

Expectations to companies on  
Oceans



## Objective

Threats and opportunities related to global oceans are a key focus for the whole DNB Group. Several of the UN Sustainable Development Goals (SDGs) are relevant including SDG 14<sup>1</sup> (Life below Water) as well as SDG 11, 12 and 13. In DNB, the starting point is the [DNB Group's Instruction for Responsible Investments](#) when considering sustainable investment practices in regards to oceans. The Instruction shall ensure that DNB does not contribute to the infringement of human or labour rights, corruption, serious environmental harm or other actions that could be regarded as unethical and/or unsustainable. It shall also ensure that assessments of risks and opportunities related to ESG (Environment, Social and Governance) factors are integrated in the investment management. At DNB Asset Management (DNB AM), we exercise our ownership rights in line with international norms and standards, including the UN Global Compact, UN Guiding Principles on Business and Human Rights, the G20/OECD Principles of Corporate Governance, and the OECD Guidelines for Multinational Enterprises. Our responsible investment approach utilises tools including standard setting, exclusions, active ownership (through dialogues, engagement and voting), and ESG-integration.

Our expectations towards companies call for a high level of transparency around how companies identify, assess and manage risks and opportunities related to the oceans, seas and marine resources. (Our expectations also cover the company's supply chain inclusive subcontractors, and companies should integrate environmental, social and governance criteria in their procurement and operational policies). This information may be utilised in our company analysis and as an input to investment decision-making. Other expectations documents DNB AM has published, including expectations on serious [environmental harm](#) and [climate change](#), are also relevant in regards to the oceans theme.

## Definition and scope

Global oceans cover 71% of the planet's surface and are an essential part of the biosphere, regulating the global climate by mediating temperature and driving weather changes<sup>2</sup>. Ocean issues are also of importance for many other major global challenges including biodiversity, food security, human rights, pollution, urban development, and energy supply. A key issue to consider is how the oceans theme fits into the broader focus on promoting a circular economy (including how to handle marine plastics waste).

Our engagements are aimed both at companies with activities directly linked to the ocean, and at those with land-based activities that are materially dependent on the ocean or which affect oceans significantly. The following sectors/activities are therefore especially relevant:

- Fishing and aquaculture (seafood)
- Offshore oil and gas
- Renewable marine energy (wind, etc.)
- Marine transport, ship building, ship recycling, and marine operations (including port activities)
- Deep sea mining
- Biotechnology (marine based)
- Marine/coastal tourism
- Land-based activities with significant influence on (and/or polluting) the oceans (mining, agricultural, chemicals, waste management, urban development, etc.)

## Introduction to oceans and sustainability

As previously mentioned, several of the SDGs are relevant to the broad topic of oceans and sustainability. It is especially relevant to highlight **SDG 14 Life Below Water, which aims to "Conserve and sustainably use the oceans, seas and marine resources"**. The oceans theme addressed the following sub-targets: 14.1: *"...prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution"*, 14.2: *"...sustainably manage and protect marine and coastal ecosystems..."*, 14.3: *"Minimise and address the impacts of ocean acidification..."*, 14.4: *"...effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices..."*,

<sup>1</sup> <https://www.un.org/sustainabledevelopment/oceans/>

<sup>2</sup> <https://www.worldwildlife.org/stories/how-climate-change-relates-to-oceans>

and 14.C: “Enhance the conservation and sustainable use of oceans and their resources by implementing international law as reflected in UNCLOS.”

Furthermore, **SDG 13 Climate Action** is also highly relevant. There is a strong link between ocean challenges and climate challenges. The oceans are disproportionately impacted by the increasing levels of GHGs in our atmosphere, leading to rising water temperatures, ocean acidification and deoxygenation<sup>3</sup>. However, there is also scope for oceans to provide solutions to the climate challenges. Ocean-based climate action could deliver a fifth of emissions cuts needed to limit temperature rise to 1.5°<sup>4</sup>.

In addition, **SDG 12 Responsible Consumption and Production** is of broad importance. It includes targets to achieve the sustainable management and efficient use of natural resources, and substantially reduce waste generation through prevention, reduction, recycling, and reuse.

Finally, sustainable urbanisation is also crucial for healthy oceans, see therefore **SDG 11 Sustainable Cities and Communities**. Unfortunately, rapid urbanisation of coastal zones further aggravates pollution, habitat loss and resource pressure. Bearing in mind that the coastal zone makes up only 10% of the ocean environment, and is home to over 90% of all marine species!<sup>5</sup>

One obstacle for reaching the goals of the key SDGs, is the lack of globally enforced standards and regulations regarding the oceans, and that a large part of the high seas are also beyond national jurisdictions. Therefore, it is important that affected companies set a high standard by following the letter and spirit of international standards and conventions. The most fundamental international agreement is the **UN Convention on the Law of the Sea (UNCLOS)**<sup>6</sup>, the “constitution for the ocean”.

A recent initiative, that builds on the widely accepted **UN Global Compact**, is the **Sustainable Ocean Principles**, which were launched in 2019. The DNB Group is signatory to the initiative. The nine principles cover the topics; ocean health & productivity, governance & engagement, and data & transparency<sup>7</sup>. Our expectations below build on these principles.

Companies should also support circular economy initiatives, and prepare to adjust to key initiatives and regulation related to promoting a circular economy. One of the key initiatives is the **EU Circular Economy Action Plan** and its 54 action points<sup>8</sup>. One of the most relevant parts for the sustainability of oceans is the **strategy on plastics in the circular economy**<sup>9</sup>. It contains four pillars including: “Curbing plastic waste and littering, with actions to reduce single-use plastics, tackle sea-based sources of marine litter, monitor and curb marine litter more effectively, actions on compostable and biodegradable plastics and actions to curb microplastics pollution”.

## Expectations to companies

We expect companies to address oceans and sustainability in their governance structure and strategy, and report on relevant metrics and targets. Our expectations are directed at all companies within our investment universe and are viewed as best-practice guidance.

<sup>3</sup> <https://www.iucn.org/resources/issues-briefs/ocean-and-climate-change>

<sup>4</sup> [http://live-oceanpanel.pantheonsite.io/sites/default/files/2019-09/2019\\_09\\_22%20HLP%20Press%20Release\\_FINAL.pdf](http://live-oceanpanel.pantheonsite.io/sites/default/files/2019-09/2019_09_22%20HLP%20Press%20Release_FINAL.pdf)

<sup>5</sup> <https://www.worldwildlife.org/initiatives/oceans>

<sup>6</sup> <https://unchronicle.un.org/article/achieving-sdg-14-role-united-nations-convention-law-sea>

<sup>7</sup> <https://www.dnvgl.com/news/30-companies-and-institutional-investors-commit-to-take-action-to-secure-a-healthy-and-productive-ocean-160615>

<sup>8</sup> <https://ec.europa.eu/environment/circular-economy/>

<sup>9</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019SC0090&from=EN>

### 1. Governance

- a. The management of sustainability issues related to oceans should have Board-level oversight.
- b. Follow and support the development of standards and best practices that are recognised in the relevant sectors/markets - contributing to a healthy and productive ocean and secure livelihoods. Pay particular attention to the letter and spirit of the United Nations Convention on the Law of the Sea (UNCLOS, 1982).
- c. Respect human-, labour- and indigenous peoples' rights in the company's ocean-related activities. In this respect, companies should exercise appropriate due diligence in their supply-chain, engage with relevant stakeholders and communities, and address identified impacts.

### 2. Strategy, risk management and engagement

- a. Assess the short- and long-term impact of their activities on ocean health, and incorporate such impacts into their strategy and policies – taking a full value-chain perspective (special consideration should be made of areas of high ecological or biological significance).
- b. Consider sustainable business opportunities that contribute to restoring, protecting or maintaining ocean health and productivity - and livelihoods dependent on the oceans.
- c. Take action to prevent pollution affecting the ocean, reduce greenhouse gas emissions in their operations, and work towards a circular economy.
- d. Plan and manage their use of and impact on marine resources and space in a manner that ensures long-term sustainability. Furthermore, take precautionary measures where their activities may impact vulnerable marine/coastal areas and related communities.
- e. Engage with relevant regulatory or enforcement bodies on ocean-related laws and regulations.

### 3. Disclosure, metrics and targets

- a. Be transparent about their ocean-related activities, impacts and dependencies in line with relevant reporting frameworks. As applicable, these reports should include goals/targets, action plans, and progress made.
- b. Where appropriate, share relevant scientific data to support research of relevance to the ocean.

## Additional sector-specific expectations

In addition to the expectations towards all companies outlined above, we also want to highlight further expectations towards companies operating in certain sectors.

### □ Fishing and aquaculture

- There are many challenges related to global fishing and aquaculture which are exacerbated due to overfishing and climate changes. Fishing in particular is also a high risks sector for modern slavery.
- Therefore, we expect companies within fishing and aquaculture to pay special attention to the following Guidelines and certifications<sup>10</sup>:
  - CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora)<sup>11</sup>
  - The Convention on Biological Diversity (CBD)<sup>12</sup>
  - The Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR)<sup>13</sup>
  - The Code of Conduct for Responsible Fisheries (FAO)<sup>14</sup>
  - The UN Straddling Fish Stocks Agreement (see UNCLOS)
- Companies should also aim for relevant certification, some of the most relevant are the **ASC** (aquaculture)<sup>15</sup> and the **MSC** Fisheries Standard<sup>16</sup>.

<sup>10</sup>The UN (FAO) and EU has also a number of other voluntary guidelines as well as laws that are relevant. Examples: **Principles for Responsible Shrimp Farming** (FAO etc.), **Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security** (FAO etc.), and **Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries in the Context of Food Security and Poverty Eradication** (FAO). In general, harmful fishing techniques should not be used, and fishers should not operate under flags of convenience.

<sup>11</sup>[https://www.cites.org/eng/CITES\\_proud\\_to\\_be\\_part\\_of\\_milestone\\_UN\\_Ocean\\_Conference\\_11062017](https://www.cites.org/eng/CITES_proud_to_be_part_of_milestone_UN_Ocean_Conference_11062017). Note that fishing for, and trade in, endangered animal species that are on CITES lists, should not take place.

<sup>12</sup><https://www.cbd.int/intro/>

<sup>13</sup><https://www.ospar.org/convention>

<sup>14</sup><http://www.fao.org/3/v9878e/v9878e00.htm>

<sup>15</sup><https://www.asc-aqua.org/>

## RESPONSIBLE INVESTMENTS

- Finally, companies involved in wild-caught fisheries should incorporate estimates for development of the stock of relevant fish species in their strategies and planning. They should also achieve sufficient traceability within the supply chain such that illegally caught fish cannot be sold. Lastly, fishers must respect marine protected areas and especially no-take zone, and fisheries should not engage in ghost fishing.
- **Offshore oil and gas**
  - We expect companies involved in offshore oil & gas exploration and production to perform thorough impact assessments.
  - Special care should be taken when business activities are performed in, or in close proximity to, ecologically and biologically sensitive and significant areas, and when such activities may cause negative impact on the environment and/or risks to biodiversity. Examples of these may be:
    - Activities close to Marine World Heritage sites. When there is potential for impact on designated Marine World Heritage sites, we expect companies to conduct strategic environmental assessments and incorporate cultural heritage into environmental, social and health impact assessments (ESHIA)<sup>17</sup>
    - Operations in certain arctic waters
    - Ultra deep sea activities
- **Renewable marine energy (wind etc.)**
  - Marine renewable energy promises to assist in the effort to reduce carbon emissions globally. However, as any large-scale development in the marine environment, it comes with uncertainty about potential environmental impacts. Therefore, we expect companies involved in renewable marine energy to perform impact assessments including careful device development and site selection<sup>18</sup>.
- **Marine transport, ship building, ship recycling, and marine operations (including port activities)**
  - We expect companies involved in marine transport to respect the International Convention for the Prevention of Pollution from Ships (MARPOL), the main international convention covering prevention of pollution of the marine environment by ships from operational or accidental causes<sup>19</sup>. In addition, the discharge of organisms from ballast water is a hazard for global biodiversity. Therefore, companies should respect the main international standards and conventions for ballast water management<sup>20</sup>.
  - Ship recycling is a high risk area in terms of polluting coastal areas (as well as violating human rights). As a minimum, we expect companies to ensure that their vessels at end of life are recycled according to the provisions of the Hong Kong convention<sup>21</sup>, also when sold to third parties. Preferably, one should only use the EU list of approved ship recycling facilities<sup>22</sup>.
- **Deep sea mining**
  - Deep sea mining is a controversial new industry. It is important to note that the deep seafloor is largely unexplored and there is much to learn about the deep ocean's wildlife and ecosystems<sup>23</sup>.
  - Therefore, companies engaged in deep sea mining should conduct a thorough impact assessment and adopt a precautionary approach. Furthermore, these companies should respect the "Mining Code" issued by the International Seabed Authority. This code is

---

<sup>16</sup><https://www.msc.org/standards-and-certification/fisheries-standard>

<sup>17</sup><https://whc.unesco.org/en/news/1741>

<sup>18</sup>[https://tos.org/oceanography/assets/docs/23-2\\_boehlert.pdf](https://tos.org/oceanography/assets/docs/23-2_boehlert.pdf)

<sup>19</sup>[http://www.imo.org/en/About/Conventions/ListOfConventions/Pages/International-Convention-for-the-Prevention-of-Pollution-from-Ships-\(MARPOL\).aspx](http://www.imo.org/en/About/Conventions/ListOfConventions/Pages/International-Convention-for-the-Prevention-of-Pollution-from-Ships-(MARPOL).aspx)

<sup>20</sup><http://www.imo.org/en/OurWork/Environment/BallastWaterManagement/Pages/Default.aspx>

<sup>21</sup><http://www.imo.org/en/OurWork/Environment/ShipRecycling/Pages/Default.aspx>

<sup>22</sup><https://ec.europa.eu/environment/waste/ships/list.htm>

<sup>23</sup><https://www.nature.com/articles/d41586-019-02242-y>

established within the framework of UNCLOS and its 1994 Implementing Agreement relating to deep seabed mining<sup>24</sup>.

- **Biotechnology (marine based)**
  - Blue biotechnology, exploration of the sea biodiversity, could enable us to develop new pharmaceuticals or industrial enzymes<sup>25</sup>. However, this industry shares many of the same risks as those faced by deep sea mining. As such, these companies should conduct thorough impact assessments and adopt a precautionary approach.
- **Marine/coastal tourism**
  - Coastal and maritime tourism is an important economic activity, but is also a major risk factor for many important ecosystems. We therefore expect companies involved in marine/coastal tourism to pay heed to the sustainable tourism development guidelines and management practices issued by World Tourism Organisation (a United Nations agency)<sup>26</sup>. A precautionary approach should be taken when tourism activities are performed in, or in close proximity to, ecologically and biologically sensitive and significant areas.
- **Land-based activities with significant influence on (and/or polluting) the oceans (mining, agricultural, chemicals, waste management, urban development, etc.)**
  - It is estimated that 80% of pollution in oceans and coastal waters originates from land-based activities<sup>27</sup>. Therefore, we expect companies to work towards preventing (significantly reducing) such pollution. Furthermore, companies engaged in the plastics value chain should have a framework addressing a transition towards a circular economy.

<sup>24</sup> <https://www.isa.org/jm/mining-code>

<sup>25</sup> [https://ec.europa.eu/maritimeaffairs/policy/biotechnology\\_en](https://ec.europa.eu/maritimeaffairs/policy/biotechnology_en)

<sup>26</sup> <https://www.unwto.org/sustainable-development>

<sup>27</sup> <https://www.unenvironment.org/explore-topics/oceans-seas/what-we-do/addressing-land-based-pollution/global-action-protect-marine>

## Appendix: Laws, norms and standards relevant for ocean sustainability that DNB AM expects companies to be compliant with *(see also the general norms and standards mentioned in the introduction)*

International Standards and Initiatives	Description of Principles
United Nations Convention on the Law of the Sea (UNCLOS, 1982)	The “constitution for the ocean”. Defines the rights and responsibilities of nations with respect to their use of the world's oceans.
Sustainable Ocean Principles (UN Global Compact)	Builds on the UN Global Compact. The nine principles cover the topics: ocean health & productivity, governance & engagement, and data & transparency.
The Convention on Biological Diversity (CBD). See also relevant industry specific guidelines.	An international legally-binding treaty with three main goals: Conservation of biodiversity, sustainable use of the components of biodiversity, and fair and equitable sharing of the benefits arising out of the utilisation of genetic resources.
CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora)	An international agreement between governments. Its aim is to ensure that international trade in specimens of wild animals and plants does not threaten their survival.
UNESCO Convention Concerning the Protection of the World Cultural and Natural Heritage. See also relevant industry specific guidelines (for example World Heritage and Extractive Industries).	The convention sets out the duties of States Parties in identifying potential sites and their role in protecting and preserving them.
The Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR)	OSPAR is the mechanism by which 15 Governments & the EU cooperate to protect the marine environment of the North-East Atlantic.
ASC farm standards certification (aquaculture)	By applying more than 150 performance indicators, the ASC helps to move the aquaculture industry towards sustainability.
MSC Fisheries Standard certification	It has three core principles: sustainable fish stocks, minimising environmental impact, and effective fisheries.
Various UN (FAO) voluntary guidelines relevant for fishing and aquaculture (seafood):	<ul style="list-style-type: none"> <li>-The Code of Conduct for Responsible Fisheries (FAO)</li> <li>-Principles for Responsible Shrimp Farming (FAO etc.)</li> <li>-Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (FAO etc.)</li> <li>-Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries in the Context of Food Security and Poverty Eradication (FAO)</li> </ul>
The International Convention for the Prevention of Pollution from Ships (MARPOL)	The main international convention covering prevention of pollution of the marine environment by ships from operational or accidental causes (adopted in 1973 at IMO).
The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (2009) (“HKC”)	The convention is aimed at ensuring that ships, when being recycled after reaching the end of their operational lives; do not pose any unnecessary risks to human health, safety and to the environment. Not yet in force but serves as minimum.

## RESPONSIBLE INVESTMENTS

EU Ship Recycling Regulation (2013), including the EU list of approved ship recycling facilities	To be included in the list, any ship recycling facility irrespective of its location has to comply with a number of safety and environmental requirements. Builds on the HKC.
The “Mining Code” issued by the International Seabed Authority. This code is established within the framework of UNCLOS and 1994 ITF A/116/1	A set of rules, regulations and procedures to regulate prospecting, exploration and exploitation of marine minerals
dep International seabed mining Standards and Initiatives	Description of Principles
Sustainable tourism development guidelines and management practices issued by World Tourism Organisation (a United Nations agency)	The sustainability principles refer to the environmental, economic, and socio-cultural aspects of tourism development, and a suitable balance must be established between these three dimensions to guarantee its long-term sustainability.

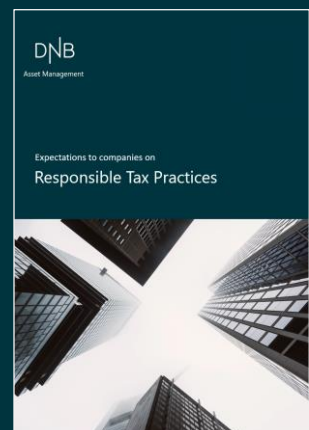
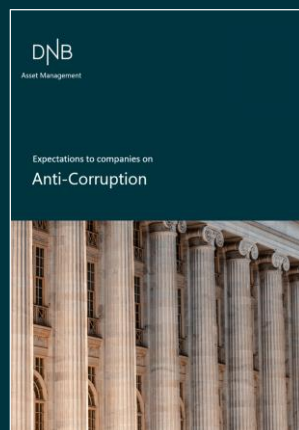
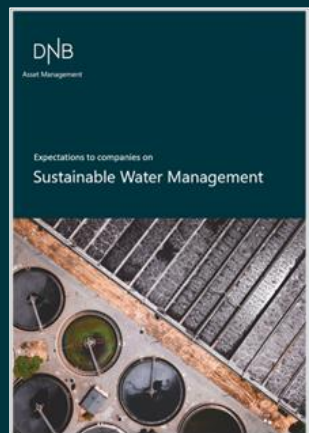
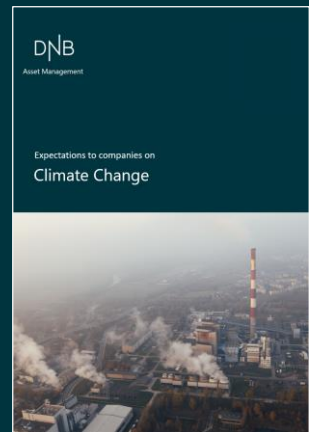
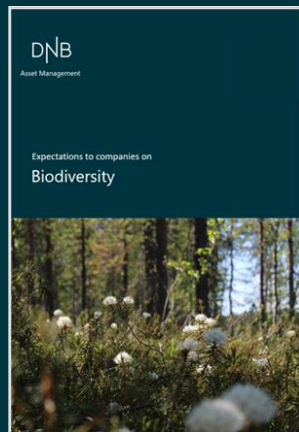
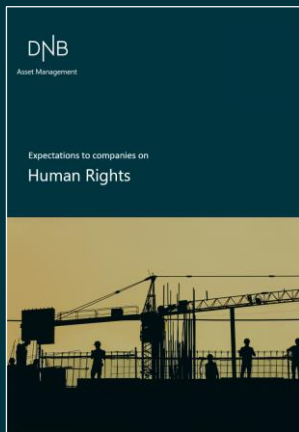
**Document updated: December 2023.**

**Disclaimer:** This document is produced by DNB Asset Management AS for the purpose of information only. The document was prepared on the basis of publically available information. DNB Asset Management AS does not warrant that the information in the document is exact, correct or complete. The opinions expressed herein reflect the views of DNB Asset Management AS at the time of the publication of the document. DNB Asset Management AS reserves the right to change its opinion without notice. DNB Asset Management AS will not accept responsibility for direct or indirect losses incurred as a result of the interpretation and/or use of the information and/ or opinions expressed in this document. DNB Asset Management AS is an entity within the DNB Group registered in the Registry of Business Enterprises under Enterprise Number 880 109 162.

# DNB Asset Management

Below are our additional expectation documents.

See our website <https://dnbam.com/en/responsible-investments/guidelines-and-exclusions> for a full and updated list of our expectations on sustainability topics.



DNB