Sustainable enablers
of a better environment

DNB Renewable Energy

DNB
Asset Management
A company in the DNB Group

Links to previous reports

2023: DNB Renewable Energy
2022: DNB Asset Management AS - DNB Renewable Energy
2021: DNB Asset Management AS - DNB Renewable Energy
2020: DNB Asset Management AS - DNB Renewable Energy
2019: DNB-Renewable-Energy-Report-2019.pdf

Annual Report for Responsible Investments 2024:
DNB AM Annual Report on Responsible Investments 2024

Website sustainability: Sustainability | DNB Asset Management

Photo: GettyTim82 / Getty Images

Highlights

Sustainable investment objective (Article 9 SFDR)

100%
of investments are environmentally sustainable (excluding cash) according to DNB AM's methodology

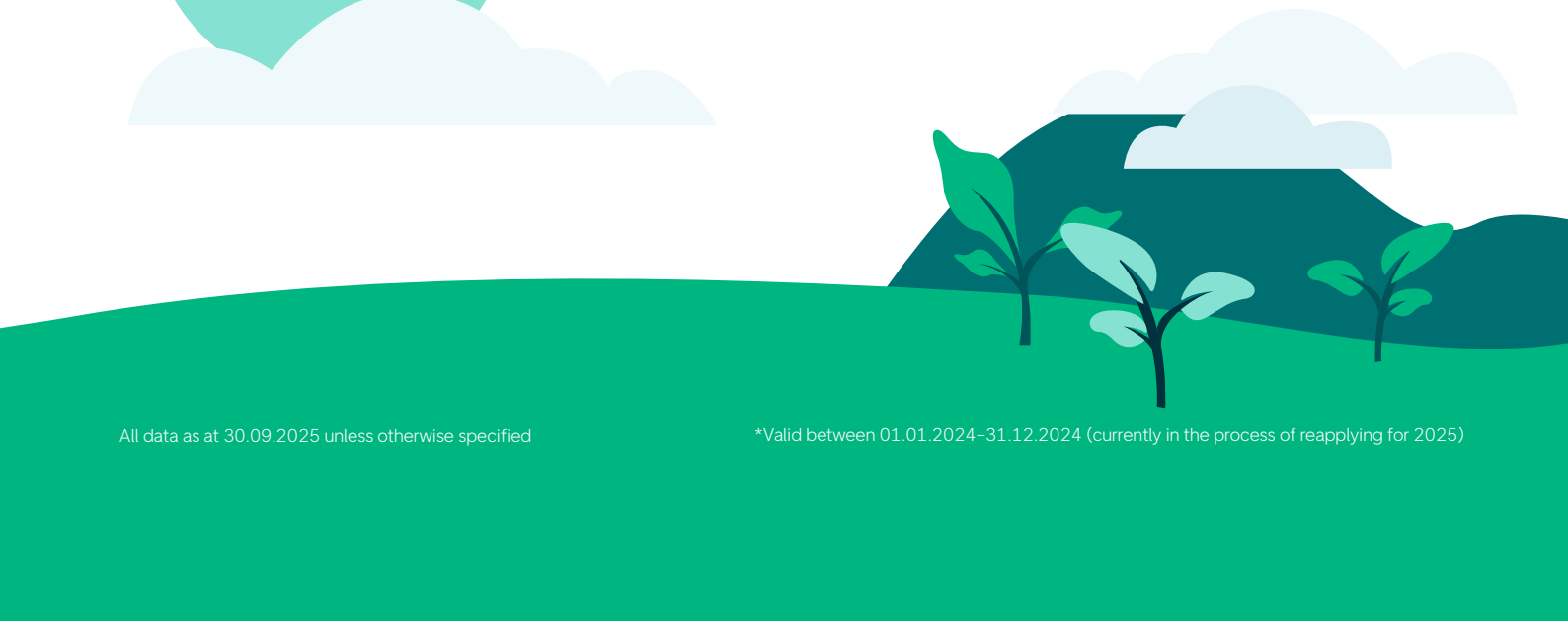
All companies/ product categories assessed by **ISS-ESG demonstrate PAE**

Engaged with
99%
of portfolio (by weight) on science-based net zero target setting

56%
of the fund has an SBTi approved or self-declared net zero target

30%
have an SBTi approved net zero target

16 engagements
on **47 topics**
from September 2024 – September 2025



All data as at 30.09.2025 unless otherwise specified

*Valid between 01.01.2024–31.12.2024 (currently in the process of reapplying for 2025)

Contents

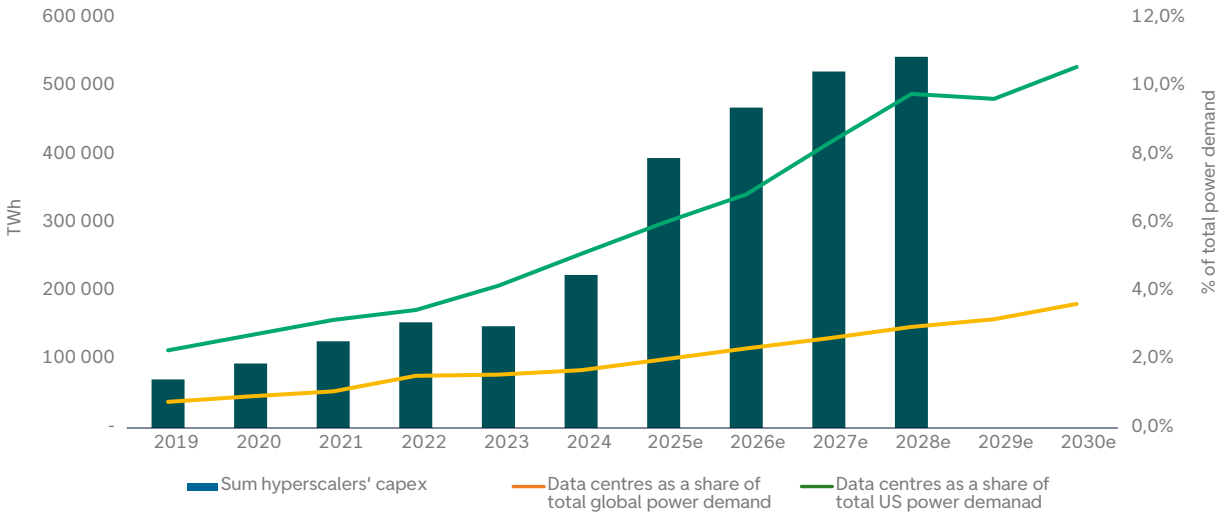
1 Reflections from PMs

2025 marks the trough and initial recovery for the cleantech sector which peaked at the beginning of 2021. Trump's election victory on the 5th of November 2024 initiated a period of extraordinarily high uncertainty for the renewable sector. The Inflation Reduction Act (IRA), the largest support scheme for renewables ever implemented in United States (US), was up for significant revisions given the President's hostile narrative around renewables and multiple adverse executive orders followed. Trade wars and tariffs have also caused challenges for companies in the sector with varying degree of global supply chains. Summarised as a challenging outlook for the sector going into 2025. However, fast forward one year and our benchmark has outperformed the MSCI World since the election. The sector comeback has been driven by a better than feared outcome on US regulation with the "One Big Beautiful Bill Act" securing continued support for US renewables beyond the next US election to around 2030. Strong power demand growth fuelled by electrification of everything, reshoring and Artificial Intelligence (AI) related data centres have been clear tailwinds for the sector over the last year. It has also been helpful that long-term interest rates have stabilised which provides improved visibility around renewable project economics.

DNB Renewable Energy Portfolio Management Team

From left to right: Stian Ueland (Portfolio Manager), Laura McTavish (Senior Analyst) and Christian Rom (Portfolio Manager).

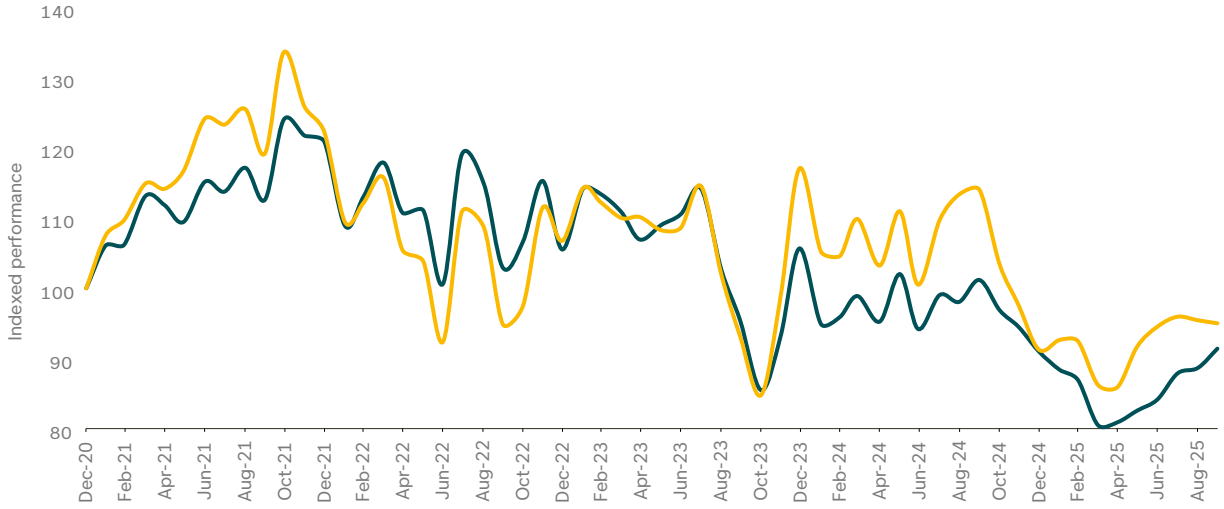
Figure 1.Sum of hyperscalers' capex compared to data centres power demand as a share of total power demand for the US and globally from 2019 and forecast to 2030



Source: BNEF, company reporting, IEA, DNB AM estimates

The performance of our fund has lagged the benchmark year-to-date. This is partly as expected when the sector rallies given our broader exposure towards the environmental theme and our preference for proven, profitable companies vs. unproven, loss-making companies, which are more volatile. We have been navigating the rough cleantech environment with an overweight position in the resource efficiency theme, where our investments are exposed to diverse end-markets and niches, each with industry dynamics distinct from those of fuel cells, solar and wind. Over time this has served us well, but with the fuel cells sub-sector more than doubling in 2025 we struggle to match the pace. We do not really see tangible evidence that the sub-sector is in a fundamental position to continue its re-rating as low round trip efficiency remains a challenge which requires an abundance of electrons which are harder to come by in the current environment with growing electricity demand. Less support for decarbonisation is also a headwind for fuel cells so we expect growth to be slow from a low base. The lagging year-to-date performance can also be attributed to weak performance among our top holdings where seven (IMCD, Novonesis, Darling Ingredients, Orsted, ON Semi, Nibe Industrier, Enphase Energy) out of our top 10 holdings at YE2024 have underperformed the portfolio year-to-date. This has been disappointing as we believe our concentrated top holdings are where we can truly reap the rewards of our extensive, time-consuming bottom-up research over time. A common theme of our top holdings is that they screen well when it comes to their respective competitive moats and as such should be in strong positions to deliver strong earnings growth in the medium to long term. Their relative valuations also look attractive in a historical context. This continues to hold true for our top holdings, but in 2025 earnings revisions and multiple contraction have held back their collective performance.

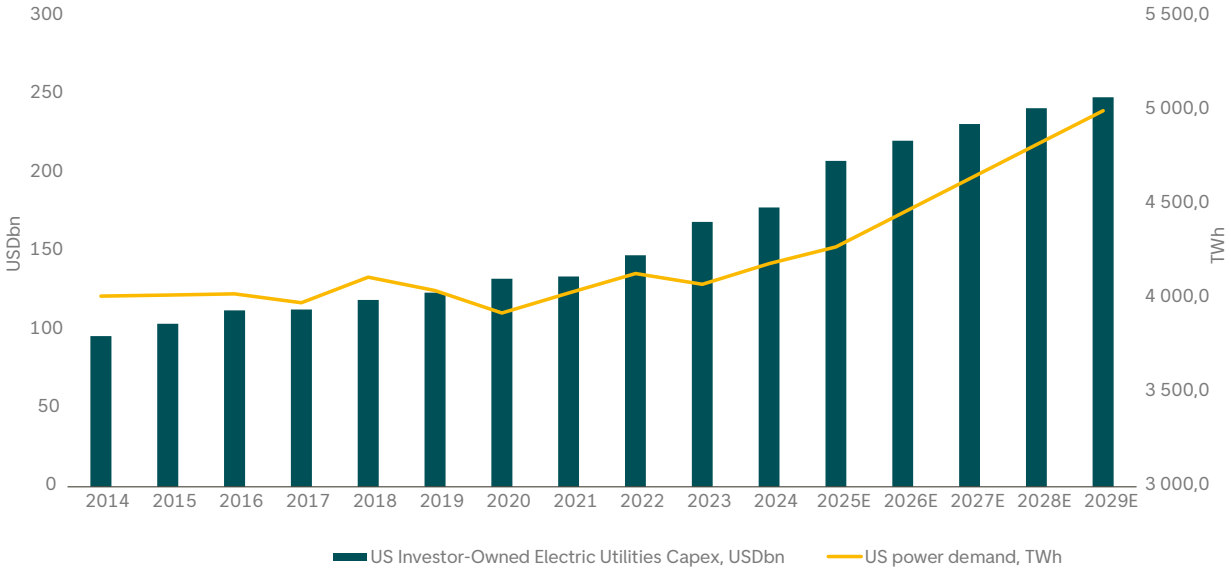
Figure 2. Overall fund performance compared to performance of the top ten holdings between December 2020 and August 2025



Sources: DNB AM

Looking forward we continue to see our three key themes of Energy, Electrification and Resource Efficiency as central and relevant in the evolving world economy. A more polarised world fuels a deglobalisation effort which drives a massive need for infrastructure investments in the western world to enable reshoring after decades of reliance on China to do most of our manufacturing and processing of resources. AI could be an enabler, but scaling AI also has massive infrastructure requirements. Time-to-power seems to be one of the key constraints for these data centres with off-grid mobile gas engines with storage being one of the go-to-solutions these days as existing nuclear assets have already been re-contracted and up-rated, and gas turbine backlogs have been filled up to the end of the decade. It also highlights that the aging grid infrastructure is struggling to cope with the growth in sizable grid connection requests, changing load profiles, growing share of intermittent renewables and load growth resurgence. Grid investments will need to grow significantly over the next decade, but this will not be without affordability discussions.

Figure 3. Higher US utility capex driven by growing power demand from 2014 to 2029e

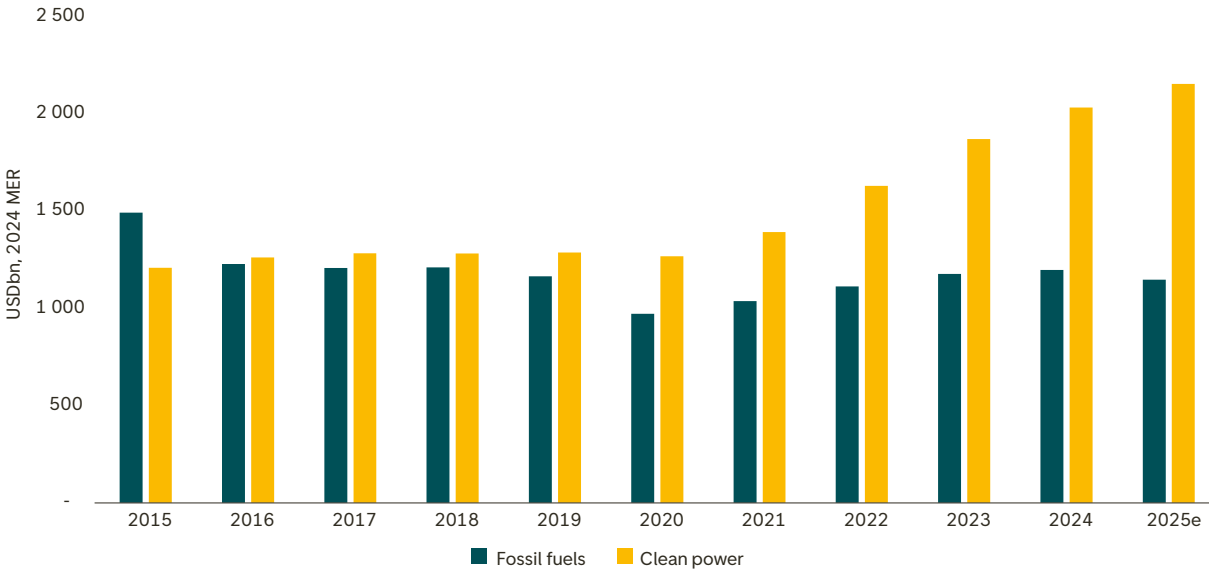


Source: Edison Electric Institute

To conclude we think it has become increasingly clear over the last year that the energy policy which will be pursued in the coming years will be an "all of the above" strategy which also includes renewables.

The learning curves for solar, wind and storage will continue to drive down costs for these technologies over time as they continue to scale. The transition might have been slowed by the increased cost of capital and weaker policy support (at least in the US), but this will likely drive higher economic productivity losses due to climate change, the effects of which will be felt more acutely, thereby accelerating growth again. Cleantech markets are now larger and more diverse, the technology more mature and cost competitive and legislative support continues to be strong (at least outside of the US). We remain confident that the energy transition has not been derailed and that conditions for cleantech to continue to take share remain intact.

Figure 4. IEA World Energy Investments in Clean Power and Fossil Fuels between 2015-2025e



Source: Source: IEA

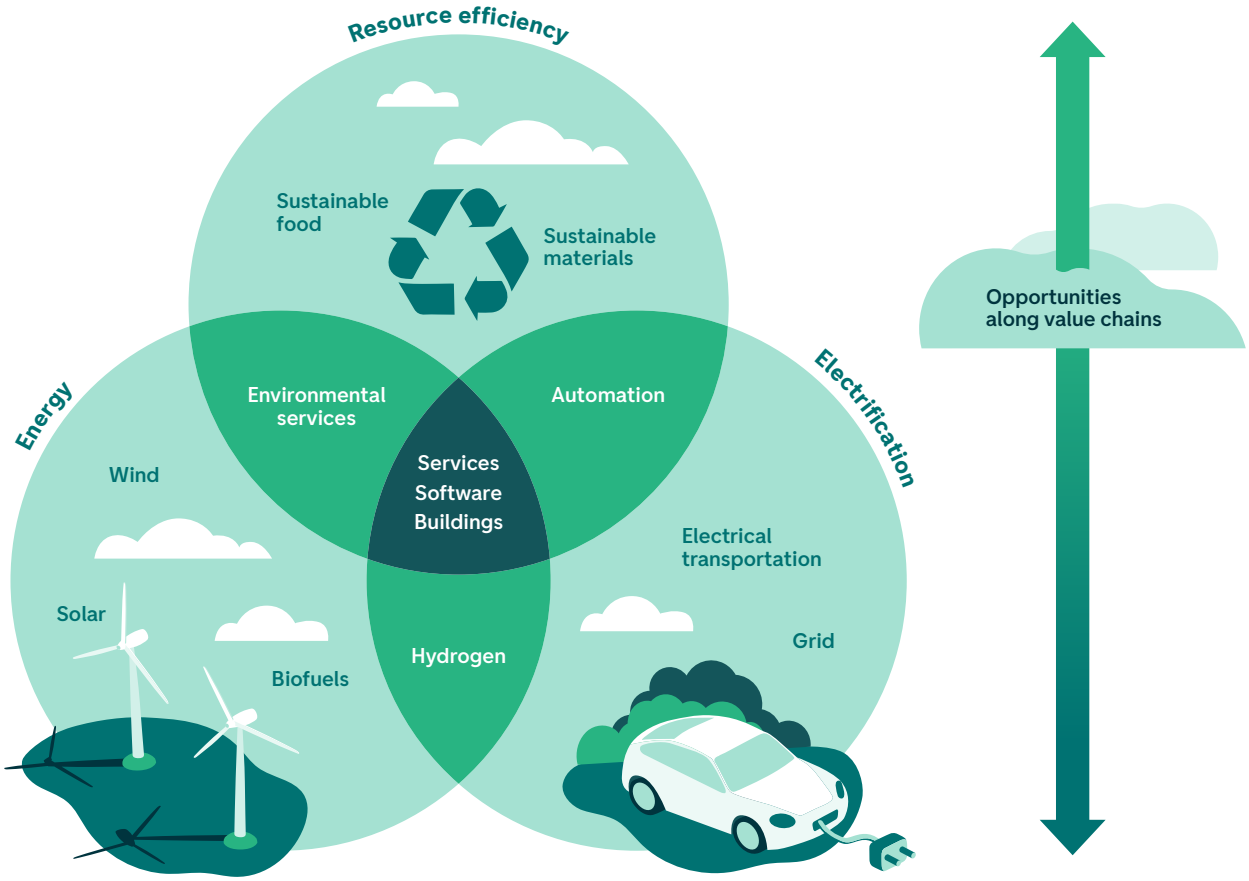
In the long run we believe that share prices are driven by earnings per share. We therefore spend most of our time trying to predict the earnings power of our portfolio holdings through our bottom-up, fundamental lens with an emphasis on business models, competitive positioning, capital allocation, strategy and culture.

This report discusses our work on the potential avoided emissions of the portfolio. As in previous years, the companies covered are found to potentially avoided more CO2 than they emit. Importantly, the analysis only covers around 80% of the portfolio, and there are two reasons for this. First, companies were omitted due to their complex product portfolios: we find it near impossible, especially as outsiders, to estimate the avoided emissions of companies with tens of thousands of different products sold across the world. Second, lack of disclosures and available data to make a reasonable estimate.

The fund has a sustainable investment objective and is therefore regulated by Article 9 of the Sustainable Finance Disclosure Regulation (SFDR). The work presented in this report aims to explain our approach towards attaining our sustainable investment objective. The asset management industry is facing an environment of changing regulations and increased scrutiny around sustainability claims. Indeed, when it comes to deciding between green and non-green investments, we feel to some extent that regulation is running ahead of the data. However, we also find that work performed towards this end improves our understanding of the portfolio companies and their impact on the environment.

2 Our investment universe and investment processe

Figure 5. Our investment universe



To avoid catastrophic, irreversible damage to our planet, the IPCC estimates that we need to halve global emissions by 2030 and reach net-zero by 2050. The last half of this decade will be critical to delivering an orderly transition in line with the goals of the Paris Agreement.
We believe that the companies providing solutions, who understand the drivers behind net zero and which are prepared for regulatory change will be well positioned to benefit from the economic opportunities arising from the transition to the low carbon economy.

A broad interpretation of the environmental theme

Before Before conducting any financial fundamental evaluation of equities, we investigate the environmental angle of a company and seek to understand if the business is significantly driven by enabling a better environment or not. The result is a broad universe of companies with exposure to the environmental theme.

Clear environmental enablers are a natural part of the universe. These are the companies and sectors that contribute directly and positively to environmental challenges. An example is renewables – a large part of the decarbonisation story will come from renewables and technology that already exists today. In addition, nascent technology, such as hydrogen, carbon capture and storage, and recycling/circularity solutions still need to be developed and scaled and will also play a significant role. The availability of cheap renewable energy also drives electrification, which enables emissions reductions within hard-to-decarbonise sectors, such as steel production.

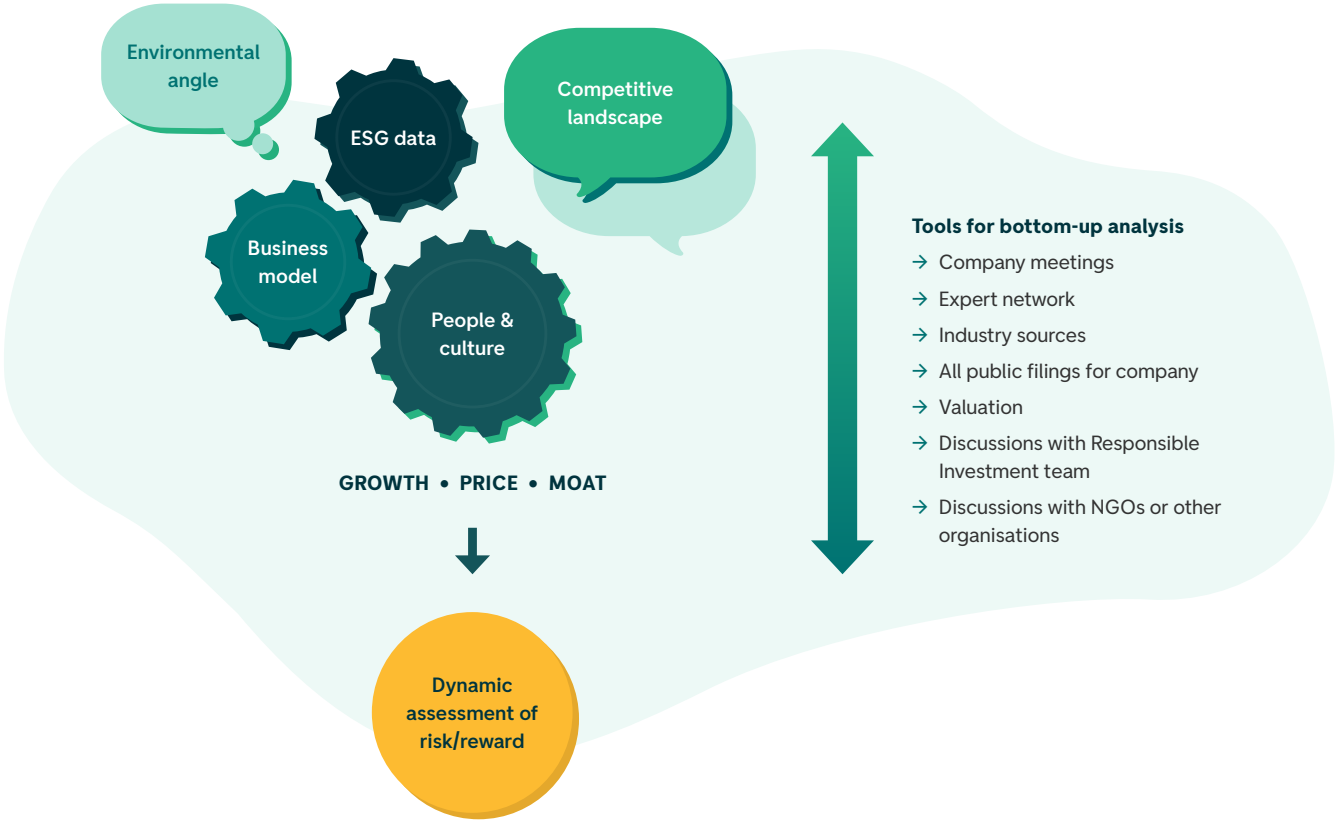
However, we also see opportunities within industries providing "less obvious" solutions. These are the companies that deliver products and services that enable emissions reductions along value chains. We believe that some of the most exciting opportunities exist within this category, as you can often find "hidden gems" with attractive business models and strong competitive advantage. The International Energy Agency (IEA) estimates that annual clean energy investment needs to more than triple by 2030 to around 4USDtrn to reach net zero by 2050[2] . The companies providing or enabling solutions will therefore experience tailwinds in their financials as the world economy makes investments to decarbonise the global capital stock. They are also well-placed to benefit from structural drivers from policy, shifting focus from investors, and increased societal expectations on climate.

A dynamic universe

Our understanding of the environmental theme is not static – it will continue to evolve over time as expectations, policy and technology develop. Further, there are numerous ways to measure if a company is significantly driven by enabling a better environment. We can look at percentages of revenue, profits, assets, Research and Development (R&D), capital expenditure (Capex), and the sum-of-the-parts value which provides climate and environmental benefits. Data availability may also influence how our view progresses, as even though this information is potentially useful for any investment candidate, in practice, the data will not always be available. Data availability will also be somewhat dependent on which stage of the business lifecycle the company is in. For instance, in earlier phases, such as start-up and growth, R&D and Capex will be most relevant. For mature businesses, profits become more important. We also steer clear of businesses with controversial environmental angles, as we see repricing of climate risk as being negatively skewed for such companies and clients investing in environmental fund strategies typically do not want this exposure.

2 Net Zero by 2050 – Analysis - IEA

Figure 6. Our investment process



Investment philosophy and process

We believe investment returns are driven by a thorough assessment of competitive advantage, growth opportunities and intrinsic value relative to the share price. The investment process comprises a set of tools to evaluate and understand these most important aspects of the investment philosophy.

The process is bottom-up and driven by a curiosity for businesses models, and, more broadly, an appetite for understanding how the world works. In practice it includes a review of all public company filings and various industry sources. Beyond this we particularly enjoy expert networks and company meetings as they yield good chances of understanding corporate culture. Valuation is another part of the process worth highlighting. We enjoy building models, thinking through scenarios, and comparing our views with those prevailing in the market.

We believe in holding equities for the long term and are attracted to companies with proven value creating capabilities. Over time we believe such companies, properly identified, will continue to generate attractive returns. We also see opportunities with shorter time horizons, for example where investor psychology leads to outsized reactions in the share price. Lastly, we observe a diverse and dynamic investment universe, and we strive for a process that is flexible and adaptable to change.

Integration of sustainability factors

Environment, Social and Governance (ESG) considerations permeate our investment process. It seems obvious to us that a proper assessment of an investment's risks and rewards must include these considerations.

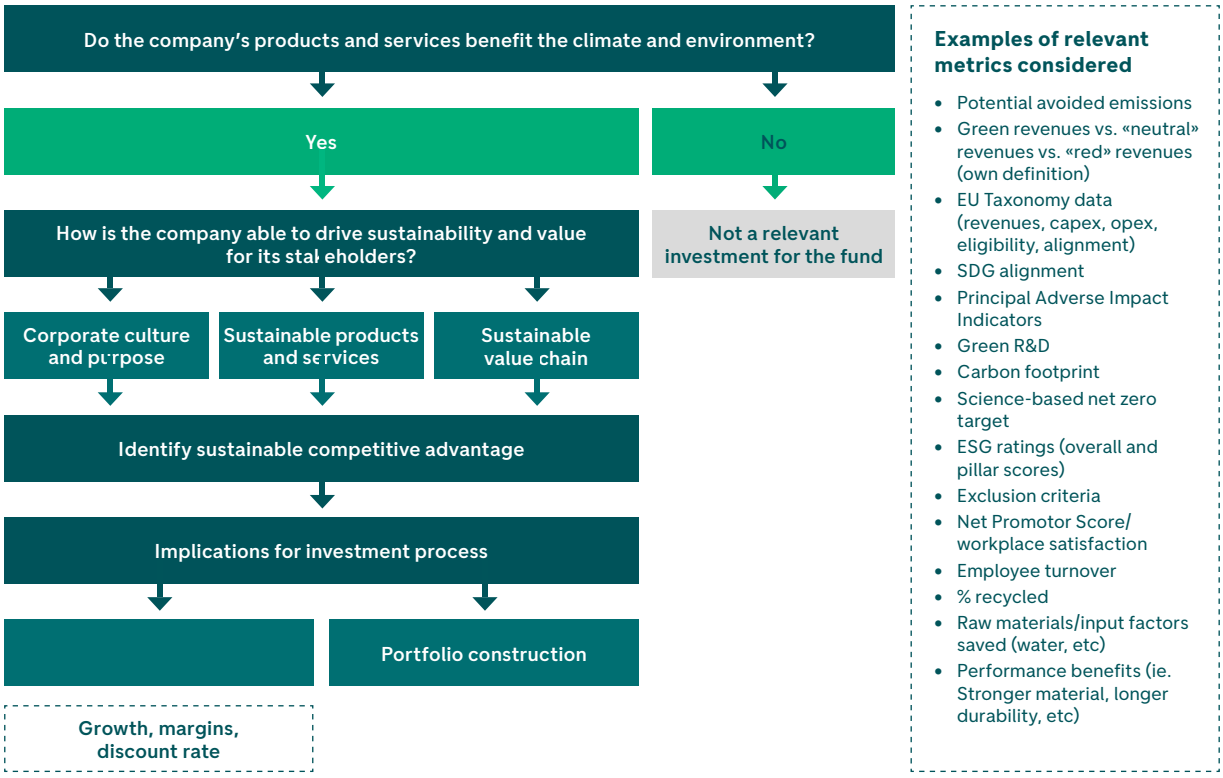
Addressing climate challenges is at the core of our investment mandate. However, we also believe that other ESG elements are important drivers of value creation. Companies that have a sustainable approach to its employees, corporate culture, products and services, supply chain and corporate governance will attract talent over time, which will in turn develop the best products and services, which will attract customers, which in turn attracts investors. This continuous process results in a lasting competitive advantage for those that are best-in-class.

For example, we believe that businesses offering solutions to lower their customer's carbon footprint often face attractive growth prospects. Additionally, if their environmental innovation velocity is faster than competition, they are likely to grow their competitive advantage in the future. Such findings guide our view on revenue growth and expectations for return on capital.

Culture is another source of competitive advantage. For example, we seek to understand whether the company's sustainability department serves mainly reporting requirements or whether they actively partake in the business' core activities. Do management set the right example by having a thorough understanding of the environmental drivers of the business' products and services? Are salespeople able to sell based on a wholistic value proposition that includes lower emissions or resource intensity?

The flow chart below demonstrates the team's ESG integration process.

Figure 7. Our ESG integration process



For an a worked example of this framework and how we work with our Responsible Investment team, please refer to previous reports.

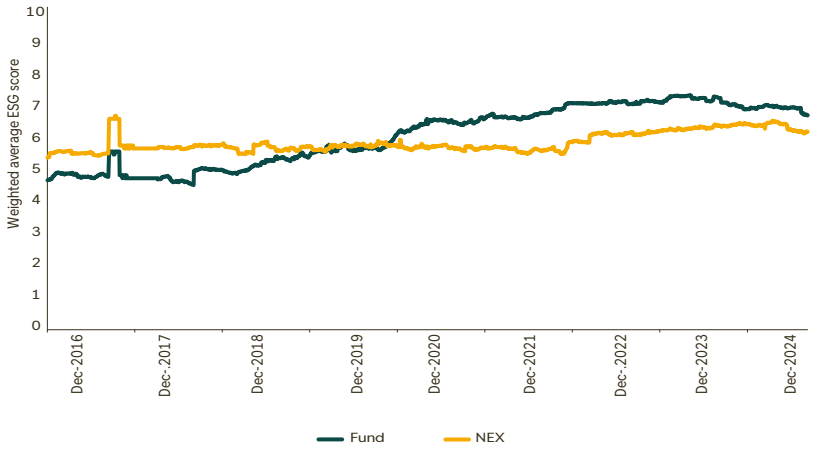
3 ESG highlights 2025

ESG metrics

We use a broad set of metrics to monitor the fund's ESG profile over time. Since the new team took over in January 2021, both the ESG score and carbon footprint show a clear and sustained improvement, reflecting a portfolio that is "greener" and includes a higher share of quality companies. Forward-looking metrics such as scenario analysis and Implied Temperature Rise also remain informative. While these metrics come with uncertainty, the latest results are consistent with our expectations and support the direction of the fund's ongoing transition. As always, we continue to follow developments in with ESG and the evolution of metrics and best-practice.

For more comprehensive information about DNB AM's sustainability work, please refer to Sustainability | DNB Asset Management.

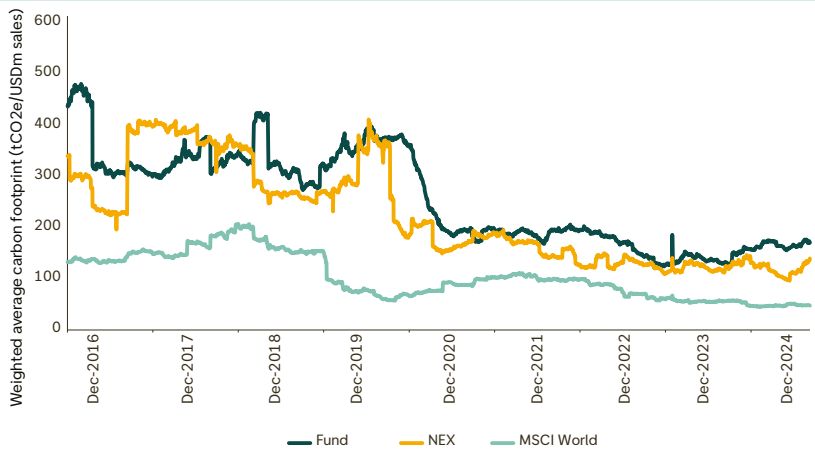
Figure 8. Development of DNB Renewable Energy's weighted-average ESG rating over time (as of 29.08.2025)



Source: ©2025 MSCI ESG Research LLC. Reproduced by permission

ESG score
Improving trend (absolute and relative to benchmark)

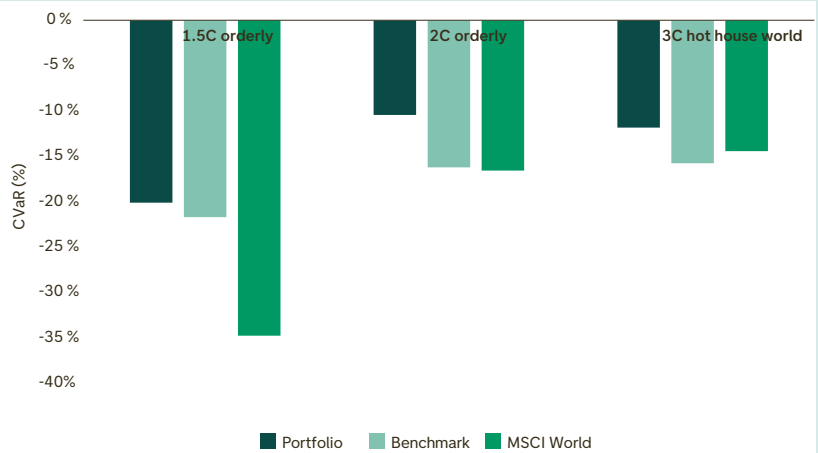
Figure 9. Development of carbon footprint over time (as of 29.08.2025)



Source: ©2025 MSCI ESG Research LLC. Reproduced by permission

Carbon footprint
Improving trend (absolute), though remains higher compared to benchmark and the MSCI World.

Figure 10. CVaR under 1.5C, 2C and 3C scenarios using REMIND (aggressive)

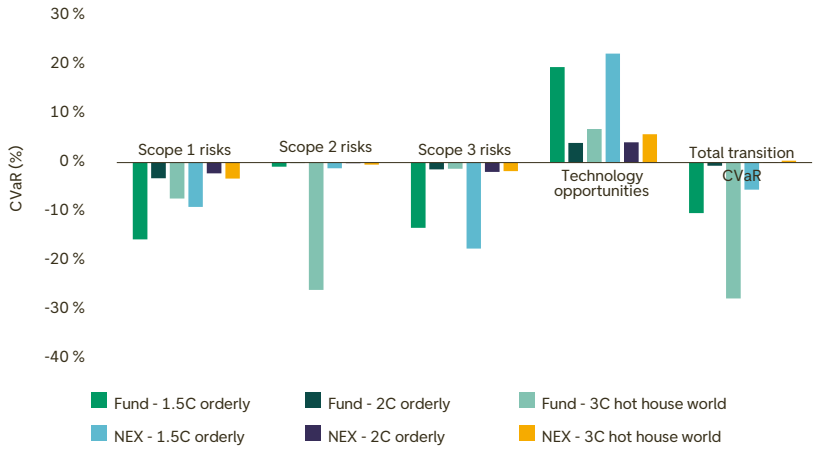


Source: ©2025 MSCI ESG Research LLC. Reproduced by permission

Scenario analysis (Climate Value-at-Risk) (CvaR)

Negative CVaR for the fund, its benchmark and the MSCI World for 1.5C, 2C and 3C REMIND scenarios (aggressive). This implies costs related with each scenario. Though CvaR is negative in all cases, the fund and perfoms better than both the MSCI World and its benchmark in all scenarios.

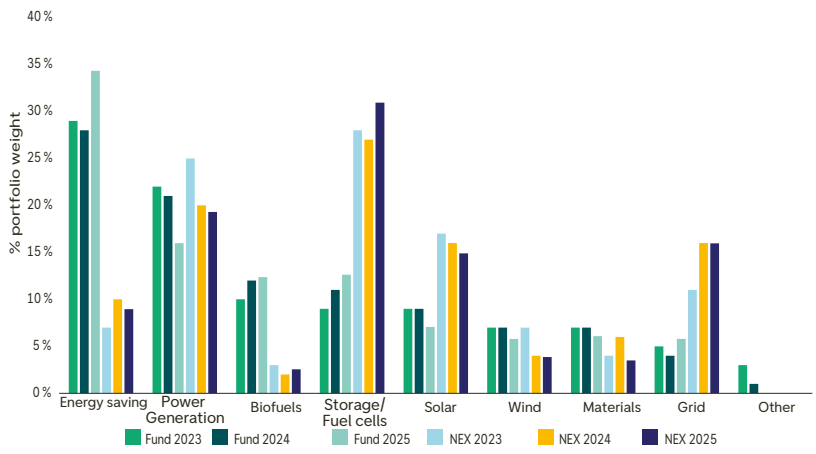
Figure 11. CVaR transition risks and opportunities under 1.5C, 2C and 3C scenarios for the DNB Renewable Energy fund and the NEX index using REMIND (as of 30.09.2025)



Source: ©2025 MSCI ESG Research LLC. Reproduced by permission

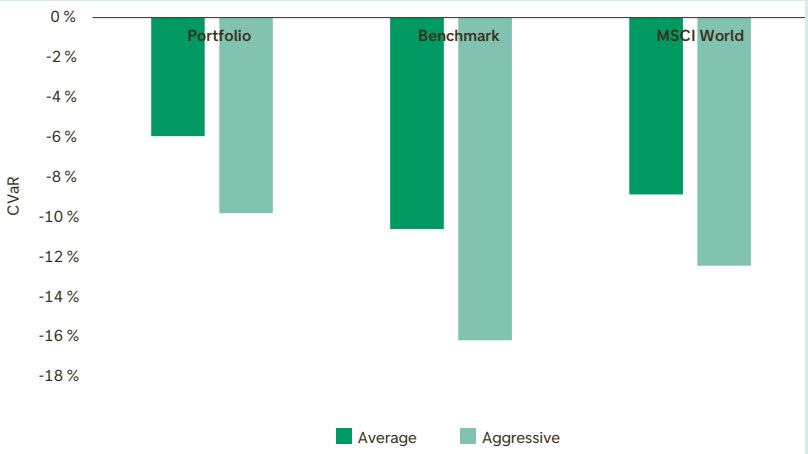
The fund and the NEX exhibit greater technology opportuniteis compared to the MSCI World, in line with expectations. The NEX has a CVaR of 22.3% for technology opportunities whilst the fund has a CVAR of 19.5%. The fund also has higher transition risks compared to its benchmark. Both are likely explained by the NEX having a higher exposure to "pureplay" sectors compared to the fund.

Figure 12. Sector allocation of the DNB Renewable Energy fund and the NEX index (as of 30.09.2025)



Source: ©2025 MSCI ESG Research LLC. Reproduced by permission

Figure 13. Physical risks and opportunities under average and aggressive scenarios under REMIND 1.5C (as of 30.09.2025)

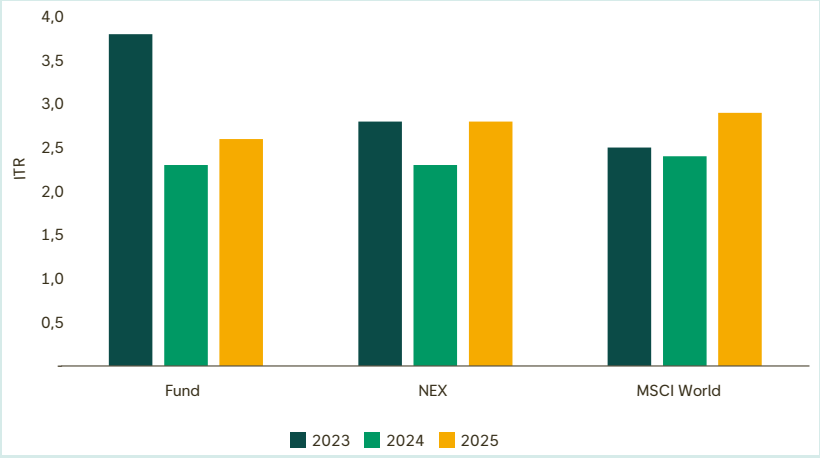


Source: ©2025 MSCI ESG Research LLC. Reproduced by permission

Scenario analysis (Climate Value-at-Risk) (CvaR)

Aggregated physical risks and opportunities are negative for the fund, its benchmark and the MSCI World in both the average and the aggressive REMIND scenarios. Regional exposure at the asset-level is the main driver behind differences between portfolios. The greatest contributors to physical climate risk in the fund is coastal flooding.

Figure 14. ITR for the DNB Renewable Energy fund, the NEX benchmark, and the MSCI World index from 2023-2025 (all as of end of September during the year)



Source: ©2025 MSCI ESG Research LLC. Reproduced by permission

Implied Temperature Rise (ITR)

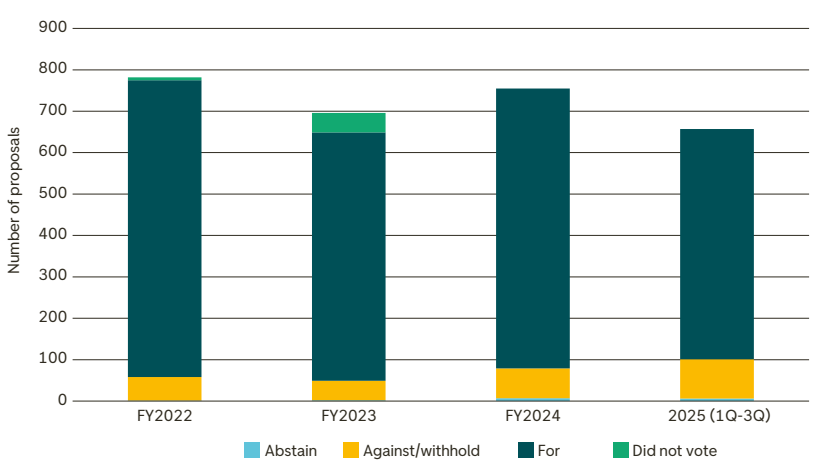
The fund has a lower ITR compared to the NEX and the MSCI World.

The key modelling steps of the ITR broadly consider 1) sectoral decarbonisation per country and allocate a carbon budget per company, 2) companies' future emissions, 3) carbon budget versus future emissions, and 4) convert results of under/overshoot to ITR.

As in previous years, companies' carbon footprints and targets likely have a material impact on the result.

See last year's report for further detail on ITR.

Figure 15. Number of proposals voted at during 2022-2025 (1Q-3Q)

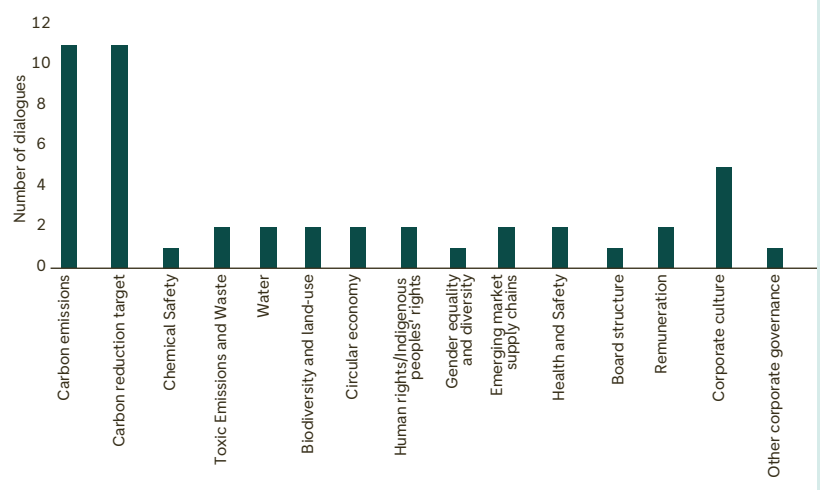


Source: DNB AM and ISS Proxy Voting

Voting

See the proxy voting dashboard for more detailed breakdowns and information about voting activity.

Figure 16. Number of dialogues per ESG topic between September 2024 - September 2025



Source: DNB AM

Company engagements

These figures only cover direct engagement that has happened in the form of meetings with companies where DNB AM has attended. In addition to the above, additional collaborative engagements are conducted together with Sustainalytics and through investor initiatives.

Note that the total number of dialogues has decreased Y/Y, primarily reflecting lower portfolio turnover. Much of the foundational ESG analysis has already been completed for existing holdings, reducing the need to initial deep-dive engagements.

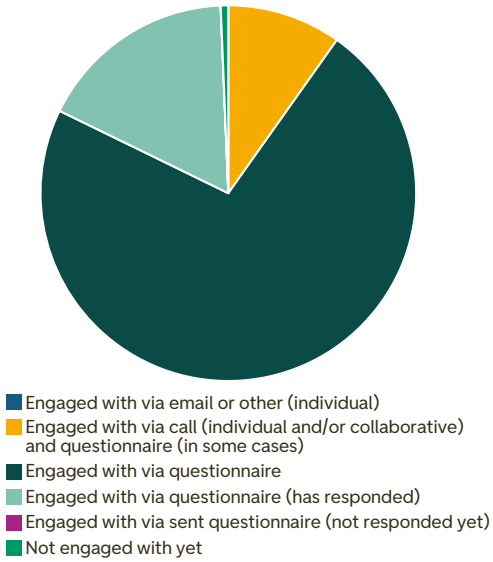
For more information on how the fund delivers on ESG-related regulatory requirements, including SFDR, please refer to last year's report and annual SFDR reporting.

Commitment to engage on science-based net zero target setting

Though the portfolio specifically invests in companies that demonstrate a solid ability to reduce or avoid emissions for their customers or their customer's customers, we strongly believe that these companies should also be addressing their own operational and supply chain emissions.

We committed to engaging with 80% of the portfolio (by weight) on science-based net zero targets on an annual basis starting in 2022. This engagement has included both companies that have already set net-zero targets, and those which are yet to set a target. In 2025, we have delivered on this commitment for the fourth consecutive year.

Figure 17. Status of engagement on net zero science-based target setting as of 30.09.2025



Source: DNB AM

The way in which we have engaged with companies on net zero target setting has also developed over the last few years. Between 2023-2025 we have relied more heavily on the utilisation of our questionnaire than in 2022. We view this as a helpful tool to scale this work, given that meetings are not always necessary if companies are already considered in best in class.

To deliver on this commitment, we collaborated closely with DNB AM's Responsible Investment (RI) team in 2022 to develop a framework for assessing the quality of net zero targets. In 2025, we further strengthened the framework, again in close collaboration with the RI team, to reflect significant enhancements driven by the following considerations:

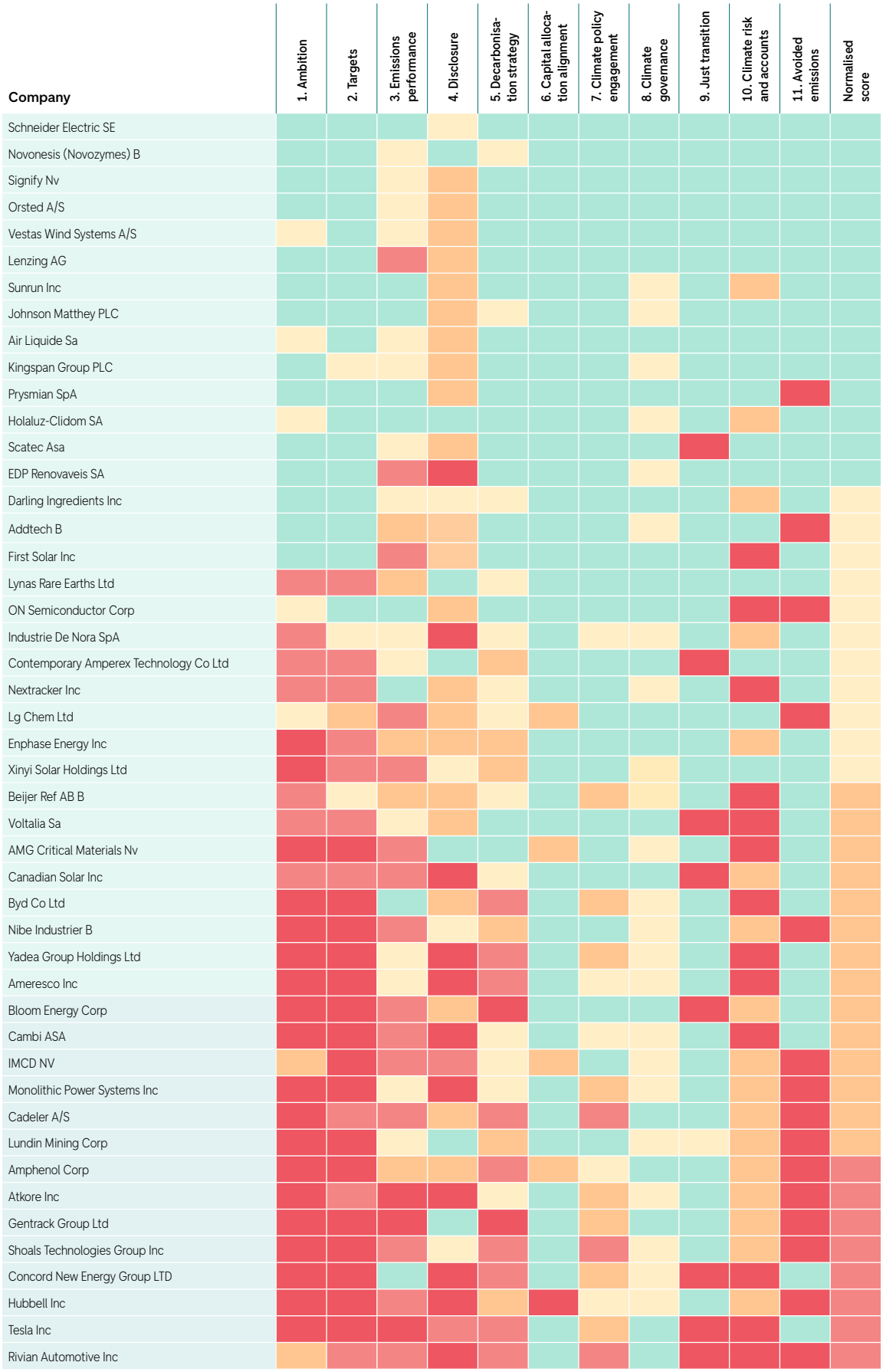
- Better alignment with best practice (NZIF framework) and the RI team's transition strategy framework.
- Results can be aggregated to show level of alignment with net zero – this can be tracked over time at both company level and portfolio level.
- Most underlying data points/themes are the same, but the updated framework captures some performance elements, such as emissions performance over the last three years and nuances in targets and scopes. As a result, we gain a better understanding of specific points for improvement.
- The simplified framework has been well-received by companies who are overwhelmed with bespoke ESG requests. At the same time, companies have likely seen an overall decline in ESG requests in 2025 as most have de-emphasised this work as a result of a market trend of low ESG sentiment.

However, the change in methodology has also introduced some limitations:

- **Loss of certain analytical details:** Historical scores have been normalised so that earlier data is retained. However, some final analytical decisions have been lost due to changes in the way the data is stored from 2025 onwards. This makes certain Y/Y comparisons more difficult in 2025. For example, Rivian's score declined from 66% in 2024 to 35% in 2025. An examination of the drivers behind this change reveal that this is most likely explained by differences in how we now identify or assess the presence of a net zero target.
- **Challenges in Y/Y comparability:** The data normalisation process may not result in fully comparable Y/Y outcomes. Between 2022-2024, scores were calculated on a scale from -100 to +100, whereas in 2025 we have applied a 0 to +100 scale. Moreover, although the thematic structure and underlying datapoints remain similar, the way these are combined (eg. Number of questions per section, introduction of more performance-based elements, etc) also affects final scores. Where substantial changes occur, we have investigated and attempted to describe the key drivers Y/Y.
- For these reasons, we have not presented more detail on company-level Y/Y specifics below as in previous years. These will instead be discussed in more detail in the subsequent reports.

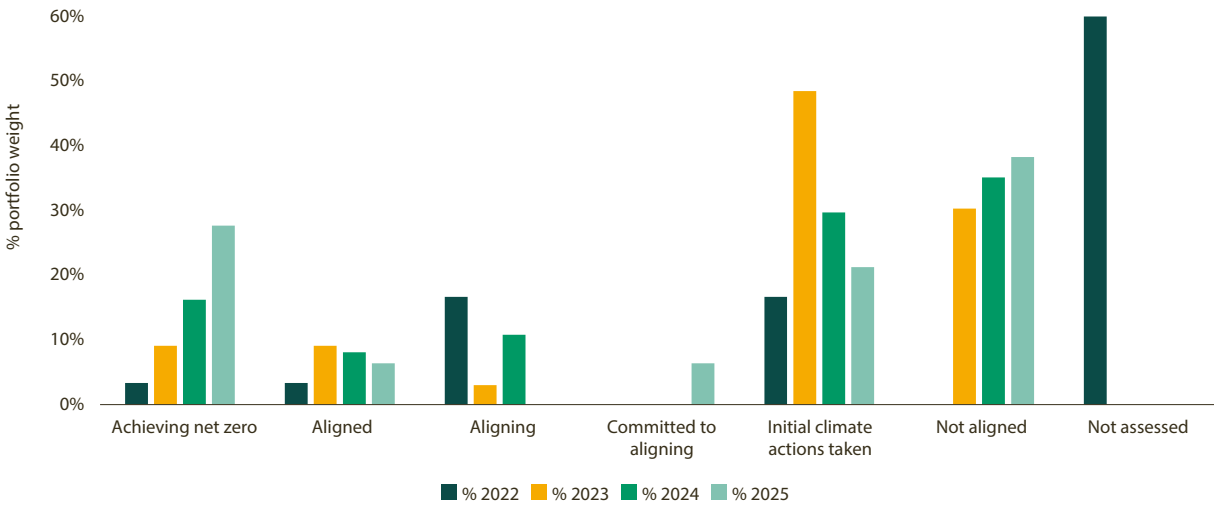
The framework still places emphasis on momentum/progress, and the output remains a heat map.

Figure 18. Heatmap of status of net zero target setting



Source: DNB AM

Figure 19. Assessment of companies' degree of alignment to net zero between 2022-2025



Source: DNB AM

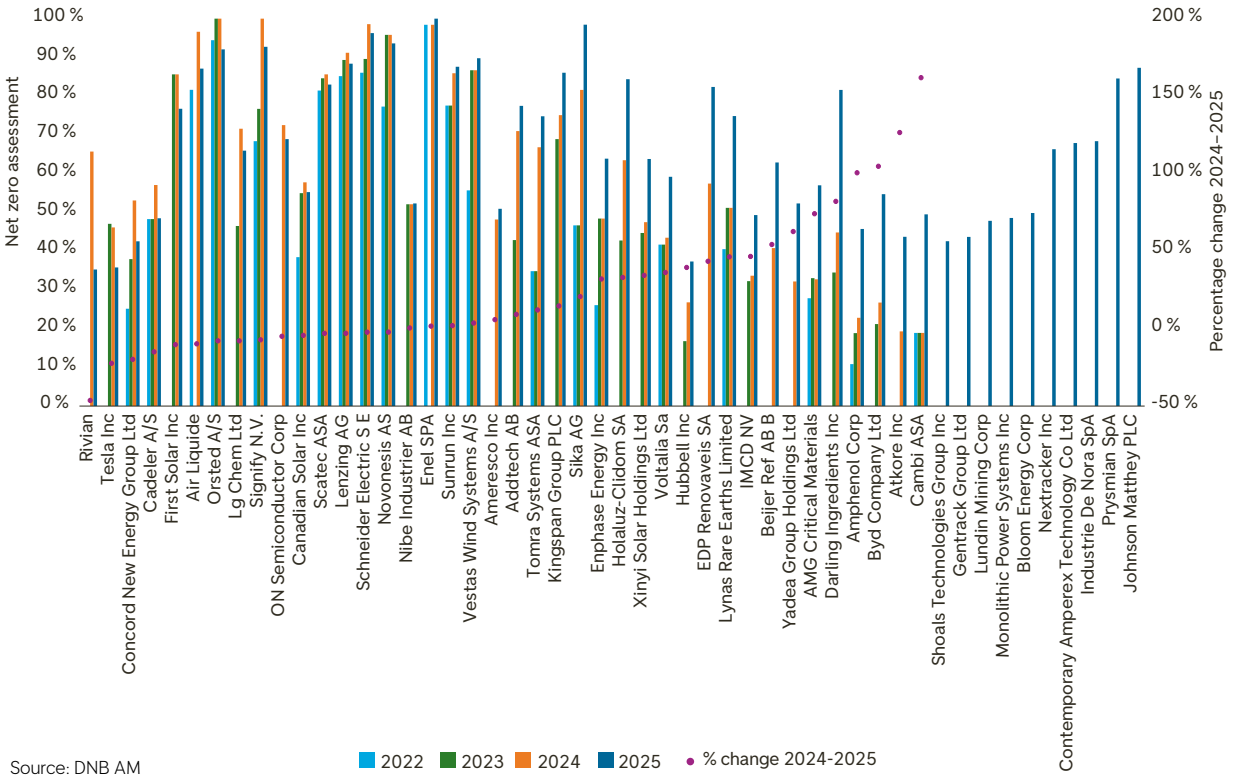
In addition to this heat map, the framework's alignment with the NZIF framework also allows us to make final assessments as to the level of alignment each company has with net zero. Despite the previously described challenges, we still find that overall results (as shown in Figure 19) still provide meaningful, high-level insights that align with our expectations.

We observe positive trends, with the number of companies achieving net-zero status increasing Y/Y, largely at the expense of those previously categorised as "aligned," "aligning," or "initial climate actions taken." The Y/Y increase in the "not aligned" and "committed to aligning" categories may be influenced by factors such as sample composition or selection effects.

It is important to note that some Y/Y changes can be difficult to interpret, as they are based on overall section scores. These may shift due to changes in emissions performance or other underlying metrics, meaning a company could move from being assessed as having "initial climate actions taken" in one year to "not aligned" in the next.

In all cases, we have included written comments to document the results and explain any observed Y/Y changes.

Figure 20. Net zero assessments between 2022-25 and percentage change between 2024-2025



Source: DNB AM

The percentage change between 2024-2025 reveals that positive changes are skewed towards companies with lower scores, indicating good momentum. On the other hand, best in class companies show less positive change, as expected given there is less room for improvement.

In the above, ~50% of companies show positive development Y/Y, whilst ~30% show negative development. Around 10% of companies are new in this year's assessment. Keep in mind that these Y/Y changes are likely to be exaggerated given the methodological changes and should therefore be considered with a pinch of salt.

Corporate culture framework

Corporate culture is an arguably under-analysed driver of long-term value creation, influencing talent retention, innovation, customer experience, risk management, and ultimately financial performance. We view culture as an important factor influencing competitive advantage, resilience and sustainability. Corporate culture is therefore an integral part of our investment process.

Examples of how corporate culture can influence financial performance:

- **Strong talent retention** can reduce turnover costs and lower execution risk.
- **A culture that supports innovation** is often associated with revenue growth and greater competitive resilience.
- **Governance and accountability practices** may contribute to reducing exposure to tail risks such as fraud or reputational issues.
- **An inclusive and equitable culture** can broaden talent pools and enhance the quality of decision-making.
- **High levels of employee engagement and focus on safety** are linked to higher productivity and fewer operational incidents.

We have built out a framework to assess companies' corporate culture. This framework draws on our own perspectives and experience regarding the key elements of an assessment of corporate culture, supplemented by desk-based research, sell-side analyses, external frameworks, and discussions with a range of stakeholders.

Whilst the integration of corporate culture into our company analysis is not new, the introduction of a structured framework enables a more systematic approach, helping us to organise our thinking, enhance consistency, and track developments over time.

While certain aspects of corporate culture can be reflected in quantitative indicators, such as HSE incidents, warranty accruals, capex overruns, yield loss, on-time delivery, regulatory fines, customer churn, and ultimately gross margin stability and cash conversion – these may not always be readily available. Moreover, many dimensions of corporate culture are inherently qualitative. Assessing these requires thorough and time-intensive analysis.

Our approach naturally combines multiple sources of information, including publicly available disclosures (annual reports, sustainability reports, earnings transcripts), cultural rankings (ie. Best place to work rankings, culture indices, etc), paid research and expert network interviews, as well as direct company interactions and site visits. A robust assessment of corporate culture requires triangulating insights and cross-checking hypotheses across these diverse sources. Given the labour-intensive nature of this work, we believe our ability to systematically assess corporate culture provides a differentiated analytical edge.

Integrating culture analysis into our investment process enhances conviction, helps identify risks, and strengthens the quality of our engagement with companies.

Table 1. Corporate culture framework

Pillars	Description
Strategic alignment & purpose	Alignment between values and business model
Leadership & governance	Leaders set cultural tone and accountability
Diversity, Equity and Inclusion	Inclusive culture drives innovation and risk resilience
People & talent	Talent is central to execution and resilience
Innovation & adaptability	A culture of agility and experimentation fuels growth
Transparency & accountability	Ethical, transparent cultures earn stakeholder trust

Source: DNB AM

This work has so far resulted in a framework summarised in the table above, which illustrates the core pillars of our framework. Building on these pillars, the framework defines the key questions that must be addressed to effectively assess each dimension of corporate culture.

Each question is evaluated from 1 (weak) to 5 (strong), accompanied by a confidence rating ranging from 1 (low) to 3 (high). We also classify each question as either reporting-driven or non-reporting driven. Every assessment is supported by a written comment summarising the findings and rationale behind our judgements.

Importantly, assessments are made on an absolute basis, not relative to peers, as strong corporate culture is valuable regardless of sector. This also enables us to make comparisons between companies across sectors.

The output of this process includes a company-level score, a company-level confidence score, and a breakdown of average scores distinguishing between reporting- and non-reporting-driven questions. This level of granularity helps us to identify whether additional confidence may be required, for instance, through a company meeting, and to determine whether a company's apparent performance is primarily driven by disclosure quality or by underlying cultural practices. Importantly, we recognise that reporting is not the same as practice, and this distinction is central to how we interpret results.

Table 2. Assessment of Schneider Electric's corporate culture

	Assessment (scored 1-5)	Confidence (scored 1-3)
Overall	4	2
Assessment of reporting-driven questions	4.2	
Assessment of non-reporting-driven questions	3.7	
Pillars	Assessment	Confidence
Strategic alignment & purpose	4	3
Leadership & governance	4	2
Diversity, Equity and Inclusion	5	2
People & talent	4	2
Innovation & adaptability	4	2
Transparency & accountability	5	3

Source: DNB AM

The table above sets out our initial assessment of Schneider Electric's corporate culture using this framework. While further work is required before we are confident in the granular detail, the overall directional signal is consistent with our existing view. In general, lower assessment scores correlate with lower confidence levels, and we expect confidence to increase as we continue to cross-check and validate our findings. As anticipated, Schneider Electric scores more strongly on reporting-related dimensions, supported by the breadth and depth of its sustainability disclosures.

Some comments on the pillar results:

- **Strategic alignment & purpose:** Sustainability is deeply embedded in Schneider's strategy, governance, and capital allocation. Its decentralised "multi-hub" model empowers local decision-making and supports agility, though execution across teams appears to vary. Cultural indicators from MIT 500 Culture suggest weaker collaboration and integrity consistency, but extensive programs around diversity, inclusion, and psychological safety highlight a deliberate, structured approach to culture-building.

- **Leadership & governance:** Leadership demonstrates clear tone-from-the-top alignment, emphasising accountability, ethics, and sustainability. Board oversight is strong, supported by specialised committees, and incentives are tightly linked to ESG goals. Diversity at senior levels is high, though succession depth and minority representation continue to lag. Overall, governance effectively embeds Schneider's values across leadership behaviour and decision-making.

- **Diversity, Equity & Inclusion:** Schneider performs at an industry-leading level. Gender diversity continues to improve, supported by measurable pay gap and hiring targets and 99% employee completion of mandatory DEI training. Progress is transparent, and sentiment indicators show sustained strength versus peers, confirming a well-integrated, data-driven DEI strategy.

- **People & talent:** Employee engagement and satisfaction have steadily improved, underpinned by high participation and comprehensive well-being benefits. Turnover has declined, and the firm maintains a strong employer brand and safety record. Talent shortages in cybersecurity and digital roles pose risks, but Schneider is investing in upskilling and recruitment. Governance reforms have strengthened trust following past controversies, though communication during leadership transitions could improve.

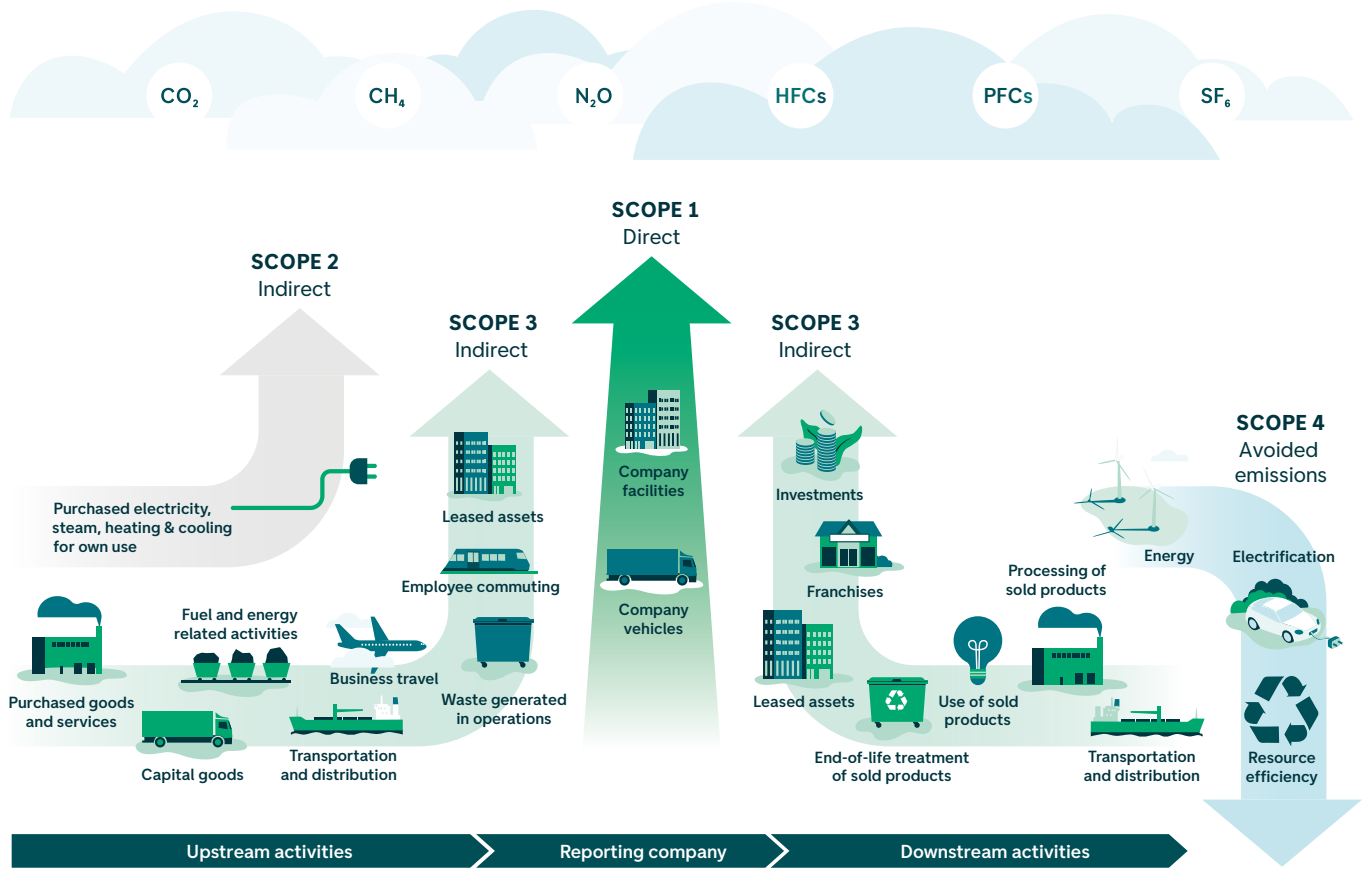
- **Innovation & adaptability:** Innovation is customer-centric and data-driven, supported by co-creation labs and feedback systems tied to performance metrics. With ~37k patents and R&D at 5.9% of sales, Schneider is above peers in innovation intensity. The "Digital Flywheel" now generates 57% of revenue, targeting 60–65% by 2027. The company actively tracks "avoided emissions," showing a genuine focus on impact over marketing, though scaling and iteration speed remain areas to monitor.

- **Transparency & accountability:** Governance, ethics, and disclosure standards are exemplary, reinforced by third-party assurance and active whistleblowing oversight. Despite a €207m antitrust fine in 2024, Schneider maintains strong compliance systems and high employee trust in reporting mechanisms. Supplier oversight and contractor ESG alignment are well-developed, though global scale adds inherent risk. The decentralized model supports resilience during crises, underscoring Schneider's integrity and operational transparency.

The development of this framework remains ongoing, and we expect to share further details and company-level findings as the work matures.

4 Key findings of potential avoided emissions analysis

Figure 21. Greenhouse gas emissions across the value chain



- **SCOPE 1:** All direct GHG emissions.
- **SCOPE 2:** Indirect GHG emissions from consumption of purchased electricity or steam.
- **SCOPE 3:** GHG emissions relating to up- and downstream activities in the value chain of the company's product/service.
- **SCOPE 4:** Emissions that would have been released if a particular action or intervention had not taken place (can appear throughout third parties' value chains depending on the type of product or service offered and how this product or service affects operations)

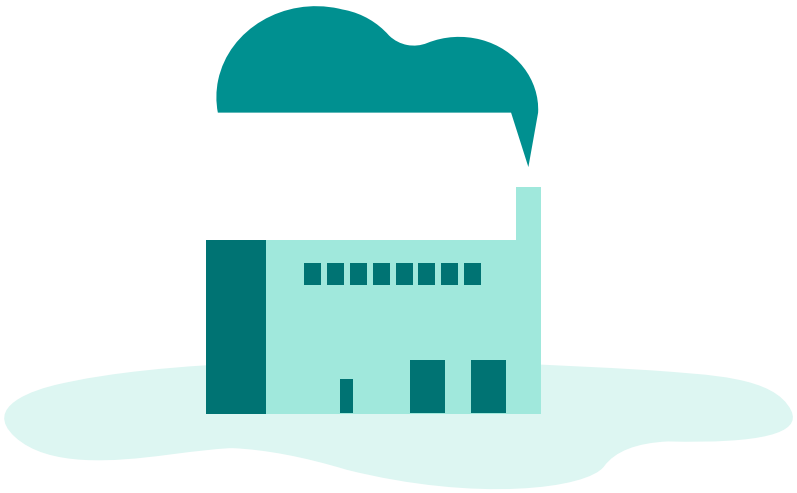
Source: GHG Protocol, Lazard

Carbon footprint versus avoided emissions

Carbon footprint, also called carbon intensity, is the measurement of a company's greenhouse gas emissions relative to a company's turnover and is a key indicator of climate risk and impact. Traditional carbon footprinting focuses on scope 1 and 2 emissions, those directly generated or from purchased energy. These data are widely available and relatively easy to measure, which has led many investment strategies to favour companies that appear carbon efficient on this basis. However, this approach often overlooks scope 3 emissions, which occur indirectly across a company's value chain and which often represent the largest share of total emissions and is therefore a significant source of transition risk.

To gain a more complete picture of a company's true climate impact, we believe a more complete assessment should consider all three scopes alongside a company's capability to enable emissions reductions elsewhere – its Potential Avoided Emissions (PAE). PAE measures "emissions that would have been released if a particular action or intervention had not taken place," for example, through technologies that improve energy efficiency or replace carbon intensive alternatives. This provides an important counterbalance to traditional carbon footprinting by highlighting companies that contribute positively to decarbonisation, even if their own operational emissions are high. For the sixth consecutive year, we have partnered with ISS-ESG to quantify the PAE of our fund holdings, helping us identify those best positioned to deliver real-world climate solutions and benefit from the transition to a low-carbon economy.

For more information on ISS-ESG's methodology and its limitations, please refer to previous years' reports.



Results of PAE analysis

Figure 22. Results of 2024 PAE analysis under STEPS scenario

STEPS–2024				
Sector	Scope 1 & 2 emissions	Scope 3 emissions	PAE	Net PAE
Wind	0	24	-287	-263
Solar	21	41	-566	-504
Materials	7	9	-146	-130
Energy saving	5	1 433	-2 319	-880
Biofuels	8	51	-163	-105
Power generation	1	22	-173	-150
Other	-	-	-	-
Power storage	2	49	-317	-266
Fuel cells	1	0	-18	-17
Grid	0	4	-5	-1
Total	47	1 633	-3 996	-2 315

Source: ISS-ESG, with adjustments from DNB AM

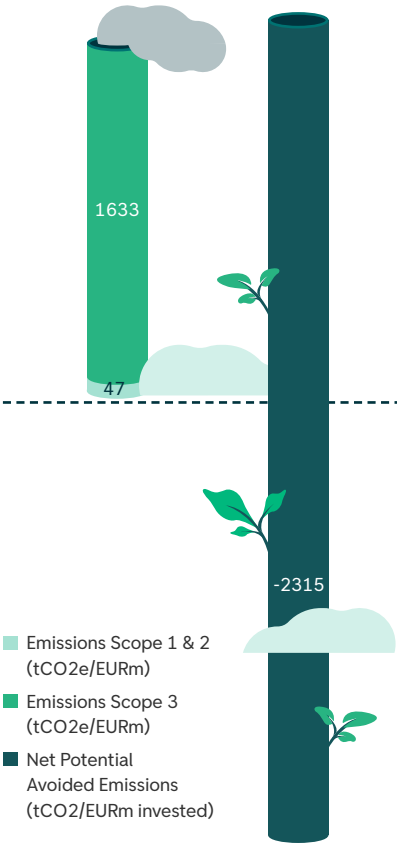
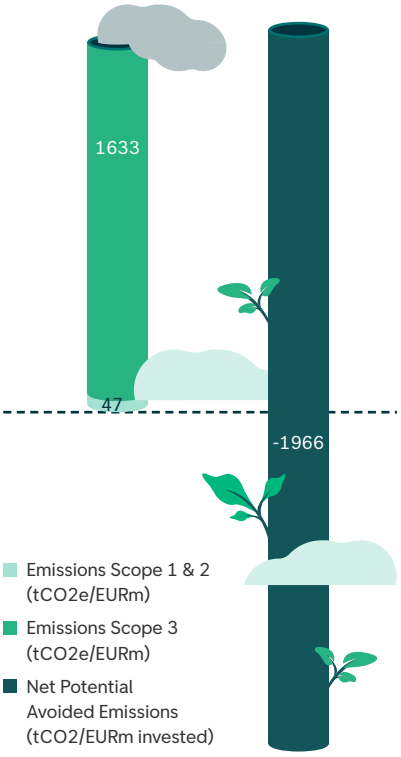


Figure 23. Results of 2024 PAE analysis under NZ scenario

NZ–2024				
Sector	Scope 1 & 2 emissions	Scope 3 emissions	PAE	Net PAE
Wind	0	24	-167	-142
Solar	21	41	-335	-274
Materials	7	9	-146	-130
Energy saving	5	1 433	-2 318	-880
Biofuels	8	51	-163	-105
Power generation	1	22	-171	-148
Other	-	-	-	-
Power storage	2	49	-323	-271
Fuel cells	1	0	-17	-16
Grid	0	4	-5	-1
Total	47	1 633	-3 646	-1 966

Source: ISS-ESG, with adjustments from DNB AM



As shown in Figure 22 and Figure 23, the fund's underlying holdings potentially avoid more carbon than they emit. Consistent with last year's analysis, two International Energy Agency (IEA) scenarios have been assessed - IEA Stated Policies Scenario (STEPS) and IEA Net Zero Emissions by 2050 (NZ).

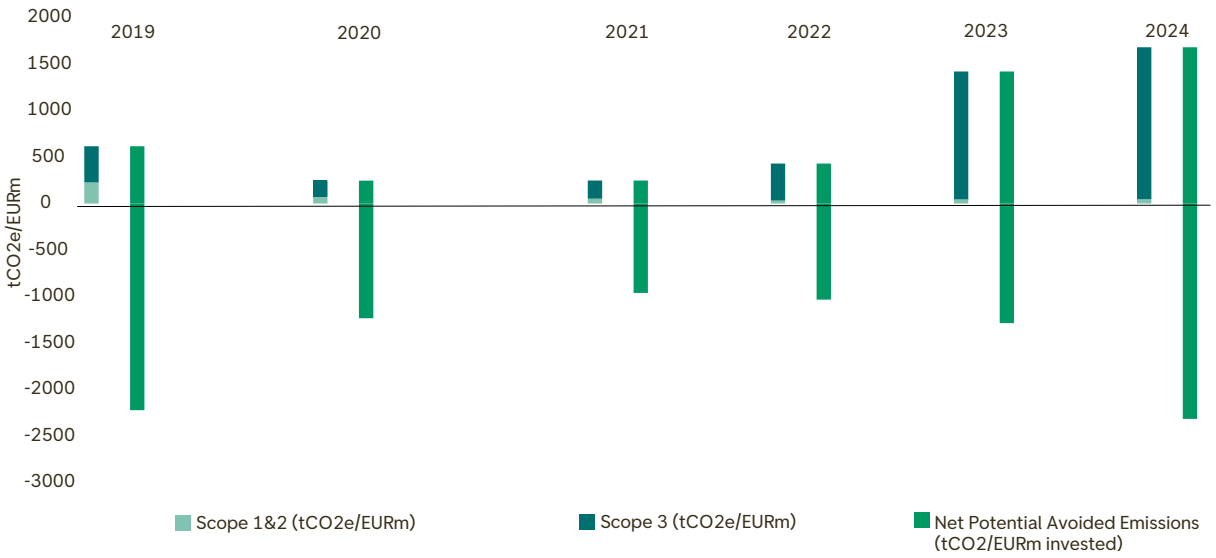
As in previous years, the PAE analysis focuses on one primary product category per company. To calculate the carbon footprint, we have scaled down the scope 1, 2 and 3 emissions provided by ISS-ESG in line with the percentage of revenues that the PAE analysis covers per company. Note that only emissions are scaled, not PAE, as PAE already reflects the revenues covered. In practice, this assumes that the remaining revenues streams have a similar emissions profile to those included in the analysis. It is important to note that this additional layer of analysis used to estimate net PAE is not based on an established market methodology.

For **Air Liquide, Schneider Electric** and **Signify,** we rely on company-reported figures in this year's assessment. The companies' methodologies have previously been verified by ISS-ESG and are underpinned by robust methodologies. The PAE analysis covers 80% of fund holdings (as of 09.05.2025). Certain large holdings, such as IMCD, are excluded due to the unsuitability of their business models for this type of assessment (see case study, 2021 report, pgs. 54-55). On average, the analysis captures 64% of revenues from the companies included.

The calculations are based on backward-looking data from 2023 or 2024, depending on data availability. We expect that forward-looking figures would likely yield even stronger avoided emissions results, given that many portfolio companies are positioned for structural growth through solutions that enable emissions reductions.

This marks the sixth consecutive year of conducting fund-level PAE analysis. Over time, the results have evolved in line with methodological refinements, portfolio composition changes, and improvements in company-level disclosures (see Figure 24). While scope 1 and 2 emissions have generally declined since 2019 (before a rise in 2023 and 2024 due to portfolio shifts), scope 3 emissions have increased, largely reflecting methodological updates for certain holdings. Scope 3 emissions are likely to be more volatile, as they are modelled by ISS-ESG and therefore sensitive to ongoing methodological updates. Overall, the findings underscore the sensitivity of aggregated outcomes to evolving methodologies, portfolio weights, and disclosure quality, reinforcing our focus on the directional insights rather than the absolute figures.

Figure 24. PAE for DNB Renewable Energy between 2019-2024



Source: ISS-ESG (with adjustments by DNB AM)

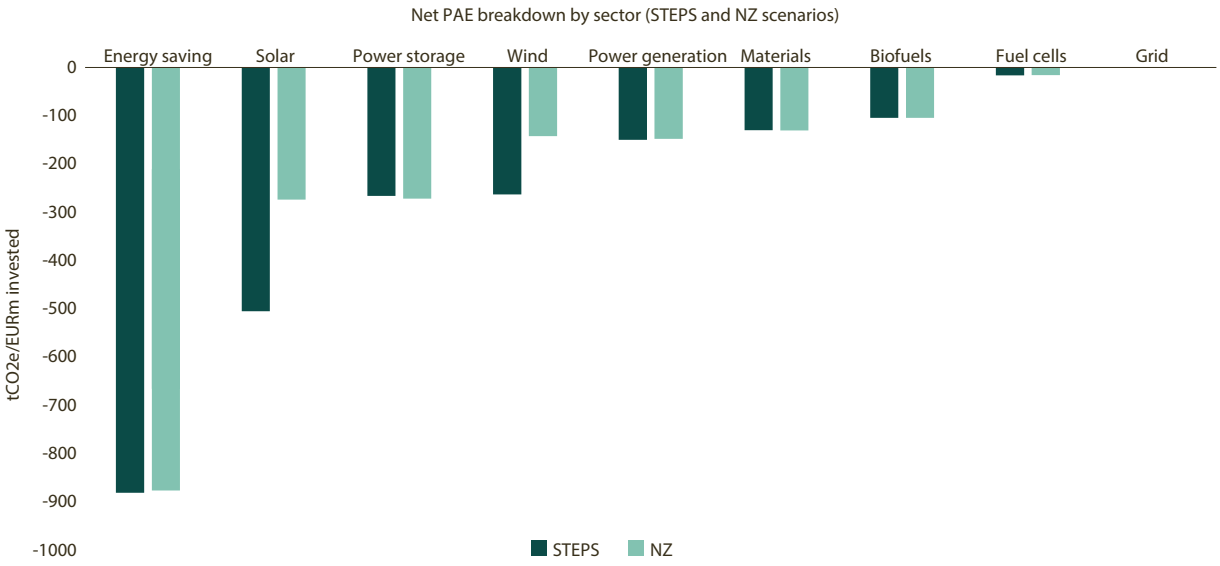
Table 3 Top ten contributors to PAE in the fund

2024					
Top ten (STEPS)	Weight (%)	Fund PAE (tCO2)	% of total portfolio	Sub sector	Environmental angle
Signify NV	3,5 %	256 000 000	21 %	Energy saving	Connected lighting
Schneider Electric SE	1,3 %	58 434 685	5 %	Grid	Software/efficiency (grid)
Canadian Solar Inc.	1,1 %	109 719 500	9 %	Solar	Solar modules
BYD Company Limited	2,7 %	101 076 846	8 %	Power storage	EVs
Vestas Wind Systems A/S	4,8 %	100 209 837	8 %	Wind	Wind turbines
Xinyi Solar Holdings Limited	1,4 %	78 984 768	6 %	Solar	Solar glass and solar farm business
Air Liquide Sa	2,5 %	70 882 000	6 %	Fuel cells	Hydrogen for fuels desulfurization and reduction of black carbon emissions through the use of ultra-low sulfur fuels
LG Chem Ltd.	1,9 %	69 437 401	6 %	Power Storage	EV battery materials and POE offerings
Yadea Group Holdings Ltd.	1,9 %	65 650 012	5 %	Power Storage	Electric bikes/scooters
Novonesis (Novozymes A/S)	7,2 %	60 000 000	5 %	Biofuels	Biosolutions enabling the production of low-carbon fuels
Total	28 %	970 395 050	79 %		

Source: ISS-ESG

It is also useful to consider how different sectors contribute to the overall PAE result. As shown in Figure 25, the net PAE per sector varies considerably. The net results show that energy saving delivers the strongest contribution by sector for the first time, while grid show the weakest contribution. The analysis reveals net emissions avoided for all sectors in both the STEPS and NZ scenarios.

Figure 25 Net PAE breakdown by sector



Source: ISS-ESG (with adjustments by DNB AM)

Energy saving

Energy saving ranks first in the analysis for the first time, largely driven by PAE results for **Signify**. As discussed in previous reports, Signify remains and outlier due to its significant scope 3 emissions and substantial avoided emissions, both influenced by its long product lifetimes, often around ten years. In this year's assessment, net PAE improved to -893.0 tCO2e PAE/EURm, from -152.5 tCO2e PAE/EURm invested last year. This increase reflects a rise in the company's self-reported avoided emissions from 240 mtCO2e in 2023 to 256 mtCO2e in 2024, alongside a shift in LED-based revenues from 85% to 90%.

The sub-sector's positive result was further supported by the addition of **Industrie De Nora** (a provider of electrochemical technologies enabling cleaner water, hydrogen production, and industrial decarbonisation) and **Lundin Mining** (a diversified base metals mining company with significant copper production, critical for electrification and renewable energy infrastructure). Both companies are calculated to potentially avoid more emissions than they emit. In contrast to last year, **Beijer Ref** also contributed positively, with lower scope 3 emissions and higher PAE. The increase in PAE reflects improved data clarity from ISS-ESG following more detailed disclosures in the company's annual report, specifically around heat pump sales within its OEM segment. This highlights a well-known limitation of PAE analysis – its sensitivity to the quality and completeness of underlying data inputs.

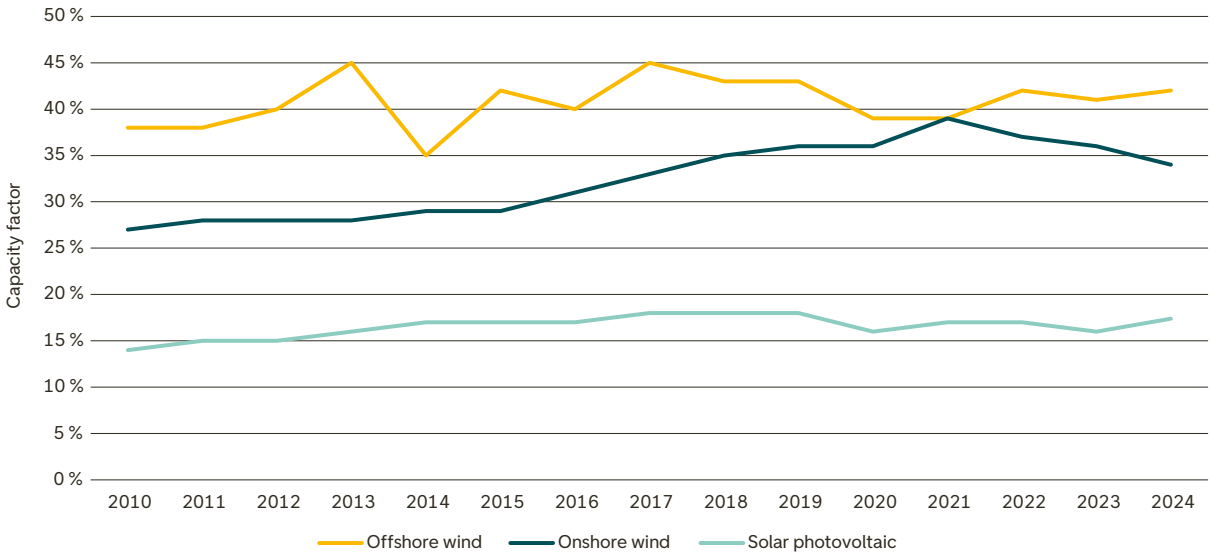
While the sub-sector's total net PAE remains positive, **Ameresco** and **Nibe Industrier** continue to be calculated as emitting more than they avoid, consistent with last year's findings. **Nibe Industrier** is the weakest performer, with results broadly unchanged despite scope 1, 2 and 3 emissions declining by 9% and 23%, respectively. However, the company's portfolio weight increased from 3.9% to 4.9%, while market value declined, resulting in a weaker overall net PAE of 119.5 tCO2e PAE/EURm invested this year, compared to 71.4 tCO2e PAE/EURm invested last year. Despite this result, we still find these companies as important contributors to the energy transition. Ameresco delivers environmental value by deploying energy efficiency (such as renovation projects) and renewable energy infrastructure to accelerate decarbonisation. Nibe Industrier develops and manufactures highly energy-efficient indoor climate and heating solutions, such as heat pumps and smart heating systems.

Solar and Wind

Solar and wind rank second and third place respectively, consistent with previous years' results. Although power storage ranks third, solar and wind are discussed together as they share a similar approach to calculating PAE. For technology manufacturers, the PAE methodology allocates avoided emissions over the full lifetime of products installed during the year of measurement - 20 years for both solar and wind. Changes in load factors, installed capacity, and ownership levels can therefore influence results compared to prior years.

For solar, net PAE improved to -504.5 tCO2e PAE/EURm invested in 2024 from -447.4 tCO2e PAE/EURm invested in 2023. For wind, net PAE improved to -262.8 tCO2e PAE/EURm invested from -215.0 tCO2e PAE/EURm in the same period. Capacity factors remained relatively stable, as shown in Figure 26 below.

Figure 26. Global weighted-average capacity factors for wind and solar over time[3]



Source: IRENA

The result for solar reflects two main factors: weaker performance from **Xinyi Solar Holdings, Canadian Solar** and **Enphase Energy**, offset by the addition of **Shoals Technologies Group** and **First Solar**, both of which contributed positively. **Xinyi Solar Holdings**, the world's largest photovoltaic glass producer, remains the largest single contributor to solar PAE despite its result worsening from -246tCO2e PAE/EURm to -190tCO2e/EURm invested this year. While solar glass sales rose 9.6% and solar farm sales increased 2% Y/Y, the company's holding size and market value declined sharply, affecting ownership-based calculations.

Canadian Solar's PAE worsened to -129.3 tCO2e PAE/EURm invested from -198.1 tCO2e PAE/EURm invested last year, despite higher module shipments (from 30,700 to 31,100). The result is therefore largely explained by a drop in market value **Enphase Energy**, a provider of microinverters that optimise solar panel performance, saw total PAE fall from 2,023,347 tCO2e in 2023 to 929,006 tCO2e in 2024, explained simply by a significant Y/Y decline in MWs sold – from 5,454 MW AC in 2023 to 2,432 MW AC in 2024. Its net result shifted from -2.9 tCO2e PAE/EURm invested to 0.03 tCO2e PAE/EURm in 2024, indicating marginally higher emissions than avoided. Conversely, **Shoals Technologies Group**, newly added to the assessment, is worth mentioning as a significant positive contributor. The company provides advanced electrical balance-of-system solutions enabling utility-scale solar, energy storage and e-mobility deployments and its calculated net PAE is -175,4 tCO2e PAE/EURm invested – a significant contribution to the sub-sector's -504.5 tCO2e net PAE total.

Within wind, two companies were assessed – **Vestas Wind Systems** and **Cadeler**. **Vestas**, the leading Western turbine manufacturer, increased installations from 11,666 MW in 2023 to 13,198 MW in 2024. Despite a decline in market value, its net PAE per EURm invested improved from -201.2 to -259.7. **Cadeler**, a specialist in offshore wind installation, maintenance and decommissioning, increased its total PAE by 85% to 3,660,619 tCO2e, though its net PAE/EURm invested worsened due to reduced ownership. Overall, the wind sector's total net PAE improved to -262.8 tCO2e PAE/EURm invested in 2024, from -215.0 tCO2e PAE/EURm invested in 2023, reinforcing the positive contribution of renewable energy technologies despite company-specific variations.

Power storage

Power storage ranks fourth in terms of contribution to PAE. The methodology of allocating avoided emissions over the lifetime of electric vehicles (EVs) and other electrified transport solutions helps explain the sectors high net PAE. The sub-sector includes **BYD**, **Rivian**, **LG Chem** and **Yadea Group**.

3 Global Trends (irena.org), Renewable power generation costs in 2023: Executive summary (irena.org)

Yadea, the leading global producer of electric two-wheelers, remains the largest contributor to net PAE within power storage. Its result improved to -240 tCO2e PAE/EURm invested, up from -147.0 last year, despite a decline in e-bike and e-scooter unit sales (13.0m in 2024 vs. 16.5m in 2023), resulting in a lower absolute PAE. Scope 1 and 2 emissions fell 10% Y/Y, while scope 3 emissions (modelled by ISS-ESG) increased 130% from 2022 to 2023, reflecting updates to the model that heavily link downstream emissions to scope 1 and 2 data. Note that due to the updated schedule for estimated scope emissions, the scope 3 data provided by ISS-ESG lags by one year (i.e., Yadea's scope 3 data is influenced by its scope 1 and 2 emissions from 2023).

For both BYD and Rivian (newly included this year), the PAE assessment focuses on EVs, calculated over the expected lifetime of vehicles sold during the year. BYD sold 4.3m vehicles in 2024, up 41% Y/Y, while its overall emissions remain high, its net PAE improved, showing fewer emissions emitted than avoided (4.8 tCO2e PAE/EURm invested in 2024 vs. 6.5 tCO2e PAE/EURm invested in 2023). Rivian, by contrast, produced far fewer vehicles (51,579 vehicles in 2024), resulting in total avoided emissions of 1.88 mtCO2e compared to 101.1 mtCO2e for BYD. Lower production volumes translate into lower scope 1, 2 and 3 emissions, though Rivian is still estimated to emit slightly more than it avoids, with a net PAE of 0.6 tCO2e PAE/EURm invested.

Power generation

Power generation ranks third for the first time, having historically been one of the weakest-performing sub-sectors. As in last year's result, there were no detractors to net PAE in this year's assessment. As there have been no material methodological changes, Y/Y differences in total PAE primarily reflect variations in the volume of renewable energy produced by utilities, the number of solar systems deployed by Sunrun (distributed solar), and the number of thermal hydrolysis pre-treatment technology (THP) units sold for Cambi.

Cambi, the world-leading supplier of technology and solutions for converting wastewater solids and organic wastes into valuable bioresources, is the largest contributor to the sub-sector's net PAE. Its net PAE improved from -24.8 to-48.5 tCO2e PAE/EURm invested. The company's reported annual avoided emissions from THP units sold in 2024 were extrapolated over a 20-year lifetime, compared with 15 years previously, following the company's own assumption in its questionnaire response and leading to an improved result.

Ørsted also stands out, with its net PAE improving from -0.1 to -15.0 tCO2e PAE/EURm invested, reflecting a higher level of potential emissions avoided. As one of the leading global developers and operators of renewable energy projects, primarily offshore wind, Ørsted reduced its Scope 1, 2, and 3 emissions Y/Y, partly due to lower sales from 2022 to 2023 (largely driven by a decrease in revenues from bioenergy and thermal power), whilst increasing total renewable power generation from ~33,289GWh in 2023 to ~36,047GWh in 2024. This drove a rise in avoided emissions from 12.6 million to 16.2 million tCO_2e.

Materials

The materials sector ranks as the sixth-largest contributor to PAE, consistent with previous years. This result is primarily driven by AMG Critical Materials, which operates across several CO2-reducing business areas. For this analysis, we focused on the company's Thermal Barrier Coating (TBC) machines. AMG's proprietary TBC technology allows aircraft engine manufacturers to increase operating temperatures beyond the physical limits of base materials by coating nickel-based superalloy blades in the high-pressure combustion section of engines, significantly improving aerospace fuel efficiency.

ISS-ESG has adjusted AMG's self-reported PAE figure to account for the lifetime and relative weight of the coated blades compared with total engine weight. The company's calculated PAE for 2024 is broadly in line with last year (34.2 million tCO2e in 2024 vs. 31.8 million tCO2e in 2023). In terms of net PAE per EURm invested, AMG represents approximately 95% of the sector's total, underscoring its outsized contribution to the materials sector's climate impact profile.

Biofuels

Biofuels ranks seventh in this year's assessment, down from second place last year. Two companies are classified within this sub-sector: Novonesis and Darling Ingredients.

Novonesis, the leading global biosolutions company formed through the merger of Novozymes and Chr. Hansen, reports the 10th-highest total PAE in the portfolio with a self-reported figure of -60 mtCO2e. This represents a reduction of 5 mtCO2e Y/Y, while Scope 1 and 2 emissions have increased significantly and market value fell. As a result, the company's net PAE has worsened from -354.2 to -125.1 tCO2e PAE/EURm invested this year. In our engagement with the company in July, Novonesis explained that the apparent increase

in total emissions largely reflects the merger's timing, as Chr. Hansen's 2023 emissions data did not cover a full year. When comparing 2022 (combined Novozymes and Chr. Hansen) with 2024 Novonesis data, the Y/Y increase is notably smaller. The company also noted continued reductions in Scope 2 emissions, partially offset by moderate increases in Scope 1 and 3. Novonesis has committed to a 90% absolute reduction in Scope 1, 2, and selected Scope 3 categories by 2050, without relying on offsets or avoided-emissions claims. The residual 10% is expected to be addressed through high-integrity removals once technologies and markets mature. The company continues to view product-level avoided-emissions accounting as strategically important, though it is refining its methodology and determining how broadly to extend it beyond biofuels, where benefits are harder to express purely in GHG terms.

Darling Ingredients collects and processes waste fats and oils into value-added products across multiple industries, including animal feed, human health, and renewable diesel (via its joint venture with Valero, Diamond Green Diesel). Total PAE remained stable Y/Y, with renewable diesel output unchanged at 1.25 billion gallons in both 2023 and 2024. Scope 1, 2, and 3 emissions declined slightly but remain high relative to avoided emissions. The company continues to emit more than it avoids, though results improved Y/Y, with net PAE at 20.6 tCO2e/EURm invested versus 25.2 in 2023.

Fuel cells

Fuel cells represents the second-smallest contributor to net PAE in this year's assessment, with two companies included: Air Liquide and Bloom Energy.

Air Liquide, a long-established industrial gases company, continues to demonstrate potential to leverage its expertise to drive growth in emerging hydrogen and carbon capture technologies. For this year's analysis, we used the company's self-reported avoided emissions figure of 70.9 mtCO2e, down slightly from 71.1 mtCO2e last year. Despite this modest decline, portfolio weight increased to 2.5% (from 0.9%) and market value increased . As a result, net PAE improved to -15.9 tCO2e PAE/EURm invested, compared with -6.9 last year.

Bloom Energy, newly added to the analysis, develops solid oxide fuel cell and electrolyser systems that enable low-carbon, on-site power generation and hydrogen production. Its PAE is calculated over the lifetime capacity of fuel cells deployed in 2024, resulting in a net PAE of -0.7 tCO2e PAE/EURm invested, contributing approximately 4% to the sub-sector's total.

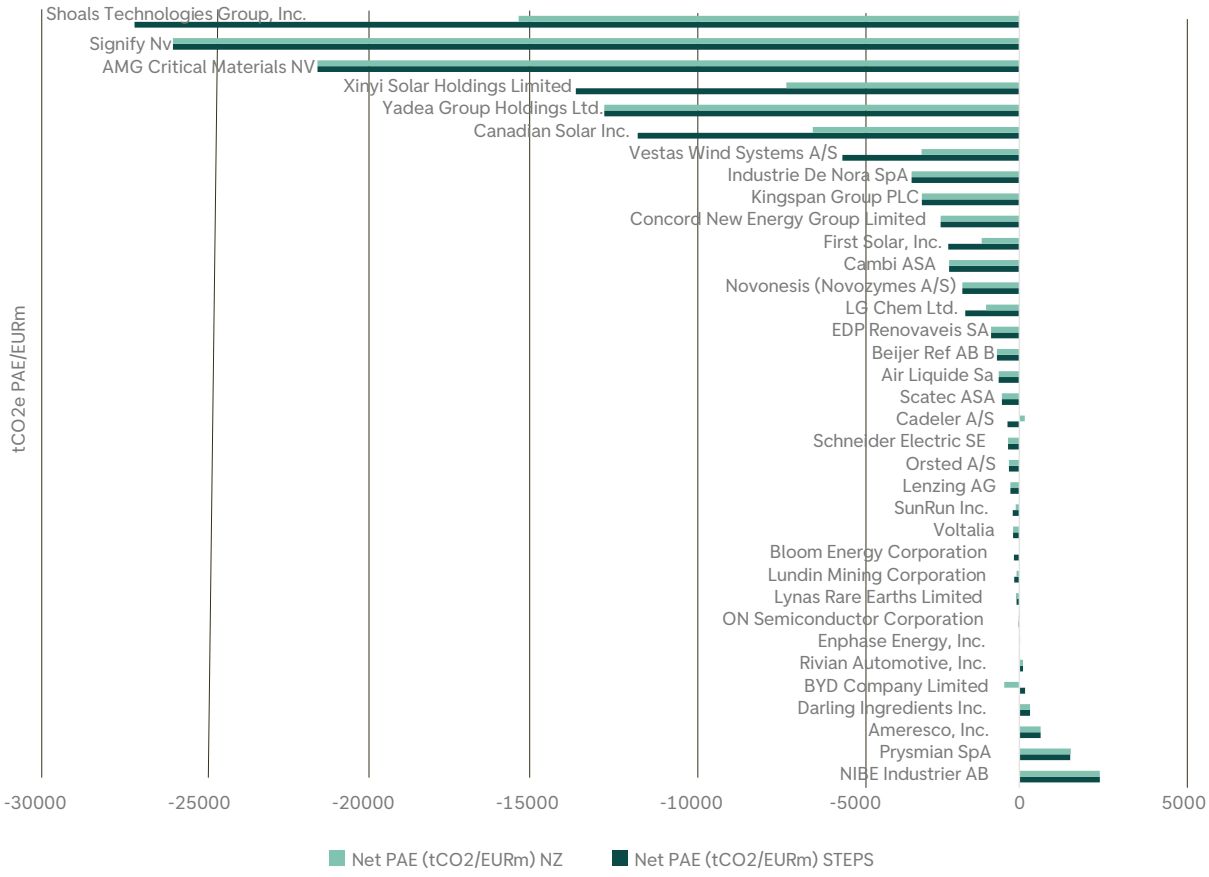
Grid

Grid shows the weakest contribution to overall portfolio PAE, with two companies included in the sub-sector: Schneider Electric and Prysmian SpA.

Schneider Electric plays a key role in global electrification. Once again, the company's self-reported avoided emissions data were used in the assessment, and the results indicate more emissions avoided than emitted. In 2024, Schneider Electric reported 58.7 mtCO2e in avoided emissions from its products and services, resulting in a net PAE of -4.4 tCO2e PAE/EURm invested.

Prysmian, newly added this year, is a leading global provider of high-voltage underground and submarine cables that enable large-scale renewable energy transmission and grid modernisation. ISS-ESG estimates the company's total avoided emissions at 952,937 tCO2e. However, due to high Scope 3 emissions, Prysmian's net PAE is calculated at 3.6 tCO2e PAE/EURm invested, indicating that it currently is estimated to emit more than it avoids.

Figure 27. Net PAE per company (tCO2e/EURm)



Source: ISS-ESG (with adjustments by DNB AM)

5 Appendix

Exclusion criteria

The fund applies several layers of exclusion criteria:

Excludes	Based on
Companies found to be in breach of: – Production-based criteria (tobacco, pornography, cannabis for recreational use, and/or controversial weapons) – International norms and standards	DNB's Instruction for Responsible Investments
Companies with >5% of revenues from: – Alcohol production – Gambling – Conventional weapons	Additional exclusion criteria defined by DNB AM
Paris-aligned benchmark exclusions: – Companies involved in any activities related to controversial weapons – Companies involved in the cultivation and production of tobacco – Companies that benchmark administrators find in violation of the United Nations Global Compact (UNGC) principles of the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises – Companies that derive 1% or more of their revenues from exploration, extraction, distribution or refining of hard coal and lignite – Companies that derive 10% or more of their revenues from the exploration, extraction, distribution or refining of oil fuels – Companies that derive 50% or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels – Companies that derive 50% or more of their revenues from electricity generation with a GHG intensity of more than 100gCO2e/kWh	ESMA34-472-440 Final Report on the Guidelines on funds names
In addition to some of the above, companies with >5% of revenues from: – Manufacturers that mine uranium – Companies that base their electricity generation on nuclear energy – Operators of nuclear power plants and manufacturers of essential components for nuclear power plants – Companies which use and/or produce hydraulic fracking technologies – Manufacturers of conventional weapons – Coal mining companies – Companies which base their power production on coal energy – Companies which exploit and/or concentrate oil sands	FNG Label

Disclaimers

MSCI ESG Research LLC

Although DNB Asset Management's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

DNB Disclaimer

This report is based on analysis conducted by DNB Asset Management AS, a fund management company within the DNB Group. The report is based on sources which have been assessed as reliable, but DNB Asset Management AS cannot guarantee that the information obtain from these sources is precise or complete. Statements in the report reflect DNB Asset Management AS's opinion at the time the report was published, and DNB Asset Management AS reserves the right to change its opinion without notice. The report should not be interpreted as an offer to buy or sell our funds, any security or any other instrument or as a recommended investment strategy. DNB Asset Management AS accepts no responsibility for direct or indirect losses should the report be used to make investment decisions.

FNG Label

The FNG-Label is the quality standard for sustainable investments on the German-speaking financial market. It was launched in 2015 after a three-year development process involving key stakeholders. The sustainability certification must be renewed annually.

The FNG-Label gives the German-speaking countries a quality standard for sustainable mutual funds. The holistic methodology of the FNG-Label is based on a minimum standard. This includes transparency criteria and the consideration of labour & human rights, environmental protection and anti-corruption as summarised in the globally recognised UN Global Compact. In addition, all companies in the respective fund must be explicitly analysed in terms of sustainability criteria. Investments in nuclear power, coal mining, significant coal-fired power generation, fracking, oil sands, weapons and armaments are taboo.

High-quality sustainability funds that excel in the areas of "institutional credibility", "product standards" and "impact" (title selection, engagement and KPIs) are awarded up to three stars. The FNG-Label goes far beyond a mere portfolio assessment and is holistic and meaningful. With more than 80 questions, the Label analyses and evaluates, for example, the sustainable investment style, the associated investment process, the associated ESG research capacities and a possibly accompanying engagement process. In addition, elements such as reporting, the investment company as such, an external sustainability advisory board and issues of good corporate governance play an important role.

The auditor of the FNG-Label is the University of Hamburg. The Qualitätssicherungsgesellschaft Nachhaltiger Geldanlagen (QNG) bears overall responsibility, especially for coordination, awarding and marketing. An independent committee with interdisciplinary expertise also accompanies the audit process. The FNG-Label has been awarded the title "highly recommended" by the consumer portal www.label-online.de and has been added to the shopping basket of the German Council for Sustainable Development. The EU, together with the other national, governmental label systems, has also invited it to join a working group within the framework of the EU Action Plan for financing sustainable growth.

Detailed information on the methodology can be found in the rules of procedure.

Further information on the FNG-Label: www.fng-siegel.org.

Photo: Claudio Beduschi / Getty Images

DNB Asset Management AS

Mailing address:
P.O.Box 1600 Sentrum
N-0021 Oslo

Visiting address:
Dronning Eufemias gate 30
Bjørvika, Oslo

dnb.no