Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities.** That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name:
DNB Fund - Renewable Energy

Legal entity identifier:
54930081K8CKBHORUK11

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ Yes	☐ No
☒ It will make a minimum of **sustainable investments with an environmental objective:** 85%	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of % of sustainable investments
☒ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What is the sustainable investment objective of this financial product?

The fund will attain its sustainable investment objective by investing in companies that are solution providers for a better environment, with a particular focus on resource efficiency, energy, and electrification.

In addition to our own objectives, the fund aims to contribute to the taxonomy objectives “climate change mitigation” and “climate change adaptation”. It is also assumed that one or more of the remaining environmental objectives "sustainable use and protection of water and marine resources", "transition to a circular economy", "pollution prevention and control" and "protection and restoration of biodiversity and ecosystems" will be relevant.

The fund does not use a benchmark that is aligned with sustainable investment objective of the fund.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

The fund measures the attainment of the sustainable objective investment through several sustainability indicators.

The indicators are the following:
- Potential Avoided Emissions (PAE) of the portfolio
- Percentage of portfolio companies that either demonstrate potential avoided emissions, have activities that are taxonomy aligned, have credible science-based emission reduction targets, or that have revenues aligned with one or more environmental UN SDGs
- Percentage of the portfolio in breach of the fund exclusion criteria

How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

The fund assesses significant harm on environmental or social sustainable investment objectives through several tools. The fund uses both the principal adverse impact indicators as well as alignment with international standards and norms to assess significant harm, as further described below. The fund's taxonomy-aligned investments will do no significant harm with regards to the requirements outlined in the Taxonomy Regulation[45].

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How have the indicators for adverse impacts on sustainability factors been taken into account?

We use, as a minimum, the mandatory indicators that measure principal adverse impacts of our investments to consider significant harm on environmental or social objectives. Companies who are identified as outliers for one or several principal adverse impact indicators will be put on a watchlist, and will be further analysed. This can result in either engagements with the company to learn more and encourage them to address their potential adverse impacts, or exclusion of the company as a last resort. In cases where data coverage and quality is currently low, the portfolio managers, together with the Responsible Investment team aim to make their own assessment of the significant harm caused by the investment. We aim to quantify this to the highest possible extent, but reasonable qualitative assessments may be made where data is not available.

Note that data quality and coverage of principal adverse impact indicators in the market are currently low for certain indicators. We expect the quality and coverage to improve over time, and we aim for continuous improvement by assessing our data providers as well as engaging with companies to encourage them to improve their reporting in this area.

PAIs	Consideration
1. GHG emissions	Carbon footprint is monitored and considered in investment analysis and investment decision-making processes. Active ownership activities are utilised to influence companies to reduce their scope 1, 2 and 3
2. Carbon footprint	

[45] *Regulation (EU) 2020/852*

3. GHG Intensity of Investee Companies	emissions and set net zero targets through voting and engagements. An internal framework has been developed to systematically capture standardised data on companies' carbon reduction target setting – this enables the portfolio managers to better assess the quality of target setting and is used as a tool for company engagement and tracking momentum over time. Scope 3 is analyzed and considered in the investment process where data is available. Potential Avoided Emissions (PAE) is considered as additional information to the carbon footprint.
4. Exposure to companies active in the fossil fuel sector	Companies active in the fossil fuel sector are generally not included in the fund's investment universe.
5. Share of non-renewable energy consumption and production	The fund applies strict exclusion criteria based on DNB's Group Instructions for Responsible Investments, additional exclusion criteria (defined by DNB AM), and exclusions based on requirements from an external ESG label. Companies that derive more than 1% of their revenues from the exploration, mining, extraction, distribution or refining of hard coal and lignite are excluded. In addition, companies with an annual extraction of more than 20 million tonnes of thermal coal or a power capacity of more than 10,000 MW from the combustion of thermal coal may be excluded from the investment universe or placed on observation. Companies that derive 5% or more of their revenues from oil sands extraction are excluded from the investment universe, unless the company has a clear path to transition based on our forward-looking assessment. The fund excludes companies that derive 10% or more of their revenues from the exploration, extraction, distribution or refining of oil, companies that derive 50% or more of their revenues from the exploration, extraction, production or distribution of gas, and companies that derive 50% or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO_2-eq/kWh.
6. Energy consumption intensity per high impact climate sector	Energy consumption is a natural point of discussion in company engagements where this is material. We engage with companies which we deem to have an energy consumption intensity which might be harmful to the environment or society. The fund has a dialogue with portfolio companies on science-based net zero targets on an annual basis.
7. Activities negatively affecting biodiversity- sensitive areas	Biodiversity is addressed qualitatively by the fund in company engagements where company research indicates that the topic is material and should be addressed. We aim to increase metrics and reporting on biodiversity as

	data quality and availability improves. Expectations documents are the starting point for portfolio company engagement. As part of DNB AM, the fund is also involved in a three-year engagement programme on deforestation linked to soft commodities, and collaborative engagements through FAIRR on Sustainable Aquaculture.
8. Emissions to water 9. Hazardous waste and radioactive waste ratio	Assessment of water and waste management is a component of the fundamental investment process and is reflected on in our ESG proprietary database and research. The fund has designed its own water questionnaire with the aim of retrieving more data and information on companies' practices regarding water. In addition, we use our expectations documents on water, oceans, biodiversity and serious environmental harm to communicate our expectations in this area towards companies. Our expectations call for companies to identify, assess and manage their exposure to water-related risks and opportunities, and to ensure a high level of transparency around how such information can be utilised in our company analysis and as an input to investment decision-making. Data on emissions to water and hazardous waste and waste reduction targets are gathered and monitored when available and are addressed in company engagements where company research indicates that the topic is material.
10. Violations of UN Global Compact principles and organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	The portfolio and the investment universe are regularly screened to make sure no companies are in violation of international norms and standards. Violations, or indication of possible violation, based on controversy assessments from external service providers or other publicly available information, lead to further investigation by the responsible investments team to determine whether this issue contributes to the conclusion of a breach of DNB's Group Instructions for responsible investments. Should a company be found to be in breach, we will seek to engage the company to learn more and encourage improvement. If we do not see any significant improvement over a two-year timeframe, we will exclude the company from our investment universe as soon as practically possible thereafter.
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Companies' processes and compliances are analyzed based on company reports from external service providers and other publicly available information, as well as data from our own engagement processes. We have published an expectations document on human rights, and actively engage with companies on the subject, both in terms of their direct operations and across their value chain. In general, this topic is addressed in company engagements where company research indicates that the topic is material and should be addressed. Engagement may be conducted directly, through service providers, and/or through collaborative engagement.

12. Unadjusted gender pay gap	Company reporting on gender pay gap is somewhat limited, but we expect this to improve over time and as required by regulation. Overall, gender pay gap disclosures are only mandatory in few jurisdictions (e.g. UK, California). Gender equality and diversity is therefore addressed in company engagements where company research indicates that the topic should be addressed. The topic is also addressed through voting - we usually support reasonable shareholder resolutions requesting disclosure of specific diversity targets and disclosure on gender pay gaps within companies.
13. Board gender diversity	Assessment of board gender diversity is a component of the fundamental investment process and is reflected on in our ESG proprietary database and research. We consider at least 40% of the least represented gender to be best-practice. We specifically expect that companies target participation and equal access of women at senior level positions in line with national gender quotas for public companies. Where this is absent, a rationale for lack of female representation should be published. If a company does not meet our expectations, we aim to engage with them on the topic to improve their practices. The topic is also addressed through voting. In all markets votes against management recommendations are considered if there is no gender diversity.
14. Exposure to controversial weapons (anti- personnel mines, cluster munitions, chemical weapons and biological weapons)	Companies will be excluded from the investment universe if they themselves or through the entities they control produce weapons which through normal use violate basic humanitarian principles. The fund shall not invest in companies that are involved in anti-personnel mines and cluster munitions, as described in the Anti-Personnel Mine Ban Convention and the Convention on Cluster Munitions, or in companies that develop and produce key components for weapons of mass destruction. Weapons of mass destruction are defined as NBC weapons (nuclear or atomic, biological and chemical weapons).

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Alignment with the OECD guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights is tested and assured as part of the process to identify sustainable investments.

We screen companies prior to inclusion into our investment universe, quarterly for benchmark rebalancing, and on a weekly and daily basis for alerts on potential and/or realised breaches in international norms and standards. The purpose is to uncover potential breaches of international norms and standards. The screen is based on data from external data providers.
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Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes, the fund follows the DNB Group Instructions for Responsible Investments, as well as applying additional screening criteria related to the fund strategy. The fund considers the principal adverse impacts indicators which are depicted above.

☐ No

More information on how we consider principal adverse impacts on sustainability factors can be found in the annual report to be published according to SFDR Article 11(2).

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The fund is a thematic environmental fund which invests in sustainable enablers of a better environment.

The sectors that are covered by the investment universe (as defined by the benchmark which is WilderHill New Energy Global Innovation Index (NEXUST) are: Biofuels; Energy saving; Fuel cells; Grid; Materials; Power generation; Power storage; Solar; Wind. However, the fund takes a broader approach to the environmental theme than its benchmark.

The investment focus is on identifying attractive investment cases among companies contributing to a better environment, from both a financial and an ESG perspective. Companies must demonstrate that the drive towards lower emissions reductions and a better environment is a significant driver for their business. Companies with low GHG emissions intensities do not necessarily contribute the most to reducing global emissions which is why we consider emissions throughout the entire value chain and place emphasis on what the companies' product does for society from an environmental point of view.

The analysis of potential avoided emissions on the fund has been elaborated in collaboration with an external ESG data provider and is the fund's main indicator for measuring positive contribution of portfolio companies. PAE are emissions that would have been released if a particular action or intervention had not taken place. Avoided emissions can appear throughout third parties' value chains depending on the type of product or service offered and how this product or service affects operations. We also assess whether companies have credible science-based emission reduction targets, either by having a SBTi approved target or through our internal assessment framework. This approach also involves engaging with companies that lack such targets.

The assessment of alignment to environmental UN SDGs is based on qualitative and quantitative analysis using an internally developed SDG framework for mapping and measuring SDG alignment. The framework has been externally reviewed by a third party and internal audit. Data on SDG alignment is based on data from an external data provider and our own internal data and fundamental analysis by portfolio managers. Alignment is measured in terms of revenues or alternatively CapEx.

100% of the portfolio is covered by external or internal ESG assessments.

The fund follows DNB AM's Standard exclusion list, with additional fund specific criteria, which applies to all investments of the fund.

We screen companies prior to inclusion into our investment universe, quarterly for benchmark rebalancing, and on a weekly and daily basis for alerts on potential and/or realised breaches in international norms and standards. The purpose is to uncover potential product violations, breaches of international norms and standards.

Active ownership through company engagement and proxy voting are key elements of the fund's active ownership approach. We engage with companies both on specific ESG incidents and/or to encourage improvement of companies' general performance on sustainability-related issues, which may otherwise lead to underperformance.

If an investment no longer aligns with the responsible investments criteria for the fund's portfolio, our aim is to divest from it as soon as practically possible. However, in rare instances, the ability to divest may be impacted by external factors including, but not limited to, geopolitical events, low market liquidity and corporate actions. In such circumstances, the fund may be compelled to retain the investments in question until such external factors cease to apply.

What are the binding elements of the investment strategy used to select the investments to attain each of the sustainable investment objective?

The assessment of sustainable investments is made using DNB AM's proprietary sustainable investments methodology. The investments made to attain the sustainable investment objective must be in companies which either demonstrate potential avoided emissions, have activities that are taxonomy aligned, have credible science-based emission reduction targets, or that have at least 20% revenues aligned with either one or more environmental UN SDGs. The fund applies a pass-fail methodology by using the thresholds disclosed in its website disclosure.

Note that we also apply strict exclusion criteria based on:

- The fund will not invest in companies that derive 5% or more of their income from oil sands extraction.[46]
- The fund will not invest in companies that are in breach of the UN Global Compact or OECD guidelines. Before any exclusion, we will evaluate whether we are able to influence the company's behavior through active ownership.[47]
- The fund shall not invest in companies with exposure to controversial weapons.[48]

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[46] Stricter threshold than the DNB Group Instruction for Responsible Investments.

[47] Exemptions from these thresholds can be made for companies through forward- looking assessments, and if they have any plans which will reduce the share of their income or operations derived from oil sands, and/or increase the share of their income or operations derived from renewable energy sources.

[48] The fund will not invest in companies that are involved in anti-personnel mines and cluster munitions, as described in the Anti-Personnel Mine Ban Convention and the Convention on Cluster Munitions, or in companies that develop and produce key components for weapons of mass destruction. Weapons of mass destruction are defined as NBC weapons (nuclear or atomic, biological and chemical weapons). The same applies to non-detectable fragments, incendiary weapons, and blinding laser weapons. Note that the list above is not exhaustive.

- The fund excludes companies that produce pornography, tobacco or cannabis for recreational use.
- The fund excludes companies with more than 5% revenues from alcohol production, conventional weapons, or gambling.
- The fund excludes investments in companies that derive 1% or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite.
- The fund excludes investments in companies that derive 10% or more of their revenues from the exploration, extraction, distribution or refining of oil fuels.
- The fund excludes investments in companies that derive 50% or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels.
- The fund excludes investments in companies that derive 50% or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO2 e/kWh.

Additional exclusion criteria applied can be found under the website link provided at the end of this Annex.

The binding elements are documented and monitored on an ongoing basis.

What is the policy to assess good governance practices of the investee companies?

The assessment of investee companies' good governance practices is based on the DNB Group Instructions for Responsible Investments and DNB AM Engagement Policy. The Group Instructions covers the product and norms-based grounds under which a company can be excluded from the DNB investment universe and shall ensure good governance of investee companies by avoiding investments in companies that contributes to the infringement of human or labour rights, corruption, or other actions that could be regarded as unethical.[49] This is done through screening prior to inclusion into our investment universe, and monitoring of companies in our investment universe on an ongoing basis. What is outlined in the instruction is based on global standards and principles, which include, but are not limited to, the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the United Nations Convention against Corruption and the G20/OECD Principles of Corporate Governance.

DNB AM works to ensure that all investments are at an acceptable level within four main areas:

- **Sound management structures** encompasses the composition and functionality of a company's board of directors, top-level management and specialised committees, such as sustainability- and audit committees. It also involves transparent ownership structures, and adherence to ethical business practices. OECD guidelines chapter 7 and UN Global Compact principle 10 outline the fundamental expectations. DNB AM requires that companies avoid breaches of ethical norms and screen fund holdings and the investment universe for ensuring such compliance. Furthermore, significant controversies related to business ethics and governance incidents are crucial factors in company assessments and might lead to company engagement and/or otherwise affect investment decisions. Additionally, DNB AM voting guidelines cover governance structures such as the composition of the board or committees reporting to the board.

- **Employee relations** are primarily concerned with protecting human rights and fundamental labor rights within a company. This aligns with principles outlined in OECD guidelines chapter 5 and UN Global Compact Principles 3-6. DNB AM requires that companies refrain from contributing to or being responsible for serious or systematic violations of human rights, including forced labor and child labor. Additionally, the companies must avoid serious violations of basic labor rights. Notably, any significant controversies related to employee incidents hold

[49] *If an investment no longer aligns with the good governance criteria for the fund's portfolio, our aim is to divest from it as soon as practically possible.*

substantial weight in company assessments and might lead to company engagement and/or otherwise affect investment decisions.

- **Remuneration of staff** revolves around ensuring equitable and fair compensation for employees. It is grounded in OECD guidelines chapter 5 and UN Global Compact principle 6. DNB AM requires that companies are not involved in serious violations of basic labor rights. Furthermore, significant controversies related to employee incidents play a crucial role in company assessments and might lead to company engagement and/or otherwise affect investment decisions. Additionally, DNB AM voting guidelines cover aspects relating to remuneration of board members, committee members and management.

- **Tax compliance** necessitates that companies adhere to tax regulations in countries where they operate while avoiding significant breaches of ethical tax practices. This area aligns with OECD guidelines chapter 11. DNB AM requires that companies avoid breaches of ethical norms. Additionally, significant controversies related to accounting and taxation are important considerations in company assessments and might lead to company engagement and/or otherwise affect investment decisions.

Companies are screened on a regular basis to uncover potential breaches of good governance principles. Relevant governance data is incorporated into DNB AM's portfolio management systems and is available to all investment professionals.

DNB AM works to actively promote good governance practices through our active ownership approach. This includes company engagement, based on our company expectation documents, and voting at company general meetings. Voting is conducted in line with our Norwegian and Global voting guidelines and are intended to promote good governance practices.

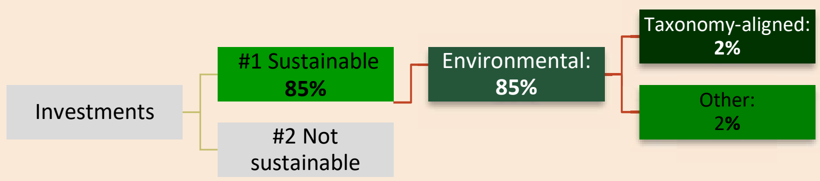
Our expectations regarding good governance practices are further elaborated in publicly available documents, including the Group Instructions, DNB AM Engagement Policy, guidelines for voting in Norway and globally as well as in our expectations document on responsible tax practices.

What is the asset allocation and the minimum share of sustainable investments?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The fund will have a minimum proportion of 85% environmentally sustainable investments (#1 Sustainable). The rest of the fund investment (up to 15%) will be invested in cash and derivatives (#2 Not sustainable).



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

How does the use of derivatives attain the sustainable investment objective?

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The minimum proportion of investments with an environmental objective aligned with the EU Taxonomy is 2%.

We will use data on taxonomy alignment from an external data provider. Currently a third-party check is not in place.

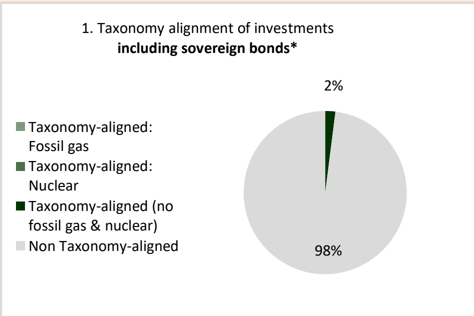
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[50]?**

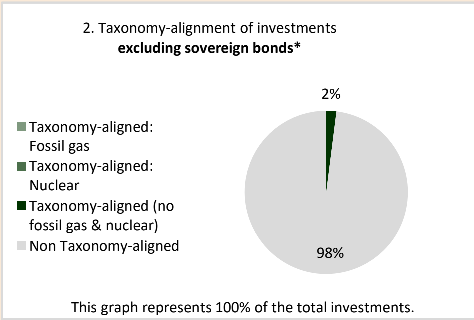
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

What is the minimum share of investments in transitional and enabling activities?

The fund commits to make at least 2% sustainable investments in line with the EU Taxonomy, but the minimum share of transitional and enabling activities is set at 0%.

[50] *Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.*

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The fund commits to a minimum share of 2% sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

What is the minimum share of sustainable investments with a social objective?

Not applicable.

What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?

The category "#2 Not sustainable" includes cash and derivatives. Cash and derivatives may be included for liquidity and hedging purposes.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

Please refer to the section "Our funds" on our website: https://dnbam.com/. The fund and a specific share class can be selected where you will find more information in the document called "Sustainability related disclosures" (https://documents.anevis-solutions.com/dnb/SUSTAINABILITY_DISCLOSURE-EN-LU-LU0302296149.pdf).