

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: DNB Private Equity XII AS (the “Fund”)

Legal entity identifier: 648874P532P3TUAG1B76

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

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

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

Yes
   No

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b>	<input type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b>	<input type="checkbox"/> with a social objective
	<input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

The characteristics promoted by the Fund, through being a feeder fund of DNB PE XII (the Master Fund) :

- Responsible PE fund managers: DNB Asset Management, Private Equity (“DAM PE”) will strive to invest with responsible PE fund managers who consider ESG factors in its investment decisions and during its active ownership, as well as fostering a culture of transparency and accountability on ESG factors.
- Environmental characteristics which include reduction of GHG emissions

- Social characteristics which include labor rights, human rights, public health, inclusive employment, community engagement and accountability in the value chain.

DAM PE is the manager of the Fund and the portfolio manager of the Master Fund. Environmental and social (E/S) characteristics are promoted by investing in line with the DNB Group Instruction for Responsible Investments (the “Group Instruction”). The Master Fund does not invest in companies that derive a large part of their income from the extraction of oil sands and/or thermal coal or base a large part of their business on thermal coal. The Master Fund excludes companies with exposure to controversial weapons and companies that produce cannabis for recreational use, tobacco or pornography.

The Fund does not use a benchmark that is aligned with the environmental and social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The indicators used to measure the Fund’s attainment of environmental and social characteristics for PE fund managers, through its investment in the Master Fund, include:

- Percentage of PE fund managers that are signatories to UN PRI.
- Percentage of PE fund managers that meet DAM PE’s Standard for Responsible Investment Managers (as defined below)

The indicators used to measure the Master Fund’s (and thereby also the Fund’s) attainment of environmental and social characteristics for PE fund managers’ underlying portfolio companies include:

- Percentage of the Fund’s NAV in companies that derive a large part of their income from the extraction of oil sands and/or thermal coal or base a large part of their business on thermal coal
- Percentage of the Fund’s NAV in companies with exposure to controversial weapons
- Percentage of the Fund’s NAV in companies that produce cannabis for recreational use
- Percentage of the Fund’s NAV in companies that produce tobacco
- Percentage of the Fund’s NAV in companies that produce pornography

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Fund does not commit to a minimum share of sustainable investments.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable

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

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

Not applicable

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

Not applicable

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes, \_\_\_\_\_

No



**What investment strategy does this financial product follow?**

The Fund shall invest all available capital in the Master Fund.

The Master Fund shall seek to invest in around 10 PE funds by making primary investments with an opening to do opportunistic secondary investments. The Master Fund will primarily focus on investment opportunities with a main geographic focus within Western Europe and/or North America. The Master Fund may invest in all types of PE funds, both sector specific funds and so-called generalist funds.

The following investment restrictions apply to the Master Fund:

- i. No more than 25% of the aggregate commitments may be invested in one single PE fund;
- ii. The Master Fund shall not own more than 10% of one single PE fund; and
- iii. The Master Fund shall have investments in a minimum of 5 PE Funds at expiry of the investment period.

Integration of environmental, social and governance risk factors into the investment decision making process forms part of our fiduciary duty towards customers and stakeholders. As a responsible investor with a long-term view, we aim to provide high, long-term returns, at an acceptable level of risk. DAM PE, as manager of the Fund and portfolio manager of the Master Fund, will strive to invest with responsible PE fund managers who consider ESG factors in its investment decisions and during its active ownership. A sustainability risk assessment is performed on PE fund manager level prior to making a fund investment. As a limited partner in PE fund vehicles, DAM PE will not be able to exercise direct influence through ownership rights on the underlying portfolio of assets of a PE fund, and will therefore need to rely on the PE fund manager and its management of active ownership across its portfolio. It is therefore of high importance to assess and be comfortable with each PE fund manager’s approach and ensure adherence to DAM PE’s and the Fund’s requirements to ESG prior to investment.

DAM PE has established an ESG assessment framework (“DAM PE’s Standard for Responsible Investment Managers”) together with the DNB Asset Management Responsible Investment Team (the “DAM RI Team”) that is applied as a tool to evaluate the level of ESG integration. The ESG assessment framework is built

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

on the ILPA ESG assessment framework and adapted to DAM PE's integration of ESG. The framework includes components that are viewed as important for the decision-making process for DAM PE, including:

- i. Sound ESG approach & policies, and contractual commitments to ESG,
- ii. Having good governance practices in place
- iii. Transparency to investors, including ESG reporting
- iv. ESG integration in the investment process
- v. Sanctions screening procedures in place

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Master Fund, and thereby also the Fund, attains each of the above-mentioned environmental and social characteristics through applying the following binding elements in the investment strategy:

- Each PE fund manager will be evaluated against DAM PE's Standard for Responsible Investment Managers.
- The Master Fund will not invest in companies that derive 30 percent or more of their income from oil sands extraction, as well as mining companies and power producers that themselves, or consolidated with entities they control, derive 30 percent or more of their income from thermal coal, or base 30 percent or more of its business on thermal coal.<sup>1</sup>
- The Master Fund shall not invest in companies with exposure to controversial weapons.<sup>2</sup>
- The Master Fund excludes companies that produce pornography, tobacco or cannabis for recreational use.

To ensure compliance with the Group Instruction and the binding elements mentioned above, DAM PE performs (i) an ESG assessment on each PE fund manager prior to investment, (ii) screen each portfolio company prior to investment, and (iii) monitors the portfolio throughout the ownership through weekly screening, direct engagement with the PE fund managers and review of received reports from the PE funds. In addition, DAM PE will seek to enter into a bilateral side letter agreement with each PE fund manager, requesting them to endorse the binding elements related to the Group Instruction.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable

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

The Fund will invest in the Master Fund. The Master Fund will be a limited partner in PE fund vehicles, and DAM PE will, as such, not be able to exercise direct influence through ownership rights on the underlying portfolio of assets of a PE fund, and will therefore need to rely on the PE fund manager and its management of active ownership across its portfolio of assets. It is therefore of high importance to

<sup>1</sup> In addition, companies with an annual extraction of more than 20 million tonnes of thermal coal or power capacity of more than 10,000 MW from (combustion of) thermal coal may be excluded from the investment universe or placed under observation. Exceptions can be made for companies that are considered to be in transition, based on forward-looking assessments of the companies, including any plans that will change the level of extraction of or power capacity linked to thermal coal and/or reduce the share of income or business linked to oil sands or thermal coal and/or increase the share of income or business linked to renewable energy sources.

<sup>2</sup> The Master Fund will not invest in companies that are involved in anti-personnel mines and cluster munitions, as described in the Anti-Personnel Mine Ban Convention and the Convention on Cluster Munitions, or in companies that develop and produce key components for weapons of mass destruction. Weapons of mass destruction are defined as NBC weapons (nuclear or atomic, biological and chemical weapons). The same applies to non-detectable fragments, incendiary weapons, and blinding laser weapons. Note that the list above is not exhaustive.

assess and be comfortable with each PE fund manager’s good governance practices prior to investment. This assessment is performed for each PE fund manager as part of the ESG assessment framework earlier referred to. If during such assessment a PE fund manager is deemed to not have good governance practices in place, DAM PE will abstain from making the investment.

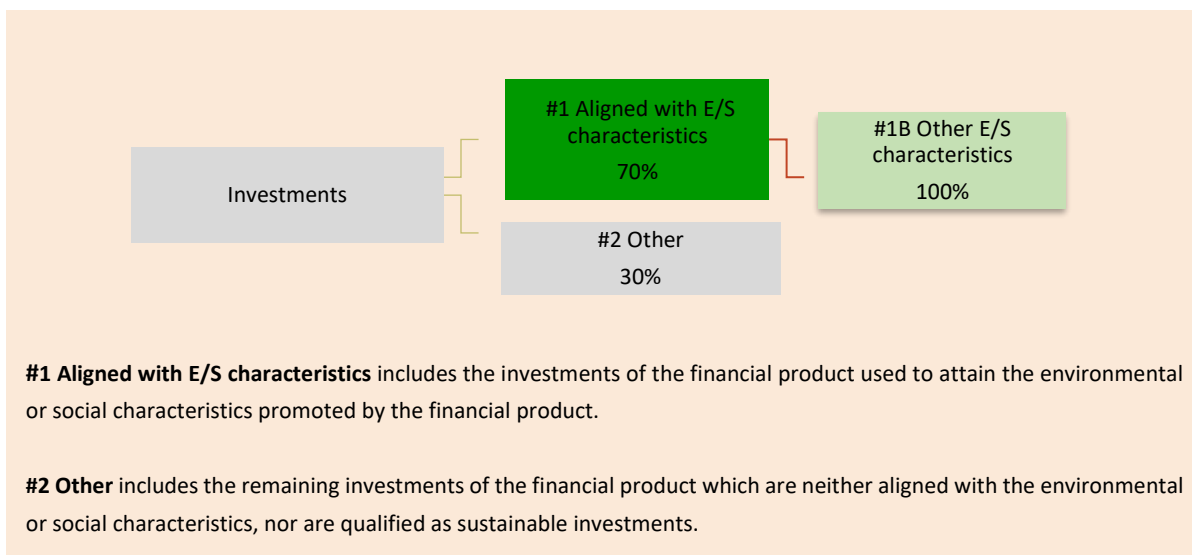
Post-investment, all portfolio companies are screened on a weekly basis for alerts through a global news and data platform to follow up potential risks and incidents that may point towards the PE fund manager and/or its portfolio companies not following good governance practices. Any such identified material risks or incidents will be followed up by DAM PE, and if deemed appropriate, DAM PE will on behalf of the Master Fund (and thereby indirectly the Fund) seek to sell its ownership stake in such PE fund if such risk or incident is not remedied.



### What is the asset allocation planned for this financial product?

The Master Fund aims to have a minimum proportion of 70% of the Master Fund’s net asset value (NAV) to be used to attain the environmental or social characteristics promoted by the Fund and the Master Fund (#1 Aligned with E/S characteristics). The rest of the Master Fund (#2 Other) may be invested in investments whereof the PE fund manager has been determined as not meeting the expectations set out in DAM PE’s Standard for Responsible Investment Managers, and may also include assets used for hedging and liquidity purposes. However, all investments will need to follow the minimum safeguards of meeting the Exclusions and the DNB Group Instructions, as described above.

**Asset allocation** describes the share of investments in specific assets.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**  
Not applicable



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy<sup>3</sup>?

While the Master Fund (and the Fund) promotes environmental and social characteristics within the meaning of Article 8 of the SFDR, it does not actively target sustainable investments. Thus, it is expected that 0% of the Fund’s investments will be aligned with the EU Taxonomy.

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

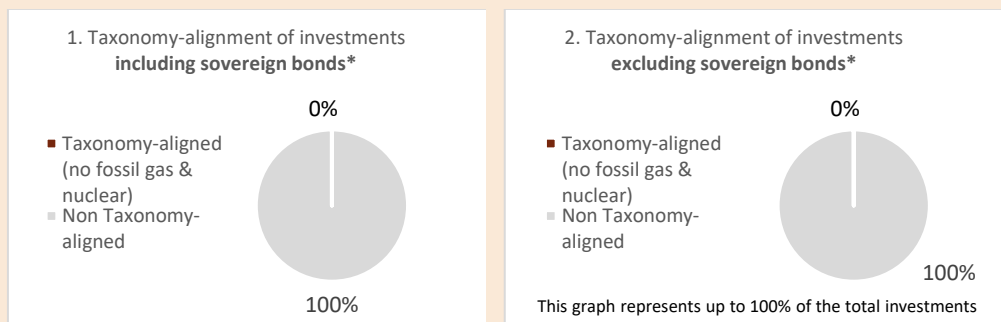
Yes:

In fossil gas

In nuclear energy

No

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



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

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

The Fund and the Master Fund promote environmental and social characteristics but do not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy, including in transitional and enabling activities. The Fund and the Master Fund does not plan to invest in activities related to fossil gas/or nuclear power that are in accordance with the EU Taxonomy.

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:

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

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules. **Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



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



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

The Fund and the Master Fund promote environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the Fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



### What is the minimum share of socially sustainable investments?

Neither the Fund or the Master Fund does not commit to a minimum of socially sustainable investments.



### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The category «#2 Other» will include investments in the Master Fund whereof the PE fund manager has been determined as not meeting DAM PE’s Standard for Responsible Investment Managers. However, all investments will need to follow the minimum safeguards of meeting the investment restrictions on coal, oil sand, controversial weapons, tobacco and cannabis that are further explained above. In addition, all investments must meet DAM PE’s minimum governance expectations as is verified through the due diligence procedures explained above. The category “#2 Other” may include assets used for hedging and liquidity purposes.



### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Not applicable

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

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*  
Not applicable
- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*  
Not applicable
- *How does the designated index differ from a relevant broad market index?*  
Not applicable
- *Where can the methodology used for the calculation of the designated index be found?*  
Not applicable



### Where can I find more product specific information online?

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

More product-specific information is available on the DAM PE’s website: [Private Equity | Our solutions | DNB Asset Management.](#)