS AS is following the United Nations' principles for responsible investments (UN PRI) and it is an objective for all Funds under management.

ESG is an integral part of the investment process and the investment philosophy of our Fund(s). ESG is used both as a risk-reducing factor/reactive return focus and as a value-creating factor/proactive return focus.

The Fund(s)'s investment universe is to a large extent aligned with the investment universes for both 'The Government Pension Fund Global' and 'The Government Pension Fund of Norway'. This enables our Fund to follow the advice of the Council on Ethics for the Norwegian Government Pension Fund Global, on whether investments in financial instruments issued by specified issuers are inconsistent with the Fund's Ethical Guidelines.

We incorporate ESG/Sustainability considerations in a binary fashion and not through relative portfolio weights, as firms with weak corporate governance, or even worse, operates in breach with our ethical guidelines, are excluded from investment. In the investment process of our Fund(s), all firms that are not part of the investment universes of the two Norwegian government pension funds are flagged. Such firms are subject to the investment team's careful judgment on whether an existing or potential investment comply with the ethical guidelines of Norges Bank's Council of Ethics.

The exclusion procedure encompasses both product-based and conduct-based ESG parameters:

- The product criteria for exclusion:
 - Companies that produce key components to weapons, which violate fundamental humanitarian principles through their normal use;
 - Tobacco production;
 - Companies that sell military equipment to the governments in North Korea and Syria; or
 - Mining companies and power producers which either directly, or through entities they control, derive 30 per cent or more of their income from thermal coal or base 30 per cent or more of their operations on thermal coal.

- The conduct criteria for exclusion:
 - Companies that contributes to or are responsible for serious or systematic human rights' violations.
 - Serious violations of the rights of individuals in situations of war or conflict.
 - Severe environmental damage.
 - Gross corruption; or
 - other particularly serious violations of fundamental ethical norms.

Last updated: 2020-01-01