

DNB Renewable energy 2025

DNB Asset Management

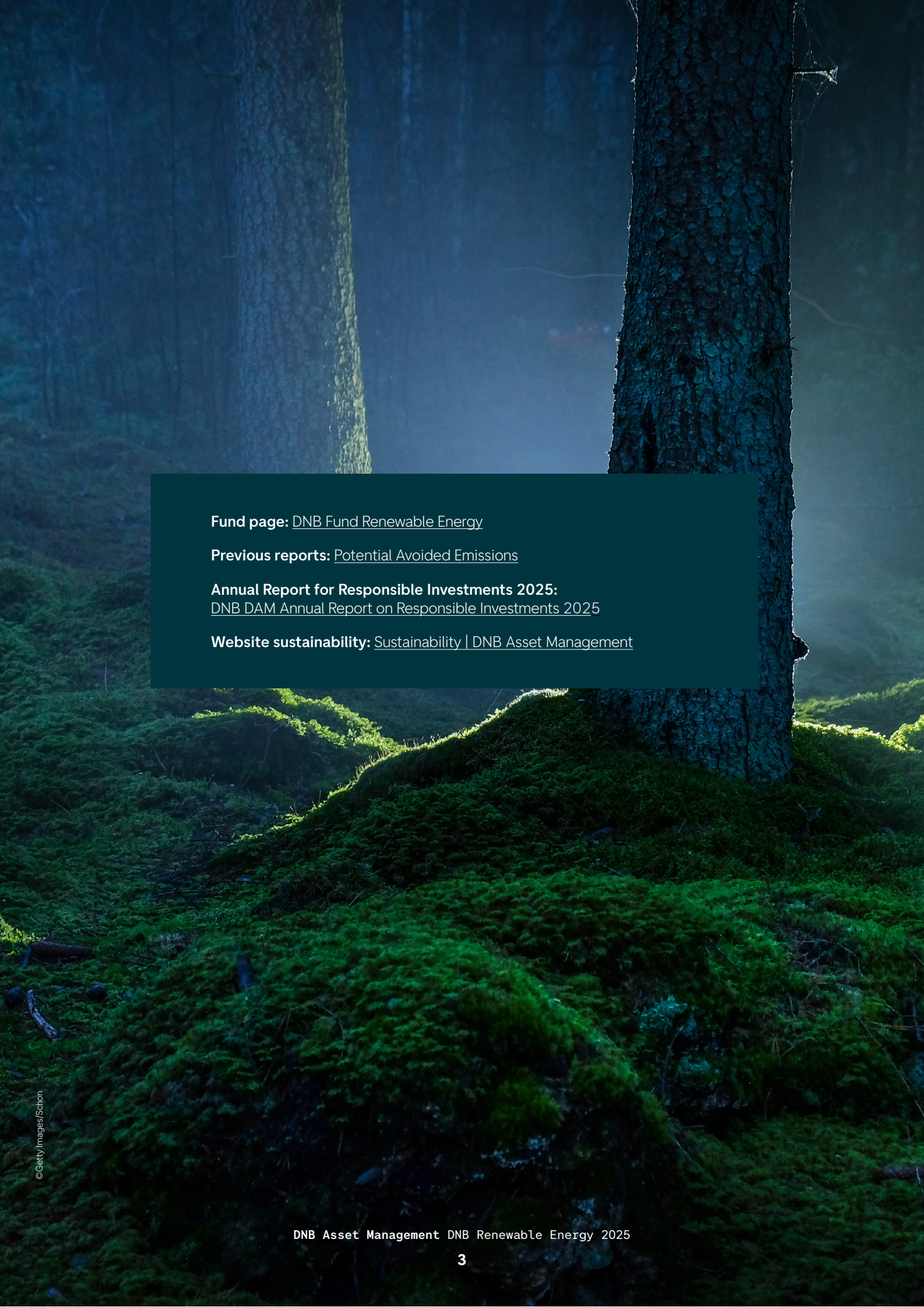
A company in the DNB Group

Sustainable enablers of a better environment

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Photo front cover: ©Getty Images/Justin Paget



Fund page: DNB Fund Renewable Energy

Previous reports: Potential Avoided Emissions

Annual Report for Responsible Investments 2025:
DNB DAM Annual Report on Responsible Investments 2025

Website sustainability: Sustainability | DNB Asset Management

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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

79%
of the fund has a self-declared net zero target according to Bloomberg data

31%
have an SBTi approved net zero target according to Bloomberg data

17 engagements
on **63 topics**
from September 2025 – September 2026



certified by AIR

All data as at 30.09.2026 unless otherwise specified

The FNG Label will not be renewed for 2027, following eight consecutive years of achieving the highest rating (three stars) from 2019–2026. The FNG Label for 2026 is valid until 31.12.2026 or until we choose to invest in a company that would breach any of the label's exclusion criteria if this were to happen before this time.

Reflections from PMs

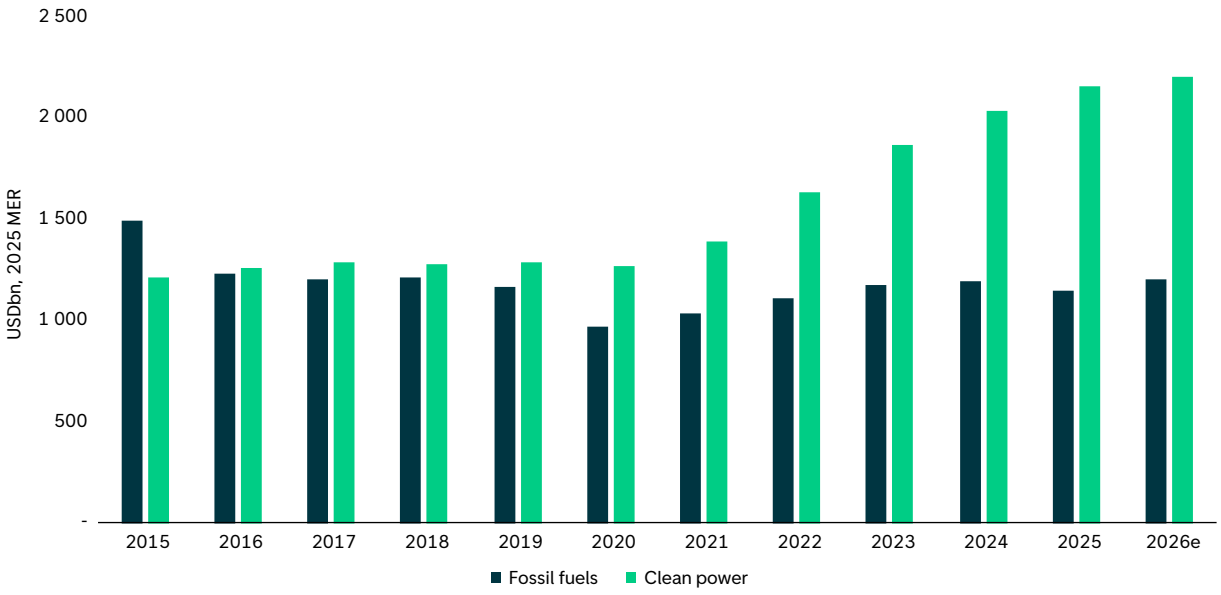
2026 has reinforced our conviction that the energy transition is becoming as much a question of energy security, affordability and industrial competitiveness as it is of decarbonisation. The supply disruptions stemming from the conflict in the Middle East have reminded governments and businesses of the economic cost of relying on imported energy. At the same time, electricity demand continues to accelerate as the energy transition and the digital transformation converge. We see global electricity demand doubling by 2050 so the case for investing in a more efficient and resilient energy system remains strong, even if the path is unlikely to be linear. The International Energy Agency (IEA) now expects global electricity demand to grow by 3.6% in 2026, while global energy investments are estimated to reach USD3.4tn, of which around USD2.2tn is directed towards clean energy.

DNB Renewable Energy Portfolio Management Team



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

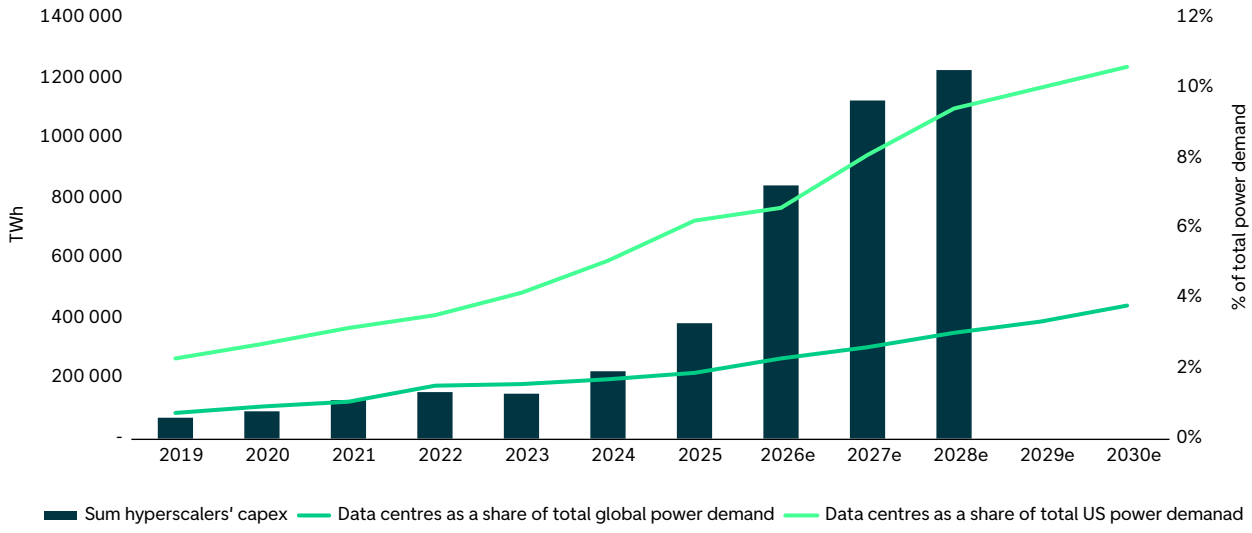
Figure 1. IEA World Energy Investments in Clean Power and Fossil Fuels between 2015–2026e



Source: IEA

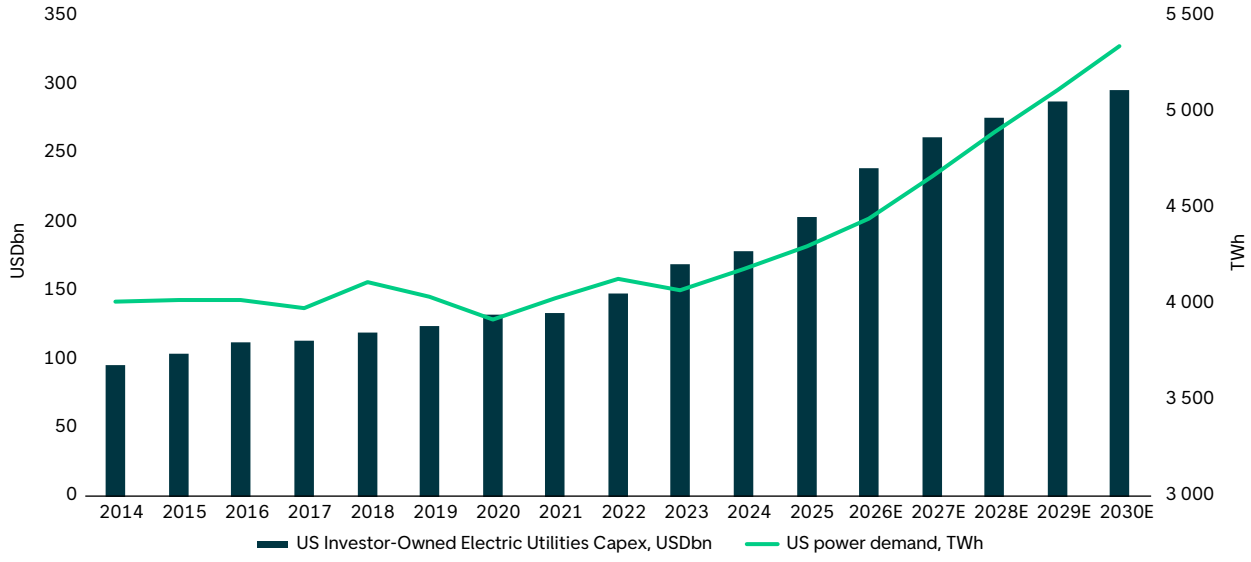
Access to power has become a strategic constraint on economic growth as energy investments wrestle with lengthy permitting and grid connection processes, renewable intermittency, affordability concerns and shortages in electrical equipment and skilled labor. The IEA estimates that more than 2,500 GW (~25% of global installed capacity) of generation, storage and large-load projects are stalled in grid connection queues worldwide. This creates opportunities across the value chain, from transmission and distribution equipment to batteries, power semiconductors, electrical engineering and software that improves how infrastructure is designed, constructed and operated. This is exemplified by the graphs below which demonstrate how AI data centre fuelled power demand growth is driving capex spend by US utilities.

Figure 2. 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 2030e



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

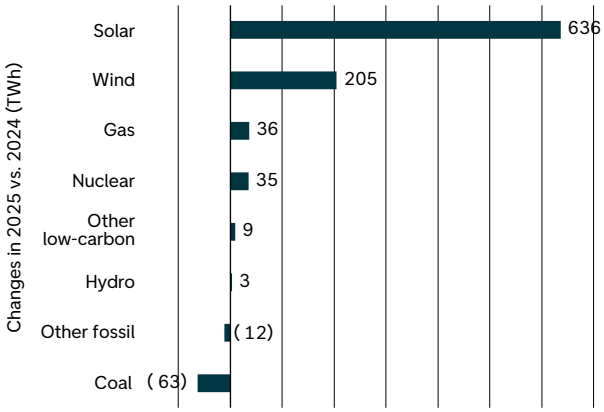
Figure 3. Higher US utility capex driven by growing power demand from 2014 to 2029e



Source: Edison Electric Institute, EIA, Schneider Electric, DNB

The market and policy response has been an increasingly "all of the above" approach to energy supply. We think it is important not to confuse this shift with a reversal of the energy transition. As shown in Figure 4, solar power continues to account for the largest increase in global electricity generation. The IEA also expects renewables to overtake coal in global power generation in 2026.

Figure 4. Solar dominated changes in global electricity generation in 2025

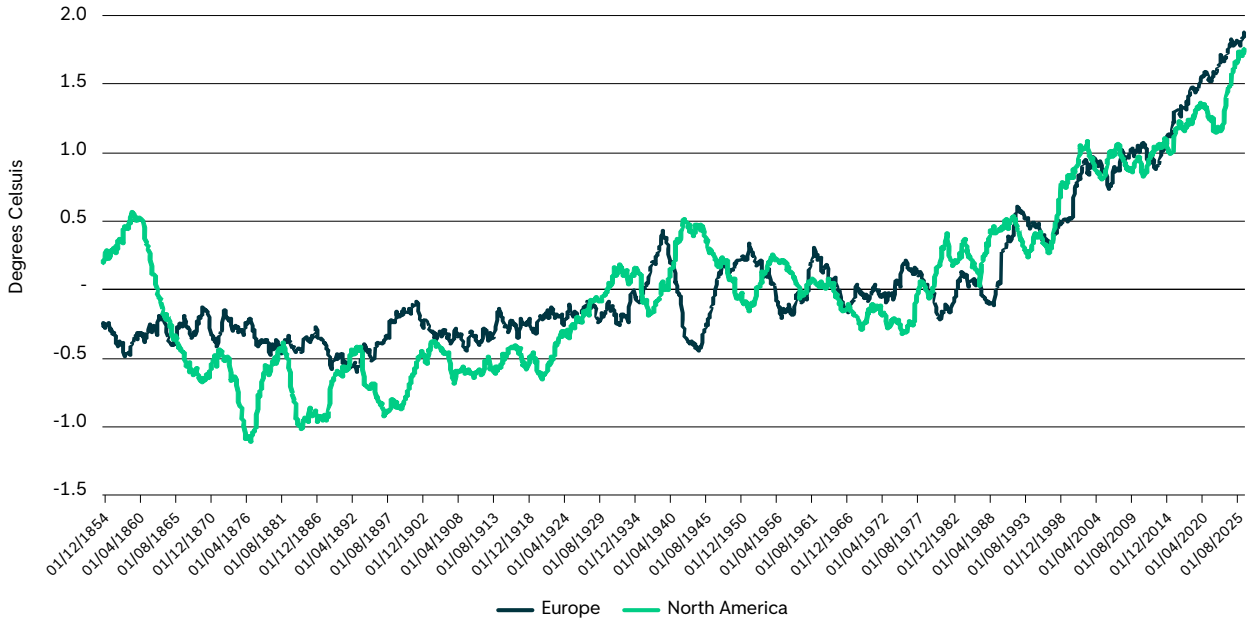


Source: Ember

However, record deployment does not automatically translate into attractive shareholder returns. Excess manufacturing capacity, particularly in China, continues to pressure profitability in parts of the solar and battery value chains, while higher financing costs, trade restrictions and changing US incentives complicate investment decisions. As we have argued in previous years, the growth of an industry and the earnings growth of its listed companies are two different things.

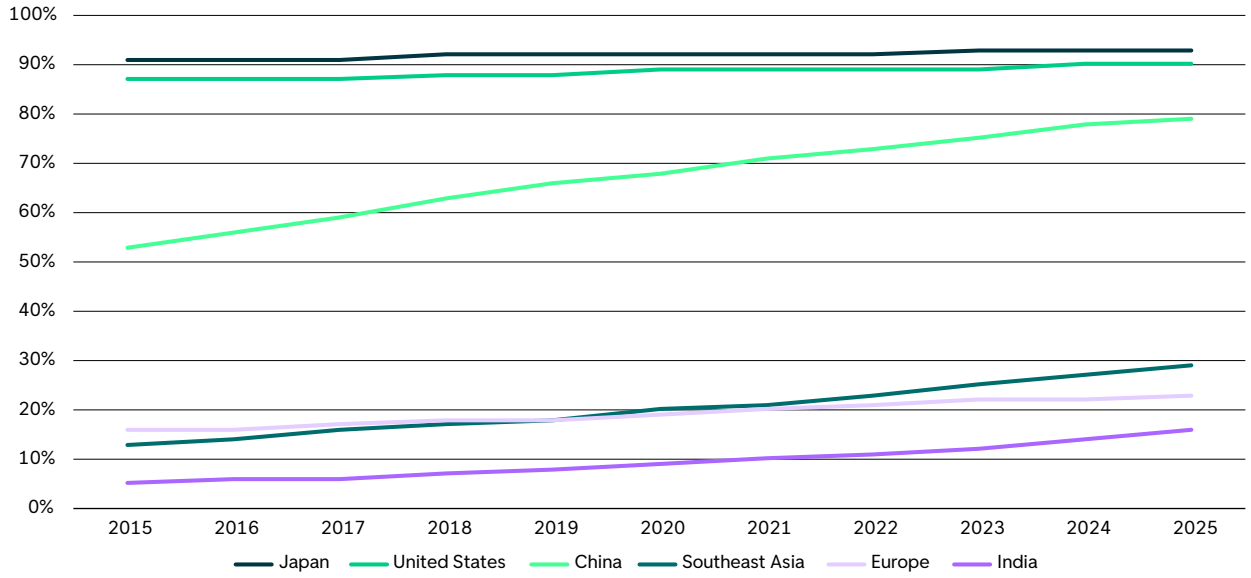
We also need to prepare for a reality in which investment in climate adaptation becomes increasingly necessary, as the world continues to fall short of its climate action and emissions reduction targets, resulting in a warmer world (see Figure 5) and more frequent and severe climate-related events. This reality was on clear display this summer, as extreme heat and wildfires dominated headlines across Europe. The FT estimates that economic losses from this year's European wildfires have exceeded 3EURbn. One example of our exposure to the growing climate adaptation theme is our investments in Nibe Industrier and Beijer Ref, both of which are exposed to the HVAC market. HVAC penetration remains low in Europe (see Figure 6), where both companies have significant regional exposure, with Europe and the Nordics accounting for ~63% of Nibe's sales and EMEA for ~61% of Beijer Ref's sales in 2025. Another example is Kingspan, which provides insulation solutions that help improve building energy efficiency and resilience to rising temperatures.

Figure 5. 60-month average temperature departures for Europe and North America, 1854–September 2026



Source: NCEI

Figure 6. Share of households equipped with air conditioning by region, 2015–2025



Source: IEA

The fund's performance year-to-date has been more encouraging than in 2025, returning +14.5% in EUR terms by the end of 3Q26 compared to +9.5% for the NEX. Positively, our top holdings have outperformed the broader portfolio, reinforcing our conviction that our concentrated positions in companies are where we can truly reap the rewards of our extensive, time-consuming bottom-up research over time. Our broad exposure to the environmental theme, and particularly our preference for established, profitable businesses with competitive advantages, has also contributed positively to relative performance. Our overweight positions in electrification and resource efficiency have also contributed positively to relative performance. Electrification has benefitted from growing demand for AI data centres, while our resource efficiency investments provide exposure to a diverse range of end markets and niches, each with industry dynamics distinct from those of fuel cells, solar and wind. The latter form part of the energy production theme, where we have maintained an underweight position. Our lower exposure to power storage (part of the electrification theme) has been another significant positive, where benchmark constituents have struggled due to lack of competitive moats, despite strong global market growth for stationary energy storage. These differences illustrate why we believe environmental investing should extend well beyond the most obvious areas of solar, wind and battery manufacturers.

Ameresco and Sunrun have been the biggest detractors to year-to-date performance, reflecting in part the rise in long-term interest rates, which have weighed on renewable stocks in 2026. Fuel cells have also been a challenging area for us, given our underweight position. The search for fast, reliable power for data centres has strengthened demand for certain fuel-cell solutions, and we recognise that this opportunity is more tangible than it appeared a few years ago. Nevertheless, we remain selective. The economics, environmental benefits and long-term returns will depend on the technology, fuel source, competition and ultimately the ability of providers to convert demand into sustained profits. Not every solution to a power shortage will prove to be an attractive investment.

Looking forward, we see the most compelling opportunities where structural demand growth meets a strong competitive position and an attractive valuation. The energy system needs more generation capacity, but it also needs to make much better use of what is already installed. Grid automation, energy efficiency, advanced electrical components and engineering software can increase the productivity of scarce capital and infrastructure. At the same time, renewable generation, electrification and resource efficiency remain central to reducing the environmental footprint of a growing economy.

Ultimately, we believe that share prices follow earnings per share over time. Our task is therefore not to identify the technologies with the most exciting narrative, but the companies best positioned to translate long-term environmental demand into profitable growth. We continue to spend most of our time on bottom-up research into business models, competitive advantages, capital

allocation, management and culture, while remaining disciplined on valuation. The increasingly diverse nature of the environmental investment universe should provide attractive opportunities for active stock selection, even as the transition progresses unevenly across sectors and technologies.

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 76% 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.



Our investment universe and investment process

Figure 7. Our investment universe[1]



Electrification, AI and reshoring are reigniting global power demand



Superior value proposition drives electrification, enabling decarbonisation



Efficiency is the lowest-cost path to emissions reductions and resource conservation

Sub-Theme Examples		
Wind	Electrical Vehicles & Batteries	Biosolutions
Solar	Grid	Energy efficiency
Biofuels	HVAC	Building Materials
Hydro	Powersemis	Environmental Services
Hydrogen	Enabling materials	Automation

Source: DNB AM

Limiting global warming to 1.5C and reducing the risk of severe and irreversible climate impacts requires urgent and decisive action. According to the UN Environment Programme's 2026 report, limiting the overshoot of 1.5C requires global emissions to fall by 18% by 2030 and 45% by 2035, relative to 2025 levels, alongside substantial carbon removal later this century. The remainder of this decade will be critical to ensuring an orderly transition in line with the goals of the Paris Agreement.

We believe that companies providing climate solutions, understanding the drivers of the transition to net zero and anticipating regulatory change will be well positioned to capture the economic opportunities arising from the shift to a low carbon economy.

A broad interpretation of the environmental theme

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

1 Exposures as of 30.09.2026

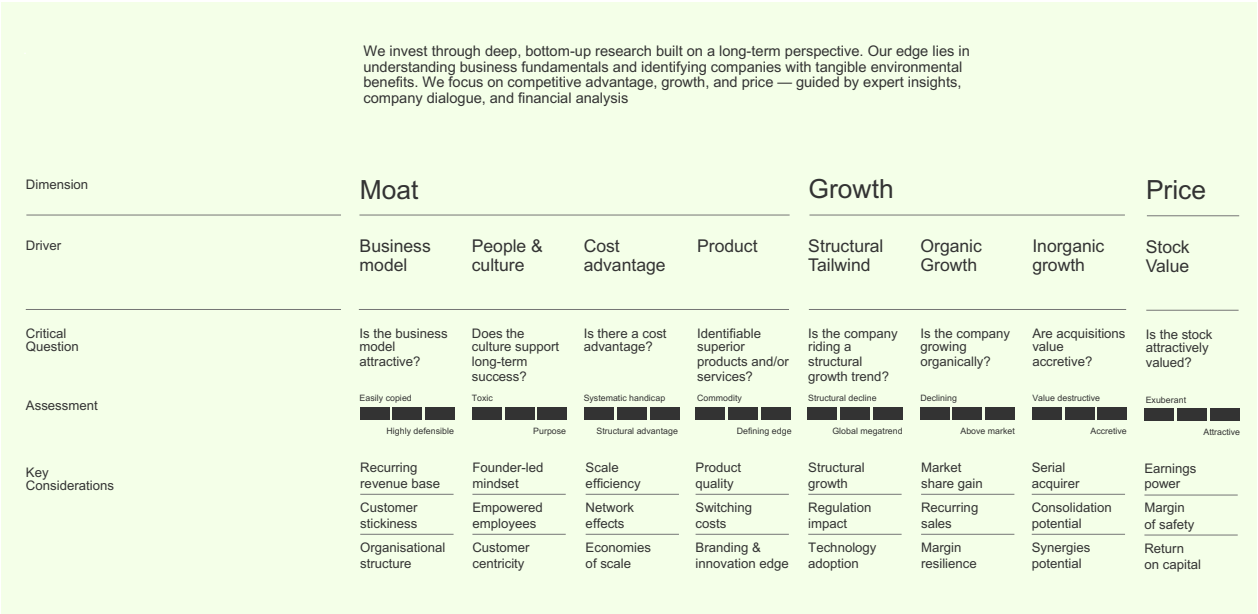
technology, such as hydrogen, carbon capture and storage, and recycling/circularity solutions still need to be developed and scaled and will also play a significant role. The availability of cheap renewable energy also drives electrification, which enables emissions reductions within hard-to-decarbonise 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 advantages. The International Energy Agency (IEA) estimates that achieving net zero emissions from the energy sector by 2050 will require annual energy investment to rise to around 4.8USDtrn over the next decade, up from ~3.3USDtrn today. In 2025, investment in clean energy and related technologies is expected to reach 2.2USDtrn globally, highlighting both the scale of the transition and the investment opportunities it presents. As businesses and governments invest in decarbonising the global capital stock, companies providing or enabling solutions may benefit from structural growth tailwinds. These opportunities are further supported by evolving climate policies, growing investor focus on the transition and rising societal expectations around climate action. Companies with differentiated technologies, strong competitive positions and exposure to these long-term trends may be well placed to translate the transition into sustainable revenue growth and attractive financial returns.

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.

Figure 8. Our investment process



Source: DNB AM

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.

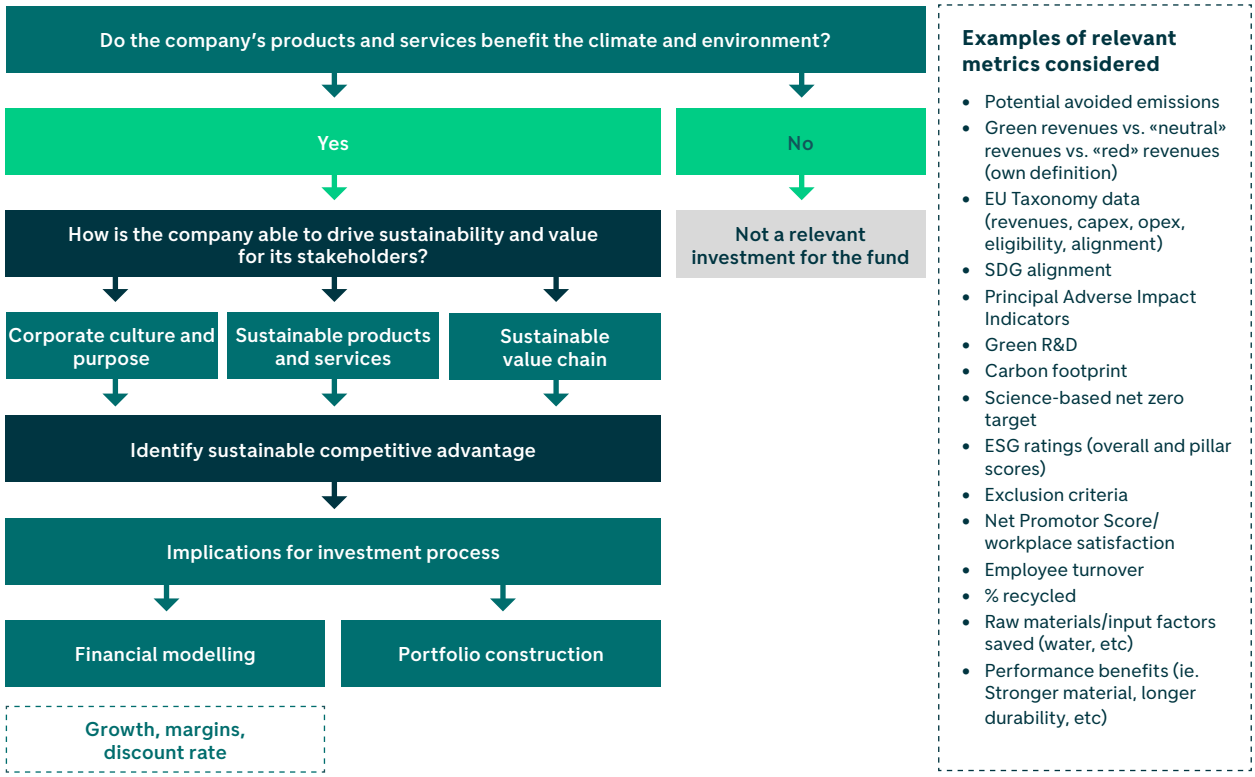
Addressing climate challenges is at the core of our investment mandate. However, we also believe that other ESG elements are important drivers of value creation. Companies that have a sustainable approach to its employees, corporate culture, products and services, supply chain and corporate governance 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 9. Our ESG integration process



Source: DNB AM

For a worked example of this framework and how we work with our Responsible Investment team, please refer to previous reports, including the Responsible Investment team's annual report.



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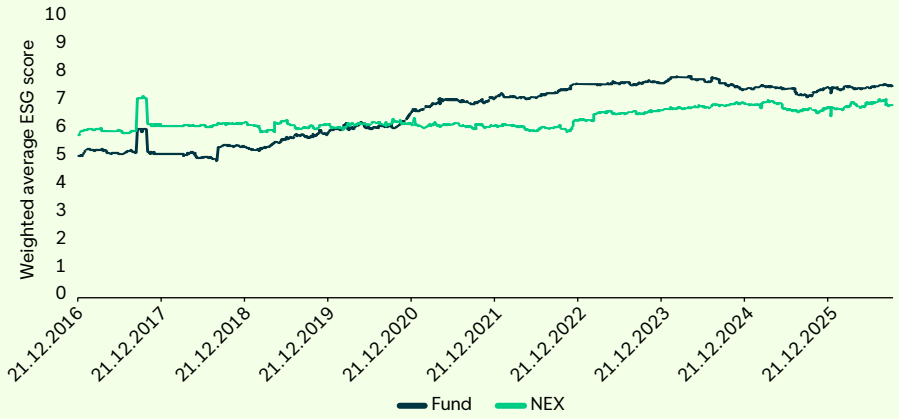
ESG highlights 2026

ESG metrics

We use a broad set of metrics to monitor the fund's ESG profile over time. Since the new team was established 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.

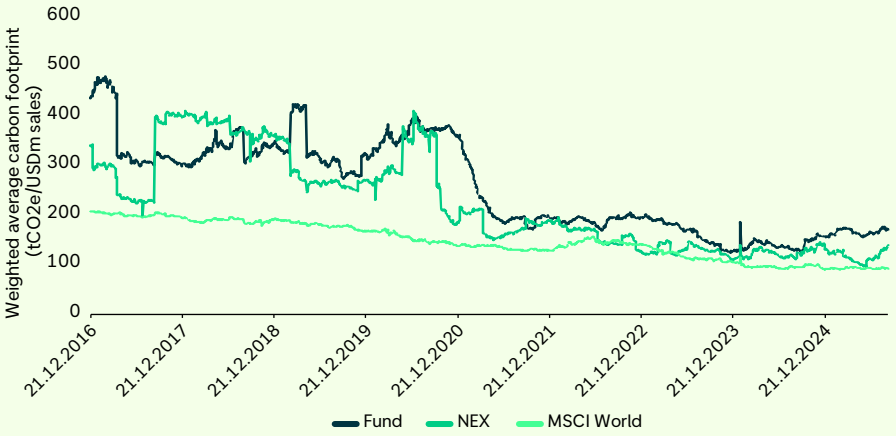
Figure 10. Development of DNB Renewable Energy's weighted-average ESG rating over time (as of 30.09.2026)



ESG score
Improving trend (absolute and relative to benchmark)

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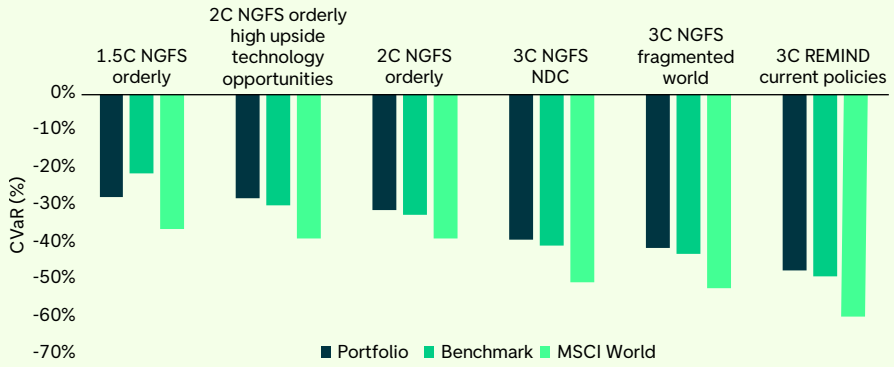
Figure 11. Development of carbon footprint over time (as of 30.09.2026)



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

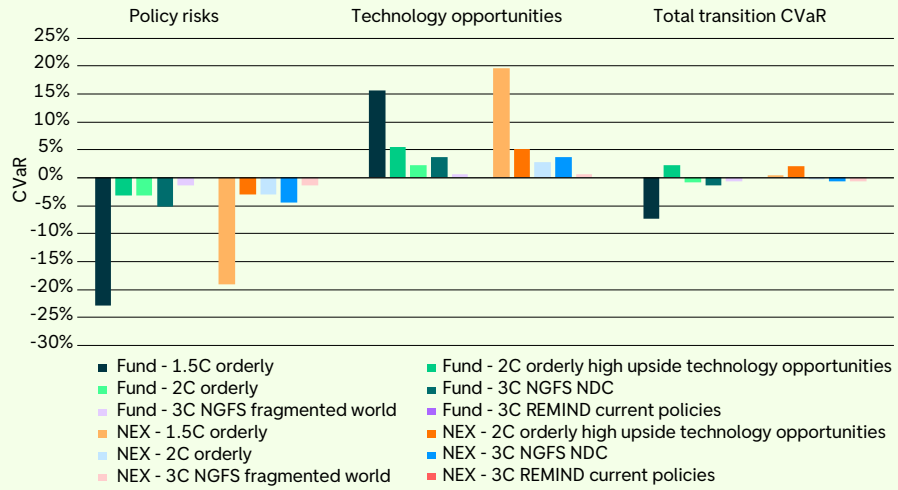
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Figure 12. CVaR under 1.5C, 2C and 3C scenarios (aggressive)



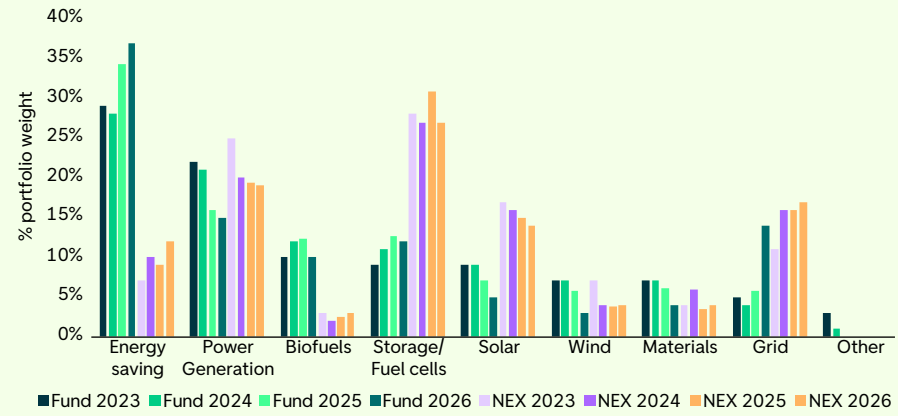
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Figure 13. CVaR transition risks and opportunities under 1.5C, 2C and 3C scenarios for the DNB Renewable Energy fund and the NEX index (as of 30.09.2026)



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Figure 14. Sector allocation of the DNB Renewable Energy fund and the NEX index (as of 30.09.2026)



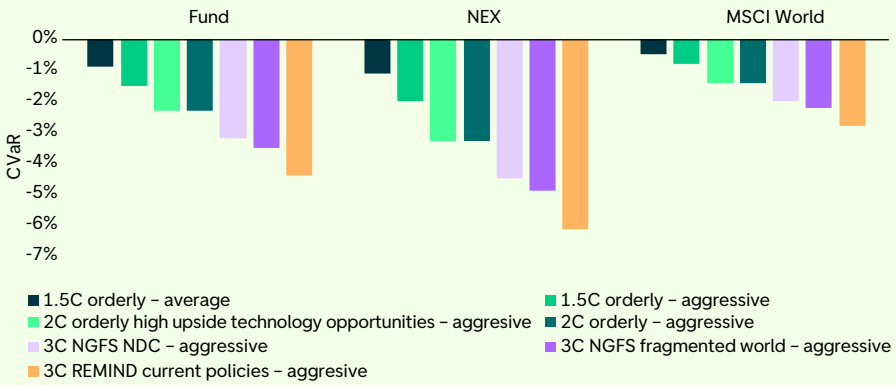
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Scenario analysis (Climate Value-at-Risk) (CvaR)

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

The fund and the NEX exhibit greater technology opportunities compared to the MSCI World, in line with expectations. The NEX has a CVaR of 2.3% for technology opportunities whilst the fund has a CVAR of 2.7% in the 2C orderly NGFS scenario. The fund also has slightly 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, though the difference is smaller compared to previous years.

Figure 15. Physical risks and opportunities under average and aggressive scenarios (as of 30.09.2026)

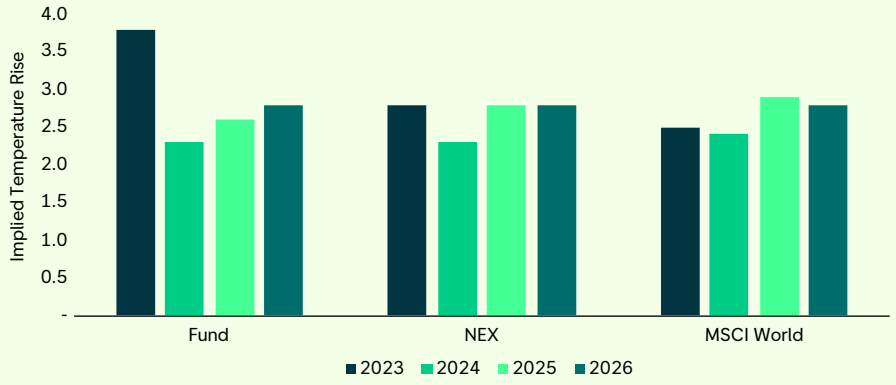


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Scenario analysis (Climate Value-at-Risk) (CvaR)

Aggregated physical risks and opportunities are negative for the fund, its benchmark and the MSCI World in the average and the aggressive scenarios, thought the fund performs better than its benchmark in this regard. Regional exposure at the asset-level is the main driver behind differences. The greatest contributors to physical climate risk in the fund are coastal flooding and extreme heat.

Figure 16. ITR for the DNB Renewable Energy fund, the NEX benchmark, and the MSCI World index from 2023–2026 (all as of end of September during the year)



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Implied Temperature Rise (ITR)

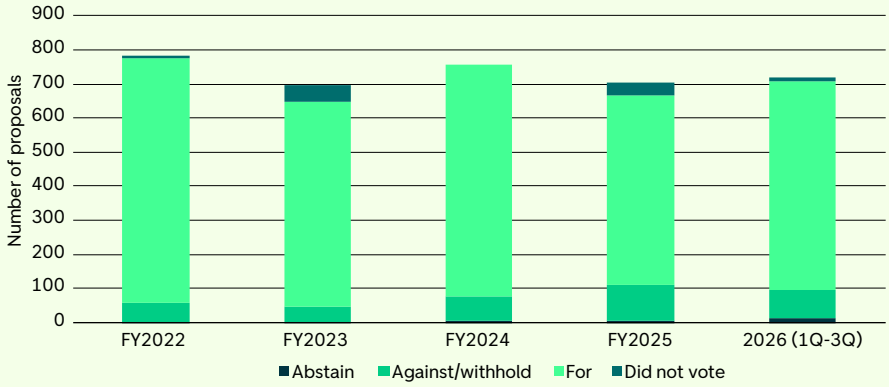
The fund, the NEX and the MSCI World all have the same estimated ITR as of 3Q26. Y/Y changes and comparison may be difficult due to methodological changes over time.

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 our 2023 report for further detail on ITR.

Figure 17. Number of proposals voted at during 2022–2026 (1Q–3Q)

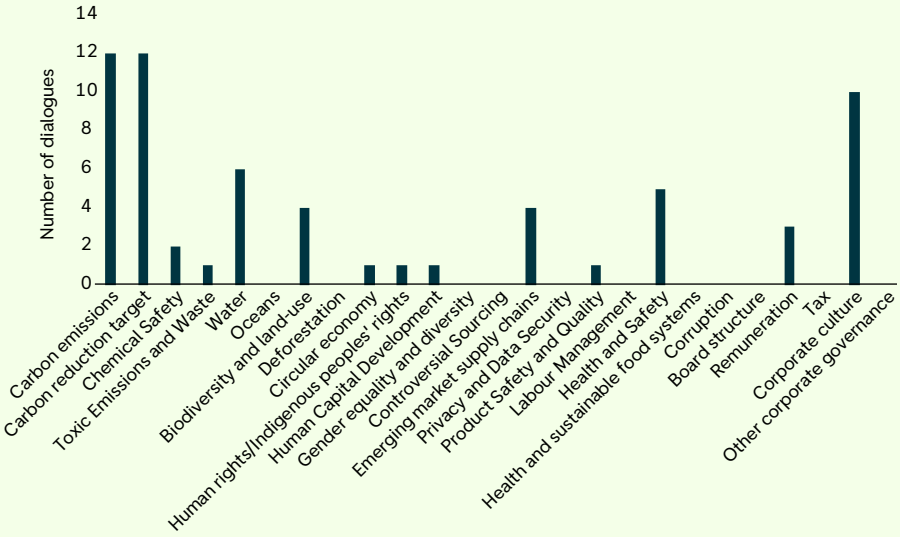


Source: DNB AM and ISS Proxy Voting

Voting

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

Figure 18. Number of dialogues per ESG topic between September 2025 – September 2026



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.

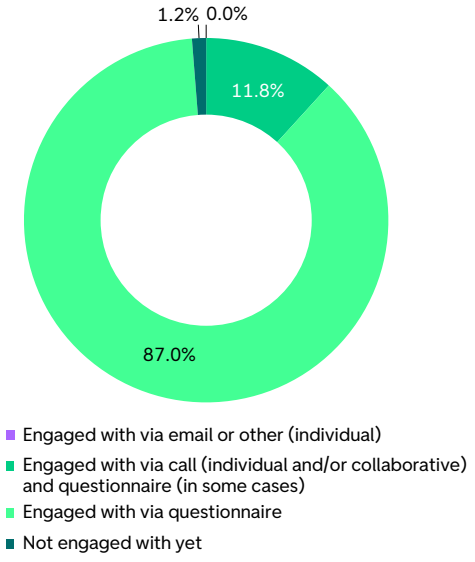
For more information on how the fund delivers on ESG-related regulatory requirements, including SFDR, please refer to the 2025 report and annual SFDR reporting.

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.

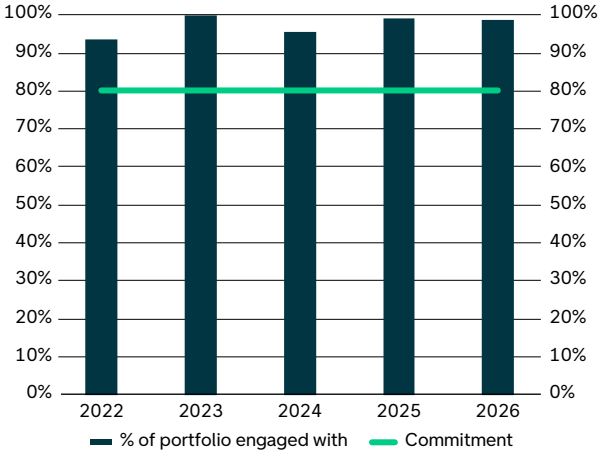
We committed to engaging with 80% of the portfolio (by weight) on science-based net zero targets on an annual basis starting in 2022. This engagement has included both companies that have already set net-zero targets, and those which are yet to set a target. In 2026, we have delivered on this commitment for the fifth consecutive year.

Figure 19. Status of engagement on net zero science-based target setting as of 30.09.2026



Source: DNB AM

Figure 20. Status of net zero engagement commitment as of 3Q every year between 2022–2026

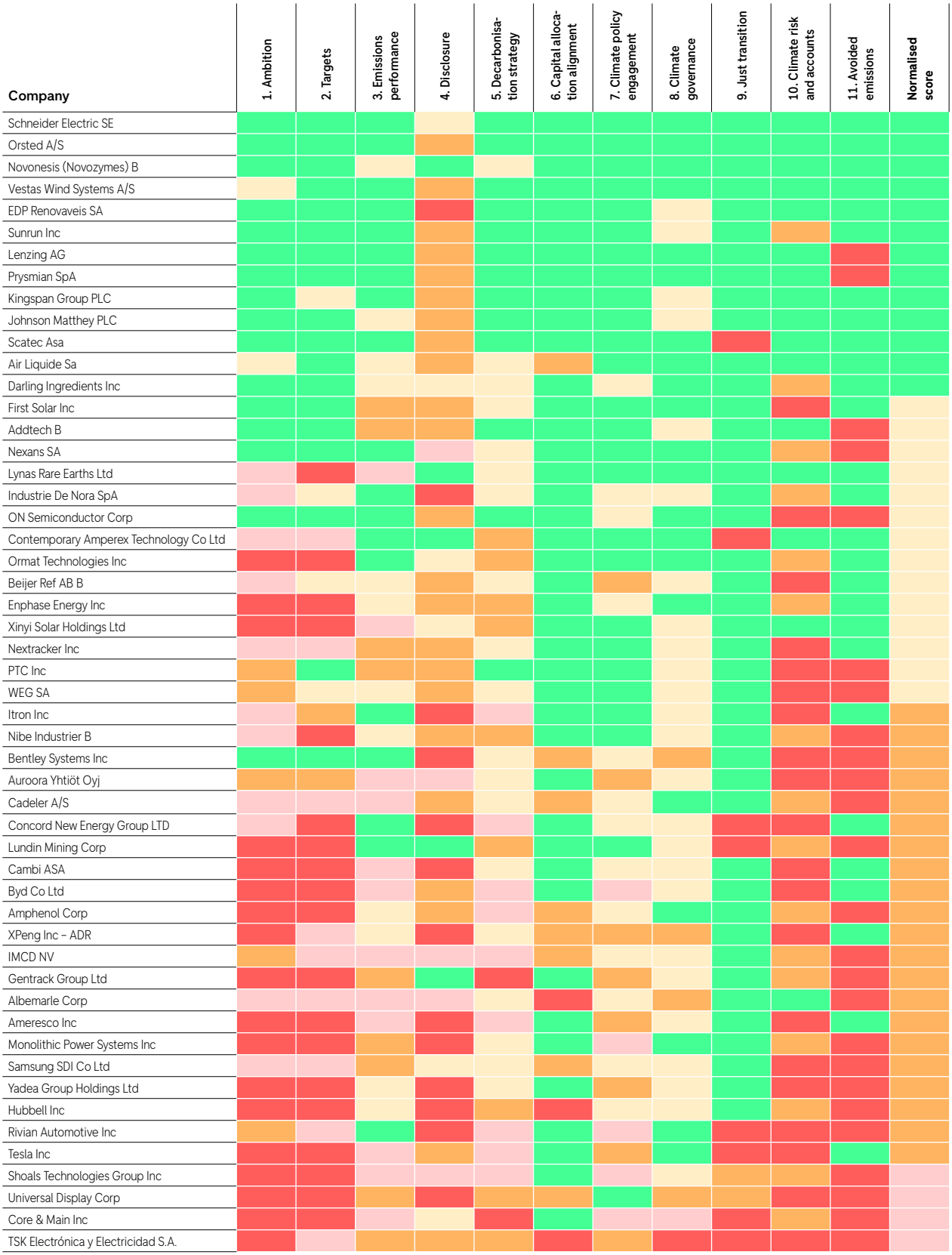


Source: DNB AM

The way in which we have engaged with companies on net zero target setting has also developed over the last few years. Between 2023–2026 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.

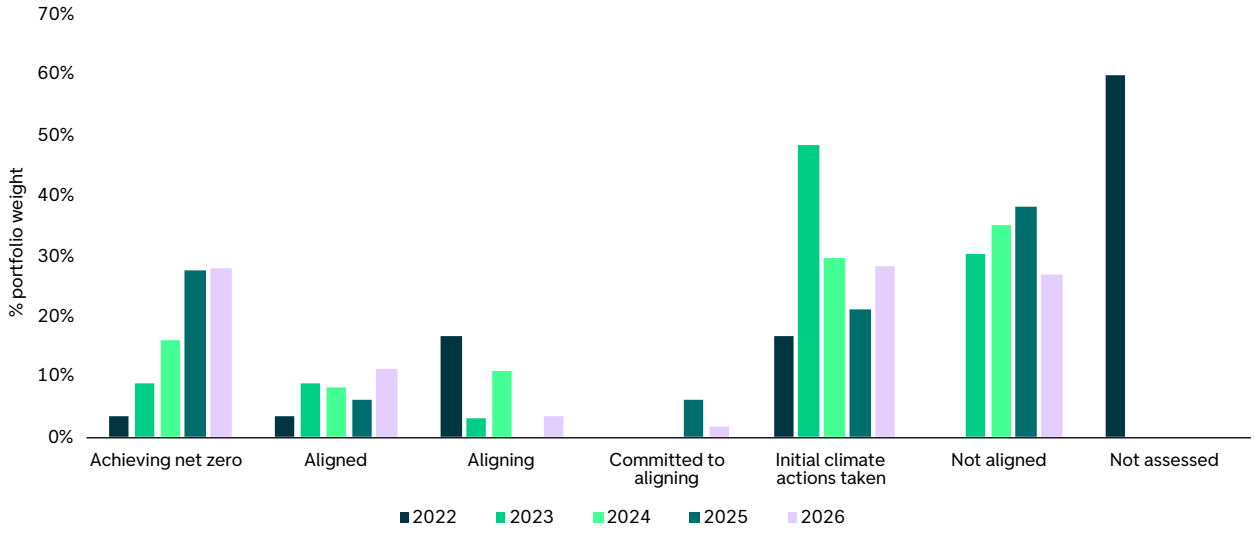
To deliver on this commitment, we collaborated closely with DNB AM's Responsible Investment (RI) team in 2022 to develop a framework for assessing the quality of net zero targets. The framework was further strengthened in 2025 for better alignment with international best practice (NZIF framework), simplify company engagement and enable more granular assessment and tracking of net zero alignment over time. 2026 therefore marks the second year of analysing companies using the updated framework.

Figure 21. Heatmap of status of net zero target setting



Source: DNB AM

Figure 22. Assessment of companies' degree of alignment to net zero between 2022–2026



Source: DNB AM

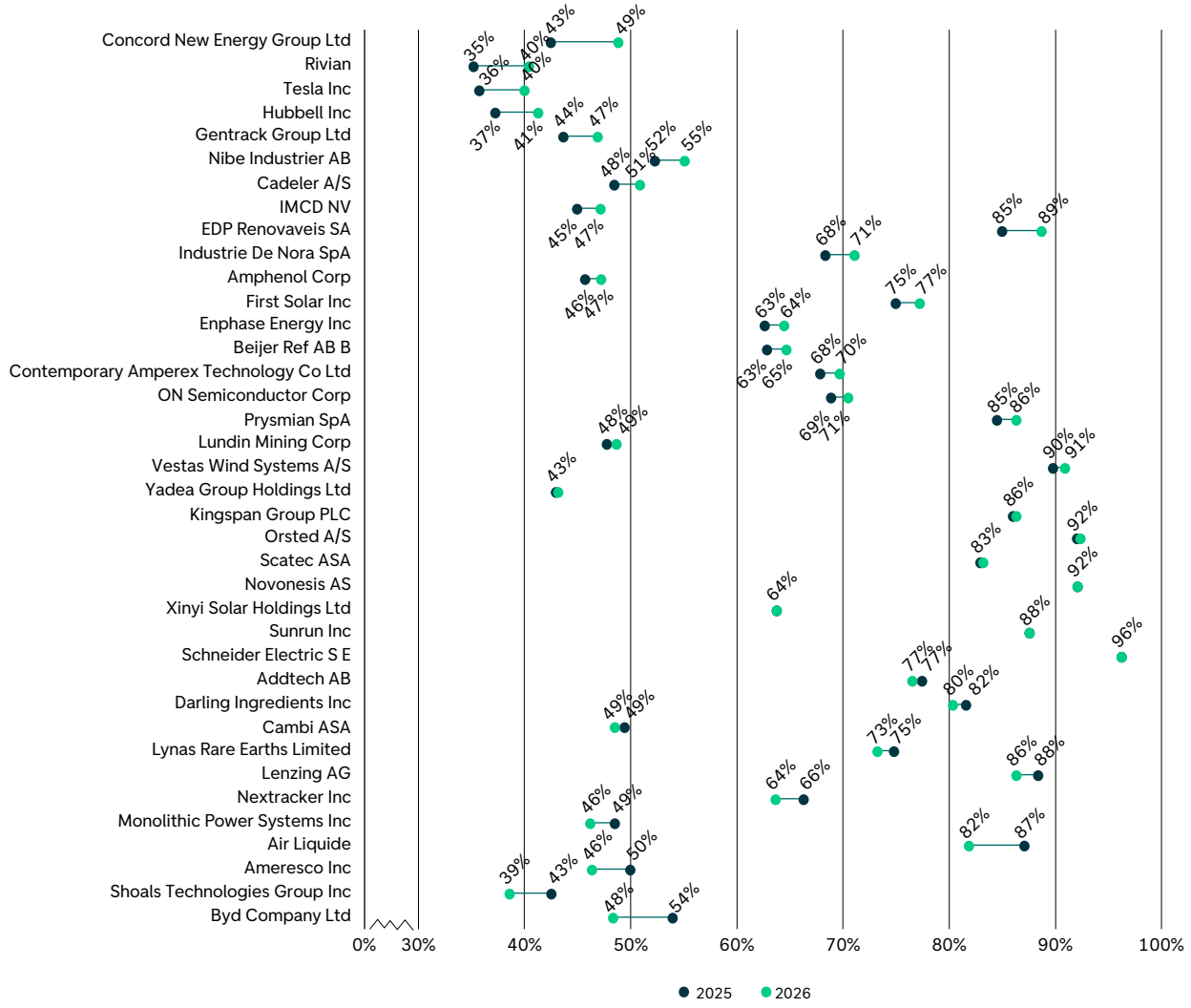
In addition to this heat map, the framework's alignment with the NZIF framework also allows us to make final assessments as to the level of alignment each company has with net zero (as shown in Figure 22).

We observe positive trends, with the number of companies "achieving net-zero", "aligned" and "aligning" increasing Y/Y, primarily at the expense of "committed to aligning". We also see an increase in "initial climate actions taken", with companies moving into this bucket from "not aligned".

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 23. Companies with change in net zero assessment between 2025-2026



Source: DNB AM

Figure 24. Net zero score Y/Y change (2025–2026) compared to 2026 score



Source: DNB AM

Main takeaways from Figure 23 and Figure 24:

- **Scores are generally high amongst established leaders**. Many of these companies show limited Y/Y improvement, indicating stability rather than significant further improvement. Companies with scores over 90% leaves limited room for further improvement.

- **21% of companies show deterioration in 2026.**
  - **BYD (-10% Y/Y)**: the score declined as scope 1 and 2 absolute emissions and emissions intensity increased Y/Y, mainly due to rapid global expansion and new production capacity. Scope 3 emissions also increased significantly, but this appears largely driven by an expanded reporting boundary, meaning the 2025 figure is not directly comparable with previous years. BYD has a 2045 carbon neutrality ambition across the whole value chain, but group-level targets do not appear to be SBTi-validated, and the 2030 target is limited to Scope 1 and 2 emissions intensity.
  - **Shoals Technologies Group (-9% Y/Y)**: The decline in the company's score was primarily driven by an increase in scope 1 and 2 emissions, partly reflecting the first full year of operations at a new facility. Positively, scope 3 emissions declined. However, Shoals lacks several key elements of a robust climate strategy, including scope 1–3 emissions reduction targets, a net zero target, a quantified transition plan and climate-related metrics in executive remuneration. Consequently, Shoals achieved an overall score of 39%, the fourth lowest among portfolio companies in this year's analysis.
  - **Ameresco (-7% Y/Y)**: Ameresco's score declined amid higher scope 1, 2 and 3 emissions, partly reflecting its owned energy asset portfolio. Scope 3 disclosure remains limited, and the company lacks SBTi-validated targets, having opted not to pursue certification by 2025.

- **37% of companies show improvement. Improvements are not uniform**. Some companies are improving from relatively low bases.
  - **Concord New Energy (+15% Y/Y)**: The score improved following more detailed scope 1, 2 and 3 reporting, stronger climate governance, scenario analysis and clearer climate targets. Absolute scope 1 and 2 emissions, emissions intensity and scope 3 emissions all declined Y/Y. However, targets remain primarily focused on scope 1 and 2, and the company lacks an SBTi validated target and/or a quantified scope 3 reduction target.
  - **Rivian (+15% Y/Y)**: Rivian's score improved through stronger emissions disclosure and limited external assurance of selected environmental metrics. The 2025 report provides scope 1, 2 and 3 emissions by category and improves transparency on renewable electricity procurement, which rose from 3.7% in 2022 to 16.2% in 2025. However, absolute emissions increased as the business scaled and SBTi-validated targets and a quantified transition pathway remain absent.
  - **Tesla (+12% Y/Y)**: Tesla's overall score improved to 40% from 36%, largely because MSCI ESG data indicates an emissions trajectory undershooting the net zero pathway, replacing Bloomberg data used last year which showed the opposite. As such, this change does not necessarily imply a material improvement in the company's emissions profile compared to its budget in a net zero scenario. Despite its environmentally beneficial products, Tesla continues to lack a formal net zero target, SBTi-validated targets, clear scope 1–3 reduction targets and a quantified transition plan. Absolute emissions also continued to rise in the latest available data at the time of assessment.

- **27% of companies were assessed for the first time in 2026**.

- **15% showed no meaningful improvement or deterioration**.

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.

Last year we built a framework to assess companies' corporate culture. This year, we continued to refine the methodology and scaled up the analysis with the support of AI.

With one year of data now established for the entire portfolio, we can replicate the exercise annually to track developments and changes in corporate culture over time. We have also developed a dashboard that enables detailed analysis, with drill-down capabilities at each stage of the assessment. The dashboard also aggregates useful information such as 1) which questions are typically not reporting-driven/unanswered, 2) portfolio red flags, and 3) summary of data sources.

Table 1. Corporate culture framework

Pillars	Weight	Description
Strategic alignment & purpose	15%	Alignment between values and business model
Leadership & governance	25%	Leaders set cultural tone and accountability
Diversity, Equity and Inclusion	5%	Inclusive culture drives innovation and risk resilience
People & talent	30%	Talent is central to execution and resilience
Innovation & adaptability	15%	A culture of agility and experimentation fuels growth
Transparency & accountability	10%	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.

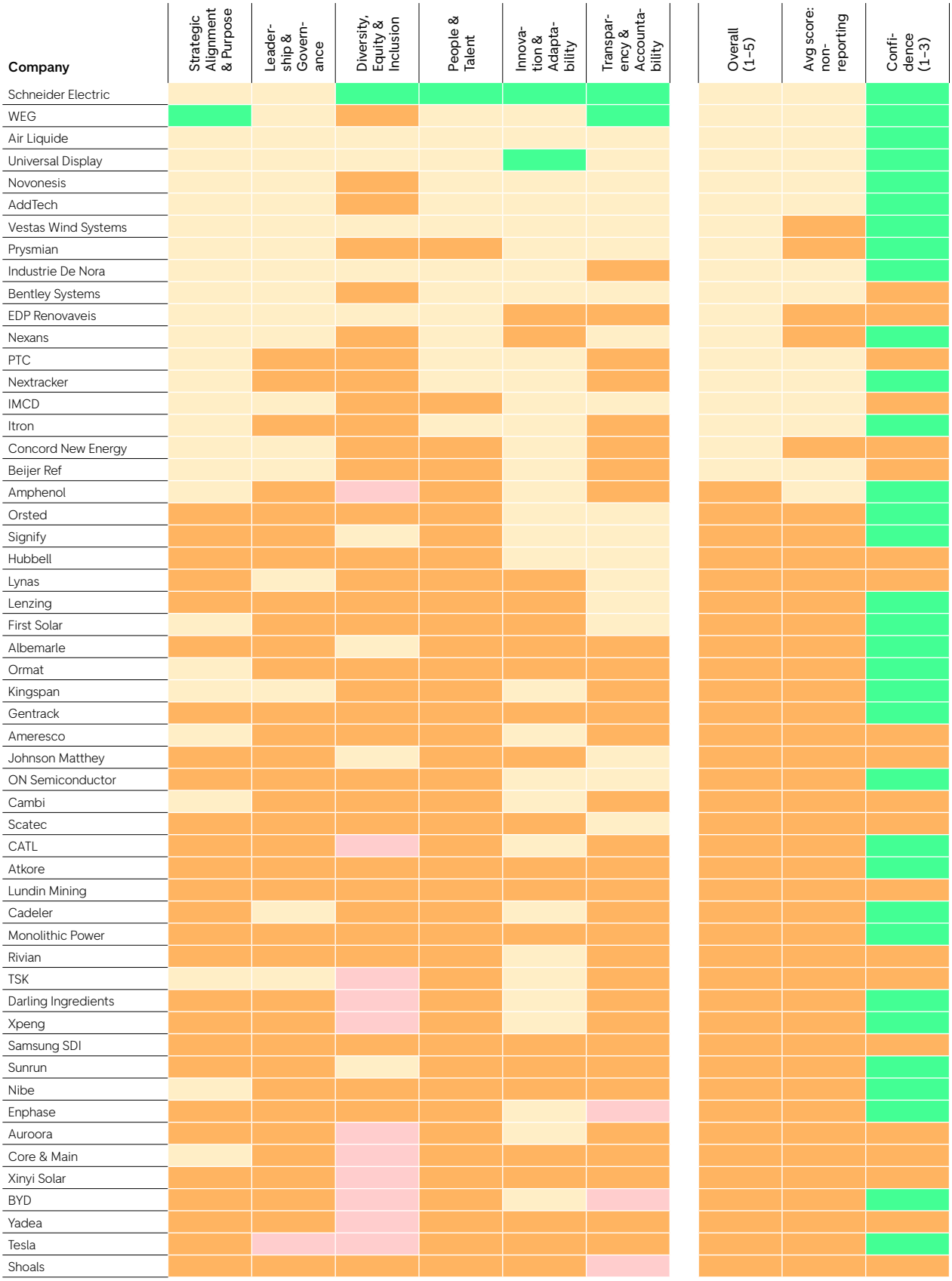
Each question is evaluated from 1 (weak) to 5 (strong), accompanied by a confidence rating ranging from 1 (low) to 3 (high). We also classify each question as either reporting-driven or non-reporting driven. Every assessment is supported by a written comment summarising the findings and rationale behind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

Importantly, assessments are conducted on an absolute basis, not relative to peers, as strong corporate culture is valuable regardless of sector. This approach also enables comparisons across sectors. While the framework is applied consistently, sector-specific factors are taken into account where relevant, such as the importance of health and safety culture in sectors where these considerations are particularly material.

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.

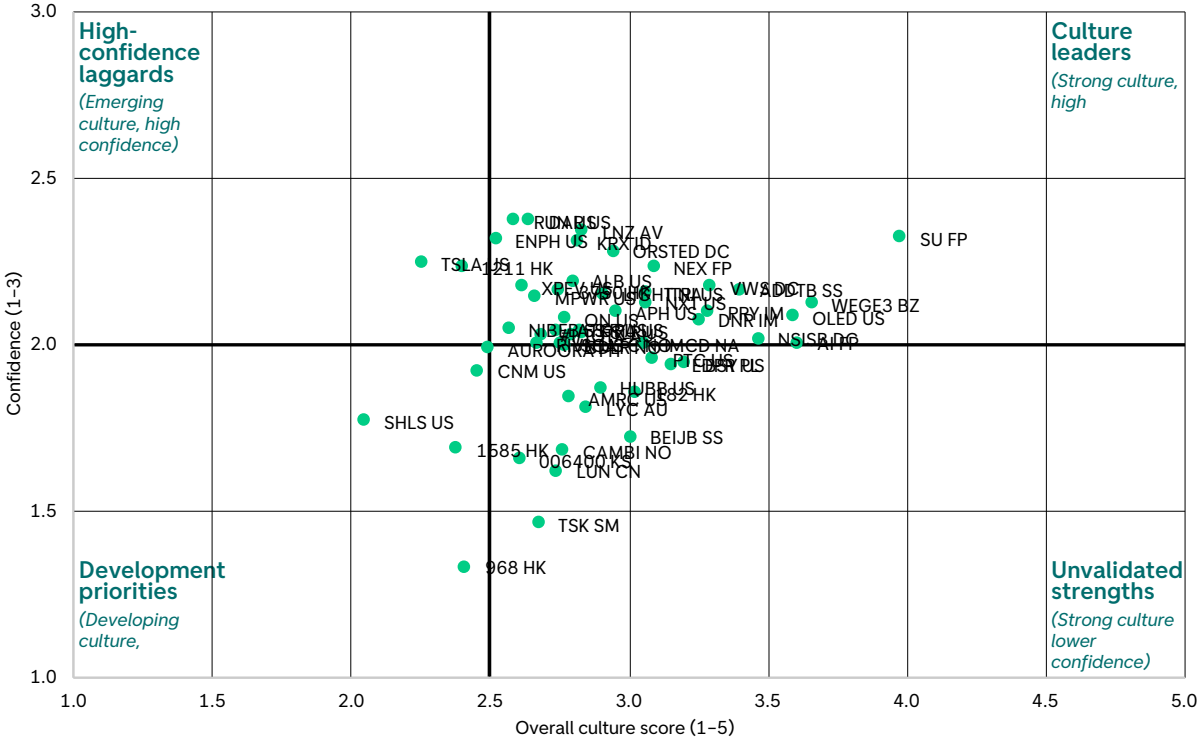
On the next page we summarise the key findings from this exercise.

Figure 25. Heat map of company-level corporate culture scores 2026



Source: DNB AM

Figure 26. Overall corporate culture score vs. confidence



Source: DNB AM

In general, we see that a higher overall score is also associated with a greater degree of confidence. This is likely driven by more comprehensive reporting by these companies. A smaller group of companies demonstrates both strong cultures and high confidence, while a few lag on culture development and/or confidence, highlighting opportunities for targeted engagement and monitoring.

Two other factors we see as having an important impact on company culture is whether or not the company is founder-led, and the extent to which the company is decentralised.

Though the tables above do not provide definitive evidence considering the small sample size, the results are directionally indicative of our view, with founder-led and decentralised on average score higher than not-founder led and highly centralised businesses.

This work remains a work in progress. Scores may therefore change materially over time as the framework and methodology continue to evolve and improve and should not be interpreted as definitive conclusions. Nevertheless, the analysis in its current state provides valuable input to our research process, offering directional insights and identifying promising starting points for further discussion and engagement with companies.

Table 2. Average portfolio corporate culture score based on range from not founder led to founder-led companies

	Average score
Not founder led	2.7
Limited founder influence	2.9
Strong early cultural imprint	2.8
Enduring founder influence	2.8
Founder-led	3.0

Source: DNB AM

Table 3. Average portfolio corporate culture score based on range from highly centralised to decentralised company structures

	Average score
Highly centralised	2.3
Centralised	2.7
Semi-centralised	2.9
Semi-decentralised	3.1
Decentralised	3.0

Source: DNB AM

Limitations to this analysis:

- Limited sample size: the dataset is too small to support definitive conclusions, and results should therefore be treated as indicative. Further analysis and drill-down is required to better understand the underlying drivers and investigate potentially anomalous results.

- Correlation versus causation: Observed relationships should not be interpreted as evidence of causation. Further analysis would be needed to establish whether, and how, corporate culture influences company outcomes.

- Challenges in assessing qualitative factors: Certain dimensions, such as psychological safety, are difficult to assess using publicly available information. This reinforces our view that a meaningful understanding of corporate culture necessarily requires direct engagement with companies. The average confidence score of 2.02/3.00 is lower than desired, partly because many questions could not be assessed due to insufficient evidence.

- Limited availability of operational HR metrics: Granular, non-public HR metrics are often unavailable externally, limiting the extent to which certain dimensions can be assessed using public sources. This is a data availability limitation, not an indication of cultural performance. These areas are therefore better explored through direct company engagement.

- Potential bias from disclosure levels: Reporting levels do not appear to systematically distort assessment scores. On average, companies do not score meaningfully higher on questions supported by their own public disclosures than on those assessed using other evidence. If disclosure levels were materially driving scores, a larger and more widespread gap would be expected. This suggests that the framework does not simply reward companies for disclosing more information. However, eight companies exhibit notable gaps and are individually flagged in the dashboard for closer review.

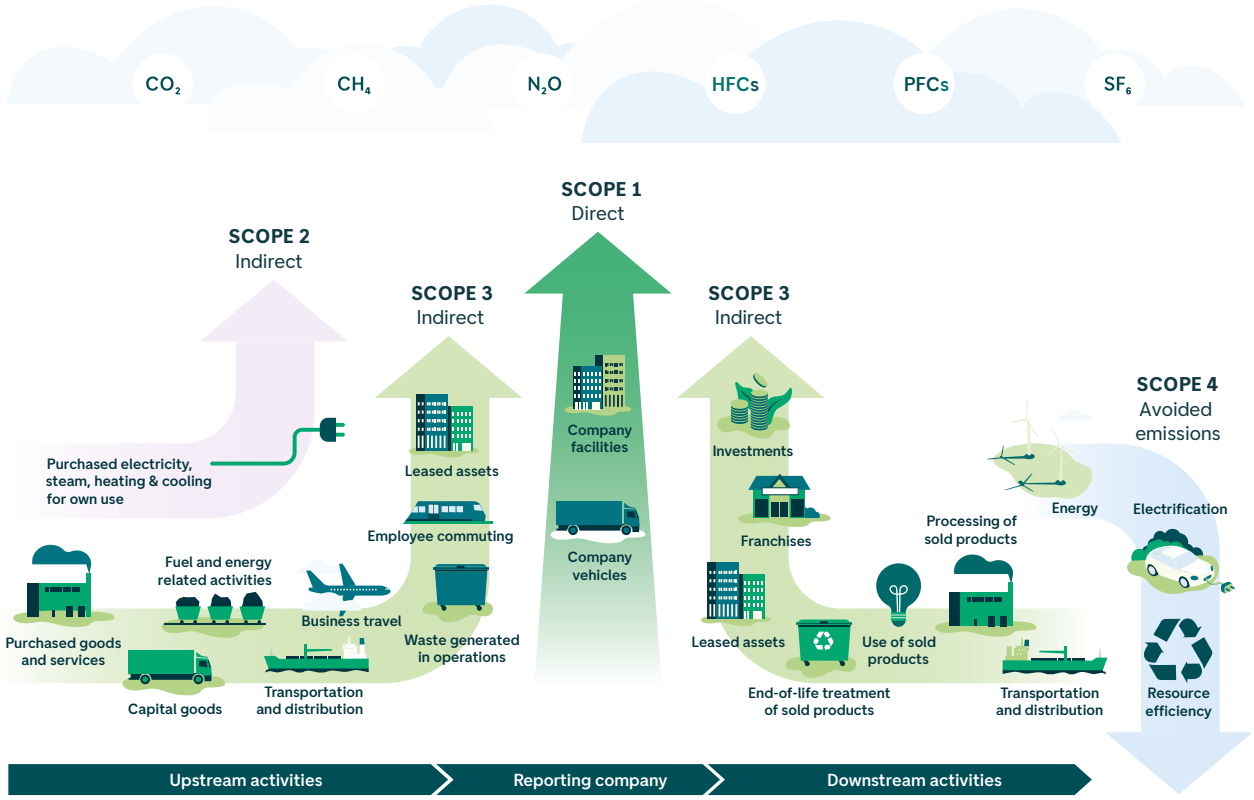
- Dependence on Glassdoor data: Glassdoor is the most frequently cited source of evidence in our framework. This highlights the importance of third-party resources for assessing the people and talent pillar when it comes to employee sentiment, as an example.



©Getty Images/Alexander Spatari

Key findings of potential avoided emissions analysis

Figure 27. 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 seventh 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 28. Results of 2025 PAE analysis under STEPS scenario

STEPS – 2025				
Sector	**Scope 1 & 2 emissions**	**Scope 3 emissions**	**PAE**	**Net PAE**
Wind	0	18	-125	-106
Solar	11	14	-310	-285
Materials	4	4	-17	-10
Energy saving	5	275	-332	-52
Biofuels	5	30	-181	-146
Power generation	1	25	-87	-61
Other	-	-	-	-
Power storage	3	52	-322	-267
Fuel cells	0	0	-14	-14
Grid	0	25	-68	-42
Total	28.8	443.0	-1 454.7	-982.9

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

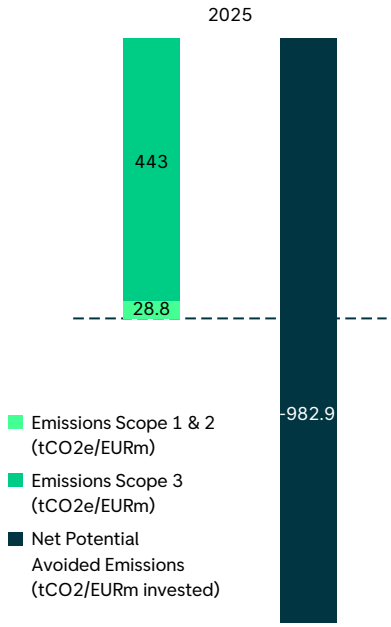
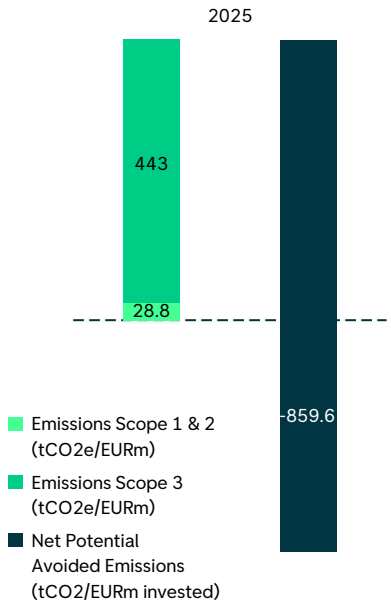


Figure 29. Results of 2025 PAE analysis under NZ scenario

NZ – 2025				
Sector	**Scope 1 & 2 emissions**	**Scope 3 emissions**	**PAE**	**Net PAE**
Wind	0	18	-116	-98
Solar	11	14	-179	-154
Materials	4	4	-17	-10
Energy saving	5	275	-332	-52
Biofuels	5	30	-181	-146
Power generation	1	25	-85	-60
Other	-	-	-	-
Power storage	3	52	-341	-286
Fuel cells	0	0	-14	-14
Grid	0	25	-65	-39
Total	28.8	443.0	-1 331.4	-859.6

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



As shown in Figure 28 and Figure 29, 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).

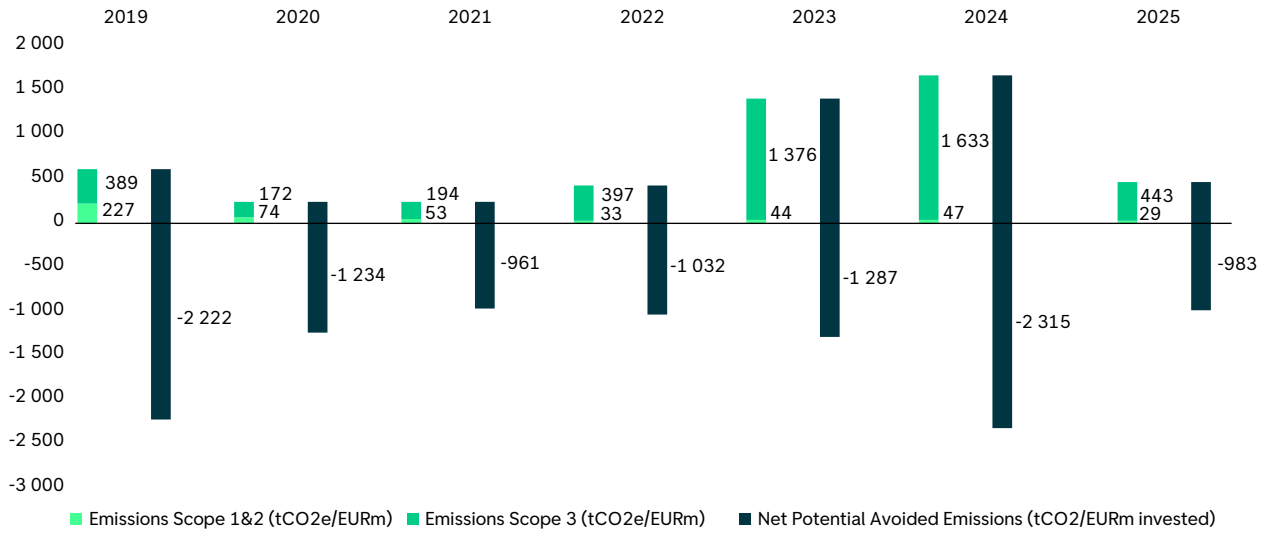
As in previous years, the PAE analysis focuses on one primary product category per company. To calculate the carbon footprint, we have scaled down the scope 1, 2 and 3 emissions provided by ISS-ESG in line with the percentage of revenues that the PAE analysis covers per company. Note that only emissions 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 **Vestas Wind Systems** 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 76.4% of fund holdings (as of 07.05.2026). 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 62% of revenues from the companies included.

The calculations are based on backward-looking data from 2024 or 2025, 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 seventh 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 30). 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 until 2024, 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. The difference between scope 3 emissions from 2024 to 2025 is due to Signify no longer being included in the portfolio. This dynamic is explained in further detail in the energy saving section. 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 30. PAE for DNB Renewable Energy between 2019–2025



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

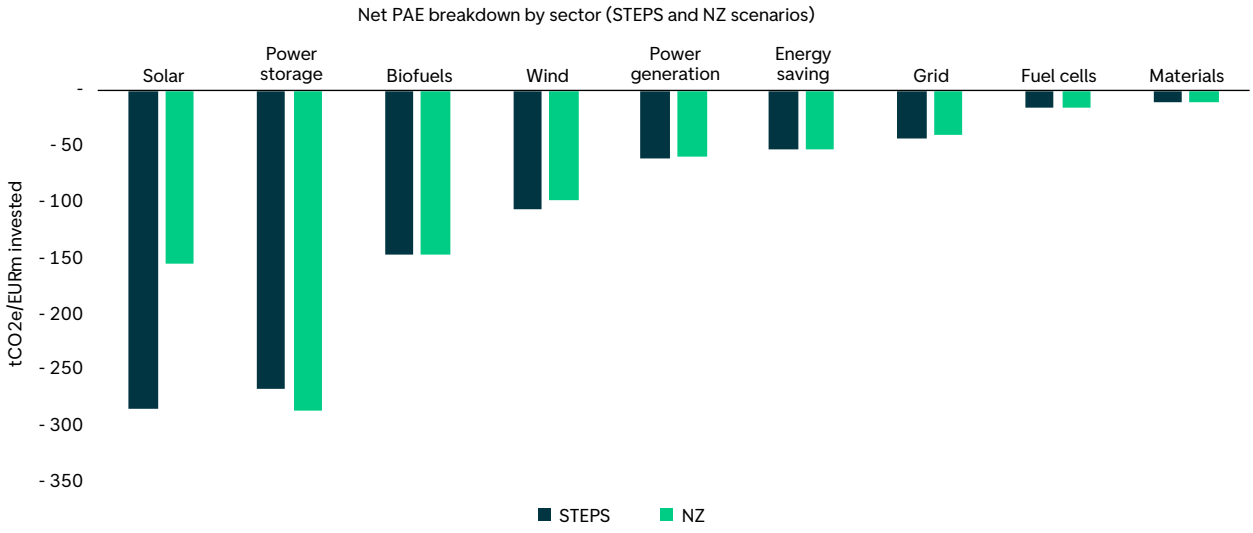
Table 4. Top ten contributors to PAE in the fund

2025				
Top ten (STEPS)	**Weight (%)**	**Fund PAE (tCO2)**	**% of total portfolio**	**Sub-sector**
BYD Company Limited	2.0%	113 248 650	11%	Power storage
Vestas Wind Systems A/S	2.4%	111 730 199	11%	Wind
Nextpower Inc.	1.0%	100 686 564	10%	Solar
Schneider Electric SE	2.3%	94 321 566	9%	Grid
Novonesis (Novozymes A/S)	5.9%	80 000 000	8%	Biofuels
Contemporary Amperex Technology Co., Ltd.	3.4%	79 937 180	8%	Power storage
Xinyi Solar Holdings Limited	0.8%	77 644 723	8%	Solar
Air Liquide SA	2.3%	77 591 000	8%	Fuel cells
Kingspan Group Plc	3.5%	73 000 000	7%	Energy saving
Yadea Group Holdings Ltd.	2.0%	49 222 486	5%	Power Storage
Total	**26%**	**857 382 367**	**84%**	

Source: ISS-ESG, DNB AM

It is also useful to consider how different sectors contribute to the overall PAE result. As shown in Figure 31, 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 31. Net PAE breakdown by sector



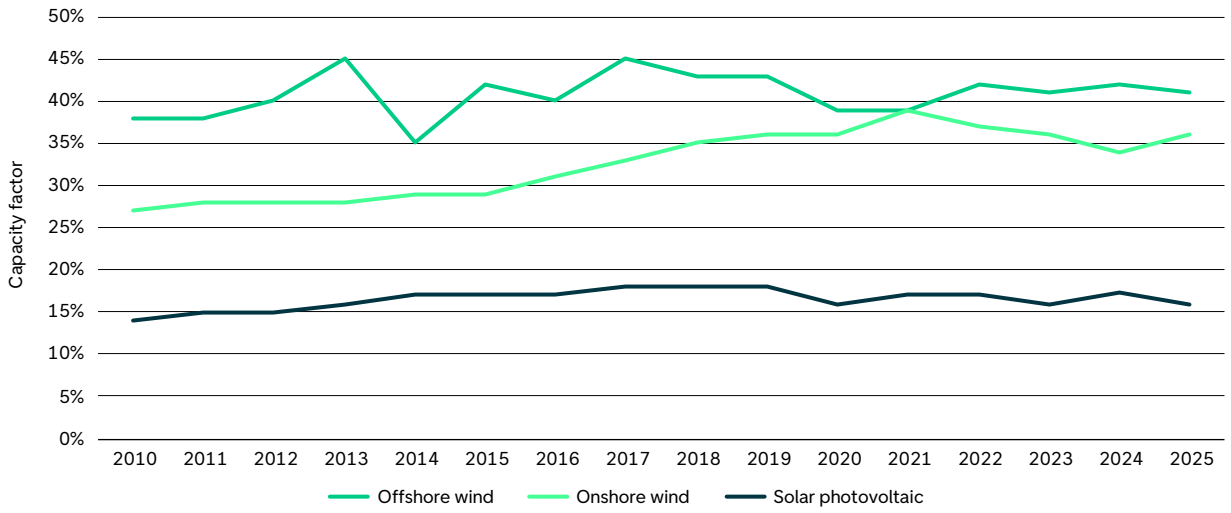
Source: ISS-ESG (with adjustments by DNB AM)

Solar and Wind

Solar and wind rank first and fourth place respectively, generally consistent with previous years' results. Although power storage and biofuels rank second and third, respectively, 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.

Capacity factors remained relatively stable, as shown in Figure 32 below.

Figure 32. Global weighted-average capacity factors for wind and solar over time[2]



Source: IRENA

For solar, net PAE was -284.9 tCO2e PAE/EURm invested in 2025, compared with -504.5 in 2024. For wind, net PAE was -106.0 tCO2e PAE/EURm invested in 2025 versus -262.8 in 2024. Both sub-segments continue to rank highly as their relative contributions remain high, despite substantial Y/Y decline in absolute net PAE for the portfolio. This reflects the removal of Signify from the portfolio and, consequently, from the assessment. Signify was previously included under energy saving and had an outsized impact on the overall results, making energy saving by far the largest contributing sub-segment both in terms of emissions and PAE. Its removal has therefore materially affected the relative contribution of the other sub-segments. This is explained in further detail in the energy saving section.

The result for solar reflects three main factors: 1) weaker performance from **Xinyi Solar Holdings** and **Shoals Technologies Group**, though both continue to be significant contributors, 2) **Canadian Solar** has been removed from the portfolio and was previously a significant contributor to sub-segment net PAE, and 3) a slight improvement in **Enphase Energy's** Y/Y result.

Xinyi Solar Holdings, the world's largest photovoltaic glass producer, remains the largest single contributor to solar PAE with its net PAE improving from -190.2 tCO2e/EURm in 2024 to -121.5 invested this year, as solar glass sales volume increased by 4.2%.

Shoals Technologies Group's result also worsened to -99.0 tCO2e PAE/EURm invested from -129.3 last year. Though the company sold more electrical balance-of-system solutions in 2025 compared to 2024, its net PAE deteriorated primarily driven by Y/Y increases in scope 1 and 2 emissions driven by the transition to the new Mega facility.

Nextpower was new in this year's assessment, contributing positively with -63.5 tCO2e PAE/EURm invested. Nextpower is a US-based provider of solar tracking systems and technology that optimises the performance of utility-scale solar power plants.

Within wind, two companies were assessed – Vestas **Wind Systems** and **Cadeler. Vestas**, the leading Western turbine manufacturer, increased installations from 13,198 MW

2 Renewable power generation costs in 2025: Executive summary

in 2024 to 13,374 MW in 2025. However, its scope 3 emissions increased by around 23% from 2024 to 2025 (using MSCI ESG's scope 3 estimation model data[3]) due to recovery of blade production to more typical levels in 2025 and the associated supply-chain emissions (steel and other materials used in turbine manufacturing contribute to scope 3 purchased goods and services category emissions). **Cadeler,** a specialist in offshore wind installation, maintenance and decommissioning, increased its total PAE to 7,998,241 tCO2e from 3,660,619 in 2024 due to an increase in the total capacity of wind energy projects installed and connected with Cadeler's wind installation vessels in 2025. The company also saw its scope 1, 2 and 3 emissions increase substantially, due to fleet expansion. However, the relative relationship (net PAE) remains favourable for the company, more than doubling Y/Y from -3.1 tCO2e PAE/EURm in 2024 to -6.5 in 2025.

Power storage

Power storage ranks second place. Compared to last year's assessment, **Contemporary Amperex Technology Co Ltd (CATL)** (leading Chinese manufacturer of batteries for EVs and energy storage systems) and Samsung SDI (South Korean manufacturer of rechargeable batteries for EVs, electronics and energy storage) have been added to the portfolio, whilst **LG Chem** has been removed. Other companies in this sub-segment are **BYD** (Chinese EV and battery manufacturer), **Rivian** (US EV manufacturer) and **Yadea Group** (Chinese manufacturer of electric two-wheelers). As in last year's analysis, **Yadea** remains the largest contributor to PAE within this sub-segment. None of the other companies contribute positively to PAE.

Yadea, the leading global producer of electric two-wheelers, remains the largest contributor to net PAE within power storage. Its result improved to -276.4 tCO2e PAE/EURm invested, up from -240.0 last year, driven by an increase in e-bike and e-scooter unit sales (16.3m in 2025 vs. 13.0m in 2024), resulting in a higher absolute PAE. However, the company's emissions also increased substantially Y/Y – scope 1 and 2 emissions rose by 177%, while scope 3 emissions (modelled by ISS-ESG) increased by 38%. The increase in scope 1 and 2 emissions reflect higher production volumes of electric two-wheelers. The increase in scope 3 emissions are attributed to a methodological change in ISS-ESG's estimation methodology. Yadea was previously classified under the Automobile Manufacturer category, which predominantly comprises manufacturers of non-electric vehicles. In FY2024, the company was reclassified into a category better aligned with its business activities, resulting in a change in estimated scope 3 emissions. It is important to note that due to the maintenance schedule for estimated scope 3 emissions, this 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 2024).

The remaining companies in this bucket are estimated to generate more emissions than they potentially avoid. As in last year's analysis, **BYD** records the worst result. Despite an increase in vehicles sales from 4.3m in 2024 to 4.6m in 2025, resulting in the company exhibiting the highest total PAE in the entire portfolio with 113 mtCO2e, the company's overall emissions remain high relative to its estimated avoided emissions, weighing on its PAE result.

Biofuels

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

Novonesis, the leading global biosolutions company, reports the 5th-highest total PAE in the portfolio with a self-reported figure of -80 mtCO2e, up from -60 last year. Net PAE improved from -125.1 tCO2e PAE/EURm in 2024 to -160.4 in 2025. The improvement Y/Y is primarily associated with the greater climate benefit enabled by Novonesis' biosolutions in biofuel production, though it does not specify how much of this impact resulted from increased sales volumes, changes in product mix or updated impact estimates. These solutions help producers increase ethanol yields and produce more low carbon fuels, displacing higher-emission fossil fuels.

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 decreased Y/Y from 5,757,954 tCO2e in 2024 to 4,620,183 tCO2e in 2025, driven by a Y/Y decrease in renewable diesel gallons sold (~1bn gallons in 2025 vs. 1.25 bn gallons in 2024). The company continues to emit more than it avoids, though results improved Y/Y, with net PAE at 14.5 tCO2e PAE/EURm invested versus 20.6 tCO2e PAE/EURm invested in 2024.

Power generation

Power generation ranks fifth. Most companies within this sub-segment are estimated to potentially avoid more emissions than they emit. Y/Y differences in total PAE

3 Note that MSCI ESG data has been used for companies which we have covered using company-reported data in addition to those covered by ISS-ESG. MSCI ESG scope 3 data is based on 2025 data, i.e. there is no lag in scope 3 data like there is for ISS-ESG data.

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 in the year of analysis for **Cambi.**

Concord New Energy Group, the Chinese renewable energy company, is the greatest contributor to sub-segment net PAE in this year's analysis, although its contribution weakened Y/Y. Net PAE changed from -45.9 tCO2e PAE/EURm in 2024 to -25.8 in 2025. This change coincided with a -45% decline in annual attributable capacity additions and a -1% decrease in total attributable power generation Y/Y. However, total operational attributable capacity increased 7%. The decline in net PAE is therefore consistent with lower power generation.

Cambi, on the other hand, is the only company in the sub-segment that is estimated to emit more emissions than it avoids, in contrast to previous years. Cambi is the world-leading supplier of technology and solutions for converting wastewater solids and organic wastes into valuable bioresources. The company's result has deteriorated from -48.5 tCO2e PAE/EURm invested in 2024 to 2.1 in 2025. The PAE assessment considers annual avoided emissions from THP units sold in 2025 extrapolated over their lifetime (20 years). The Y/Y decline has two drivers: 1) Cambi has revised its avoided emissions calculation methodology compared with previous years to better reflect actual operating conditions, and 2) the installed capacity of the THP systems contracted in 2025 decreased significantly Y/Y.

Energy saving

Energy saving has dropped from first place to sixth place in this year's analysis. Sub-segment net PAE has deteriorated from -880.4 tCO2e PAE/EURm invested in 2024 to -52.2 in 2025. The main driver here is the removal of **Signify** from the portfolio. As discussed in previous reports, **Signify** has been a significant outlier to the overall results due to its significant scope 3 emissions and substantial avoided emissions, both influenced by its long product lifetimes, often around ten years.

The top contributor to the sub-sector's positive result is now **Kingspan**, the Irish building materials manufacturer specialising in high-performance insulation, energy-efficient building envelopes and sustainable building solutions. The company's result improved from -71.1 tCO2e PAE/EURm in 2024 to -131.8 this year. Sales of insulated panels, which is what the PAE assessment focuses on, were broadly flat Y/Y, while the broader insulated building envelopes business grew in 2025. The main driver of the Y/Y improvement can therefore be attributed to a major decline in scope 2 emissions (-81% Y/Y), leading to an improvement in net PAE. Kingspan's scope 2 emissions decreased due to a major shift in renewable energy consumption.

Nibe Industrier, the Swedish manufacturer of energy-efficient heating solutions, remains the weakest performance in the sub-sector. The company's net PAE performance improved from 2024 to 2025 from 119.5 tCO2e PAE/EURm invested to 90.9. While total PAE improved from 7.0 mtCO2e in 2024 to 8.7 mtCO2e in 2025, the company's scope 1, 2 and 3 emissions remain high relative to the company's PAE, resulting in emissions exceeding the potential emissions avoided.

Grid

Grid comes in seventh place, up from ninth last year. Last year, this sub-segment only covered two companies, **Prysmian SpA** and **Schneider Electric**. This year we add **Itron Inc**, **Nexans SA** and **WEG SA** to the analysis. Sub-segment performance improved from -0.8 tCO2e PAE/EURm in 2024 invested to -41.9 this year.

Itron is the US-based provider of smart meters, grid intelligence and digital solutions that help utilities manage electricity, gas and water more efficiently. The inclusion of this company contributes positively to overall sub-segment performance, with Itron's estimated net PAE at -44.1 tCO2e PAE/EURm, based on the company's self-reported avoided emissions figure.

In addition, **Schneider Electric's** result has improved Y/Y, from -4.4 tCO2e PAE/EURm invested in 2024 to -13.2 in 2025. **Schneider Electric** is a French provider of energy management, electrification and industrial automation solutions, including electrical equipment, software and systems for building, data centres, infrastructure and industry. The improvement coincided with an increase in the company's self-reported avoided emissions from products and services, from 58.4 mtCO2e PAE/EURm invested in 2024 to 94.3 in 2025. This increase may partly reflect a greater share of revenues from activities that contribute to climate change mitigation. **Schneider Electric's** taxonomy-aligned revenues increased from 28% to 32%, covering activities such as energy efficient building equipment, electrical transmission and distribution infrastructure, low carbon transport, building energy management, energy performance services and IT/OT data driven solutions. Moreover, the share of products revenues covered by its Green Premium programme increased from 82% in 2024 to 83.2% in 2025. The programme provides customers with more sustainable product options and environmental information. Taken together, these indicators suggest that the company's growing exposure to climate-related

solutions may have contributed to the increase in avoided emissions, although they do not establish a direct causal relationship. The portfolio weight also increased from 1.3% to 2.3%, raising the associated market value of the investment. The combination of higher reported avoided emissions and increased portfolio exposure contributed to the improvement in net PAE per EURm invested.

WEG SA, the Brazilian manufacturer of electric motors, generators, transformers, drives and automation systems, contributes with a marginally positive result of -1.2 tCO2e PAE/EURm invested.

Prysmian and **Nexans** both contribute negatively to the result. **Prysmian** 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 1,855,698 tCO2e, up significantly from 952,937 last year. This is explained by a significant increase in the total capacity of underwater cables installed Y/Y, from 0.5 GW in 2024 to 1.4 GW in 2025. However, scope 3 emissions are high for the company and scope 1 emissions increased Y/Y due to the consolidation of Encore Wire. The net result of these factors leads to a net PAE of 6.4 tCO2e PAE/EURm invested in 2025, implying almost 2x more emissions emitted than potentially avoided compared to last year (3.6 tCO2e PAE/EURm invested). **Nexans** is a French manufacturer of power and data cables and electrification solutions for electricity transmission and distribution, renewable energy, infrastructure and industry. Nexans has been included in the avoided emissions analysis previously (2021) and was re-added this year. The company's result of 10.1 tCO2e PAE/EURm invested reflects its high scope 3 emissions in particular, which result in an unfavourable ratio of potentially avoided to emitted emissions.

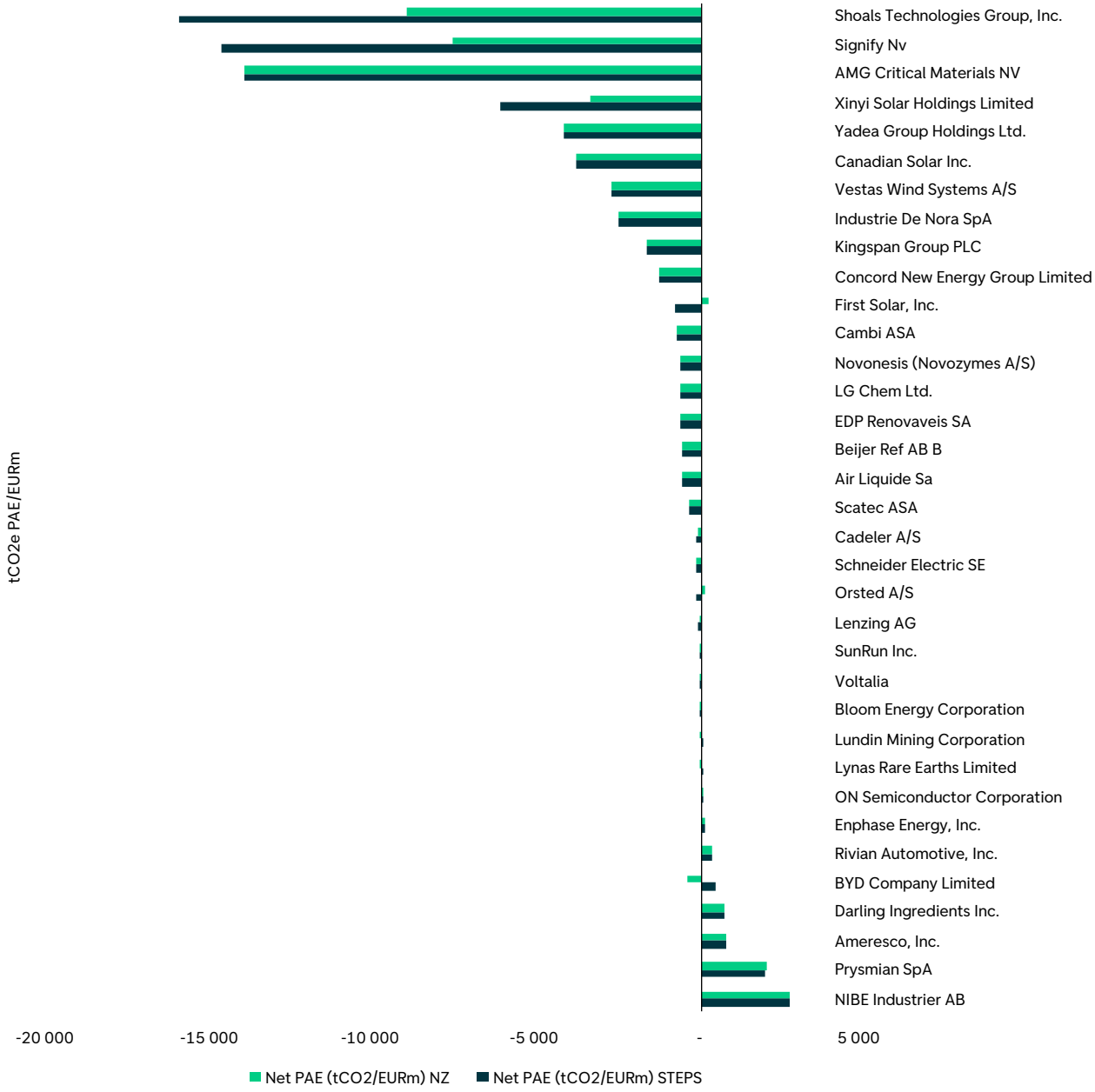
Fuel cells

Fuel cells represent the second-smallest contributor to net PAE in this year's assessment, with only one company included – **Air Liquide**. **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. We used the company's self-reported avoided emissions figure in the analysis of 77.6 mtCO2e PAE, up from 70.9 mtCO2e last year. However, scope 3 emissions increased from 37.6 mtCO2e in 2024 to 46.7 mtCO2e in 2025 based on MSCI ESG's scope 3 estimation methodology. The result of these impacts led to slightly less PAE per EURm invested, from -15.9 tCO2e PAE/EURm invested in 2024 compared with -14.6 this year.

Materials

The materials sector shows the weakest contribution to overall portfolio PAE in this year's assessment, though all three companies demonstrate potentially more emissions avoided than emitted. Last year, the sub-segment ranked six of nine. The main difference compared to last year is that **AMG Critical Materials** has been removed from the portfolio and is no longer assessed. Last year the company accounted for 95% of the result. The greatest contributor this year is therefore **Lenzing AG**, which was the second largest contributor to the sub-segment last year. **Lenzing AG** is an Austrian producer of wood-based cellulose fibres, including viscose, modal and lyocell, used in textiles, clothing and nonwoven applications. The company's net PAE improved from -5.3 tCO2e PAE/EURm invested in 2024 to -8.7 in 2025. Though the volume of wood-based cellulosic fibres produced in 2025 decreased to 904kt from 962kt last year, this was offset by a decrease in scope 1 and 2 emissions mainly due to lower fossil energy consumption.

Figure 33. Net PAE per company (tCO2e/EURm)



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



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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[4]

4 Note that the FNG Label has not been renewed for 2027 and these exclusion criteria are valid until 31.12.2026 or until we choose to invest in a company that would breach any of these criteria if this were to happen before this time.

Disclaimers

This report is marketing communication. Please refer to the prospectus of the DNB Fund and to the KIID/KID of the relevant sub-fund before making any final investment decisions. DNB Asset Management AS and DNB Asset Management AS Branch Luxembourg. Webpage: https://dnbam.com/en. Historical returns are no guarantee of future returns. Future returns will, among other things, depend on market development, manager's skill, the mutual fund's risk profile, as well as associated costs. The return may become negative as a result of declining market values.

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Note displayed data in this report contains the most recently available data from the underlying companies in our portfolios. There can be delays in both reported and modelled climate data from our service provider, MSCI ESG Research.

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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.

DNB Asset Management AS

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

Visiting address:
Dronning Eufemias gate 30
Bjørvika, Oslo

dnb.no