DNB Asset Management

Sustainable Investments

Definition and methodology

Updated: June 2025

Sustainable Investments

Sustainable investments involve investing in a way that contributes to improving the environment or society. These investments are defined according to the EU Sustainable Finance Disclosure Regulation (SFDR).

According to SFDR, a sustainable investment is defined as an investment in an economic activity that contributes to:

- ✓ An **environmental objective** – such as reducing greenhouse gas emissions, lowering water consumption, or promoting circular economy
- ✓ A **social objective** – such as safeguarding labour rights, upholding human rights, or improving public health

In order for an investment to qualify as sustainable, it must:

- ✓ Do no significant harm to any other environmental or social objectives
- ✓ Follow good governance practices

This means that three criteria must be met for an investment to be considered sustainable:

1. The investment must contribute to an environmental and/or social objective
2. The investment must not significantly harm any other objectives
3. The investment must be made in companies that follow good governance practices

DNB AM: Sustainable Investments Methodology

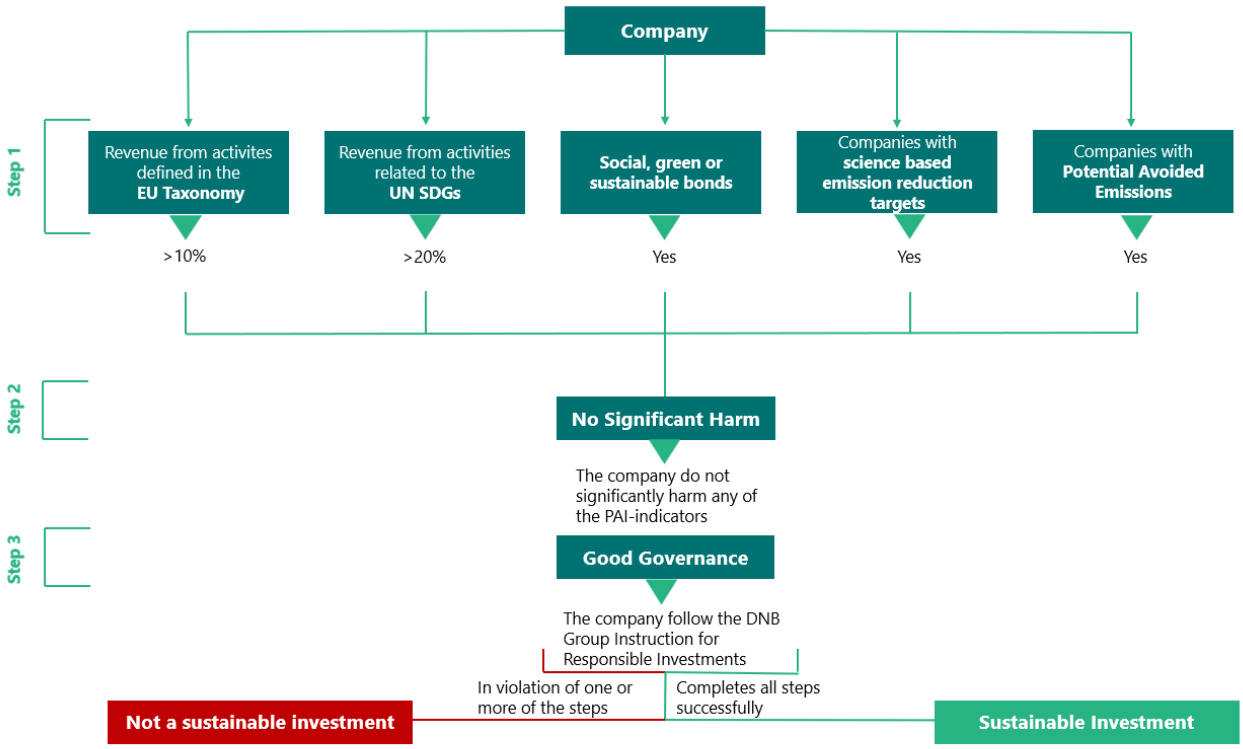
DNB AM has developed its own methodology for assessing whether an investment qualifies as sustainable. This methodology consists of three key elements:

1. **Positive Contribution:** To be considered a sustainable investment, the investment must contribute positively to an environmental or social objective. Currently, we assess this contribution using criteria from the EU Taxonomy, the UN Sustainable Development Goals (SDGs), potential avoided emissions, and science-based emission reduction targets.

2. **Do No Significant Harm:** A sustainable investment must not cause significant harm to any other environmental or social objective. The SFDR regulation defines 18 mandatory indicators for Principal Adverse Impact (PAI) that investments may have. Information on how DNB AM integrate PAI indicators is available on our website. Fund-specific documentation, also accessible on our website, outlines how each fund seeks to avoid or mitigate significant harm.

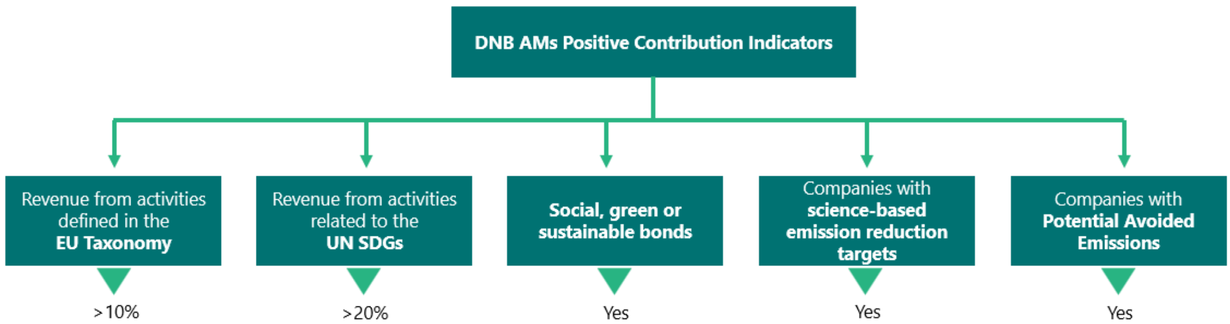
3. **Good Governance Practices:** To qualify as a sustainable investment, a company must follow good governance practices. DNBs Group Instruction for Responsible Investments is based on internationally recognised standards and principles, including the UN Global Compact, OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the UN Convention Against Corruption, and the G20/OECD Principles for Corporate Governance, and ensures that the companies we invest in comply with good governance practices.

DNB AMs Definition of Sustainable Investments:



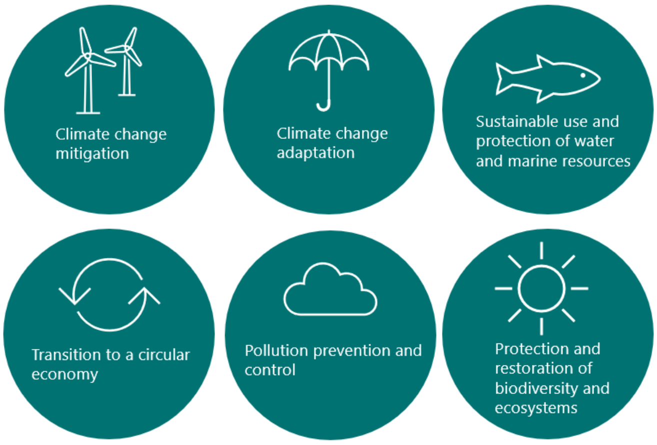
Step 1: Identifying a Positive Contribution to an Environmental and/or Social Objective

In practice, an issuer must meet at least one of the criteria described below to be considered as making a positive contribution to an environmental and/or social objective.



The EU Taxonomy

[The EU Taxonomy] is a central component of EUs work on sustainable finance. Its purpose is to create a system that helps investors and banks identify green and sustainable investment opportunities. An investment can be considered sustainable if a company generates revenue from activities that are defined as environmentally sustainable under the Taxonomy. The EU Taxonomy outlines which economic activities can be classified as sustainable and contribute to the green transition:

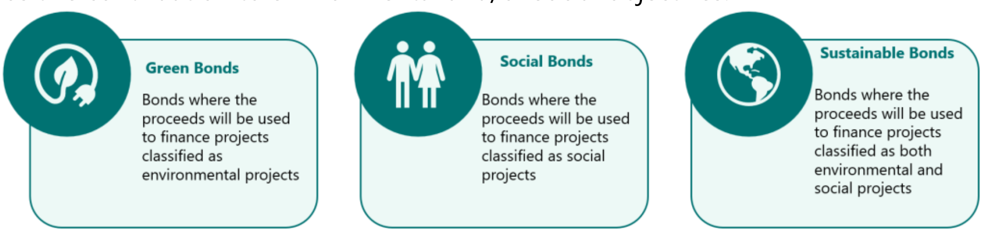


The UN SDGs

[The UN SDGs] are the world's shared action plan to eradicate poverty, combat inequality, and address climate change by 2030. Alignment with the SDGs is measured based on a company's revenues, or alternatively, CapEx. To be considered as making a positive contribution, a company must derive more than 20% of its revenues from activities aligned with one or more of the SDGs.

Social, Green and Sustainable Bonds

Green, social and sustainable bonds may qualify as sustainable investments, as the proceeds are allocated to specific activities, assets, or projects aimed at making a positive contribution to environmental and/or social objectives.

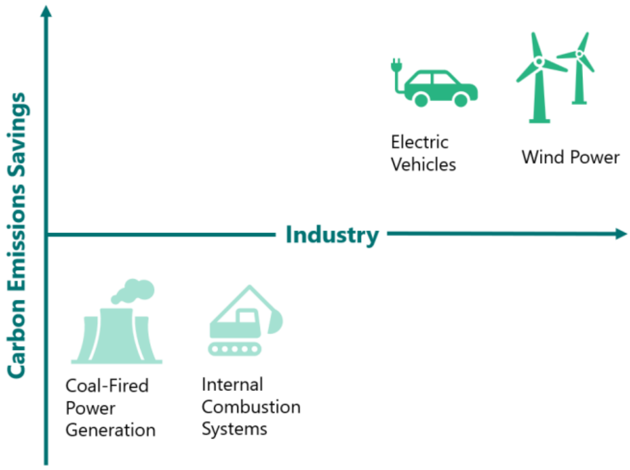


Science-based emission reduction targets

Science-based emission reduction targets are goals set in line with emissions trajectories that aim to meet the objectives of the Paris Agreement – to limit global warming to well below 2°C based on pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.

Potential Avoided Emissions

Potential Avoided Emissions are emissions that would have occurred if a specific action or intervention had not taken place. Avoided emissions may arise within third-party value chains, depending on the type of product or service offered and how that product or service impacts the company's operations.



Step 2: Do No Significant Harm

To assess whether a company causes significant harm, companies are analysed based on Principal Adverse Impact (PAI) indicators. For an investment to be considered sustainable, it must not cause significant harm with respect to any of the PAI indicators.

Principal Adverse Impact Indicators:

Green House Gas Emissions	GHG emissions (PAI 1), Carbon footprint (PAI 2), GHG intensity of investee companies (PAI 3), Exposure to companies active in the fossil fuel sector (PAI 4), Share of non-renewable energy consumption and production (PAI 5), Energy consumption intensity per high impact climate sector (PAI 6)
Biodiversity	Activities negatively affecting biodiversity-sensitive areas (PAI 7)
Water	Emissions to water (PAI 8)
Waste	Hazardous waste and radioactive wate ratio (PAI 9)
Social and employee matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (PAI 10), Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact Principles and OECD Guidelines for Multinational Enterprises (PAI 11), Unadjusted gender pay gap (PAI 12), Board gender diversity (PAI 13)
Controversial weapons	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) (PAI 14)

Step 3: Good Governance Practices

Once a company has been identified as making a positive contribution to an environmental and/or social objective, and it has been determined that the company does not cause significant harm to other environmental or social objectives, we then assess whether the company adheres to good governance practices.

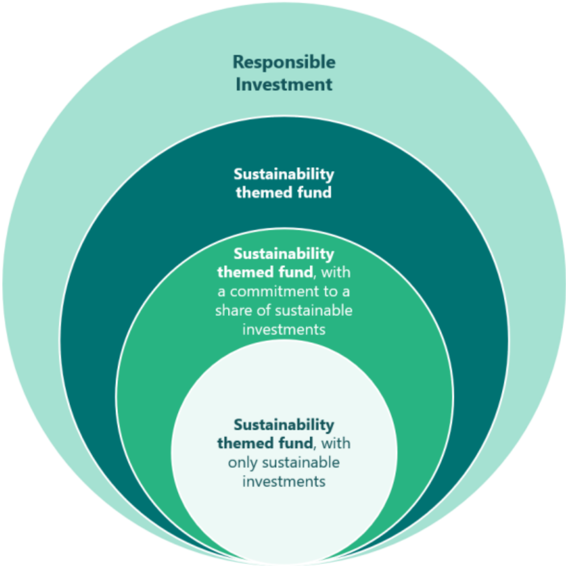
DNB AM works to ensure that all investments meet an acceptable standard across four areas: sound management structures, employee relations, remuneration of staff and tax compliance.

Adhering to good governance practices: A company that breaches the DNB Group Instruction for Responsible Investments will be excluded from our investment universe. This instruction includes product – and norm-based criteria designed to ensure that DNB does not contribute to violations of human or labour rights, corruption or other unethical practices. This is achieved through pre-investment screening and ongoing monitoring of portfolio companies.

DNBs Group Instruction for Responsible Investments is based on globally recognised standards and principles, including (but not limited to): the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the UN Convention Against Corruption, and the G20/OECD Principles of Corporate Governance.

DNB AM actively promotes good governance practices through its active ownership activities. This includes company dialogues based on our expectation documents and voting in line with our voting guidelines.

DNB AM Product Offering



All funds follows the DNB Group Instruction for Responsible Investments. For instance: DNB Fund Technology and DNB Fund Financials

Some funds have exclusion criteria going beyond the Group Instruction. For instance: DNB Fund Nordic Investment Grade and DNB Fund Norway Corporate Bonds

Some funds have committed to making a minimum share of sustainable investments. For instance: DNB Fund Nordic Equities and DNB Fund Global Low Carbon Corporate Bonds.

Some funds, have committed to only making sustainable investments. For instance: DNB Fund Renewable Energy and DNB Fund Future Waves.