*This prospectus has been prepared in accordance with the provisions of the Securities Funds Act of 25 November 2011 No. 44 Section 8-2 cf. regulations to the Securities Funds Act issued by the Royal Ministry of Finance and Customs on 21 December 2011 Section 8-1. The purpose of the prospectus is to provide the information required to make a well-founded assessment of the fund and the risks of investing in the fund.*

*The original prospectus was prepared in Norwegian. This is a translated and adjusted version for non-Norwegian investors, which is published with reservations regarding possible errors and omissions as well as erroneous translation. The original prospectus is available in Norwegian at www.dnbam.com.*

# 1 Verdipapirfondet DNB European Defence

### 1.1 Objective and investment policy

This actively managed equity fund aims to maximise the return on the fund's investments over the long term, without undue risk. The fund may not be suitable for investors who plan to withdraw their money within at least five years. Subscriptions and redemptions can normally be made every business day.

The fund invests in shares of companies with revenues from activities related to defence, aerospace, security or emergency preparedness, which are domiciled or listed on stock exchanges and regulated markets in Europe. Shares issued by companies that may not satisfy DNB's guidelines for responsible investments will be kept outside the fund's investment area.

### 1.2 Sustainability information

The EU's Sustainability Disclosure Regulation (SFDR) defines sustainability risk as an environmental, social or corporate governance event or condition that, if it occurs, could cause an actual or potential material adverse impact on the value of the investment.

Investment management in DNB Asset Management AS follows guidelines for responsible investments. The guidelines are intended to ensure that DNB Asset Management, on behalf of the funds we manage, manages the risk that sustainability factors, including climate and social conditions, may negatively affect the value of each fund’s investments.

The guidelines include excluding companies with unacceptable sustainability risks from the fund's investment universe. Integrating environmental, social and corporate governance risk factors (sustainability risk) into investment decisions is part of our stewardship responsibility to clients and stakeholders. As a responsible investor with a long-term perspective, we aim to provide our clients with good, long-term returns with an acceptable level of risk. We take sustainability risk into account in several ways:

- Integration into policies, procedures and expectation documents, including DNB's Corporate Instructions for Responsible Investments.
- Regular screening to uncover violations of our product criteria, violations of international norms and standards.
- Standard setting to highlight best practices for managing sustainability risk, including the preparation of expectation documents.
- Active ownership through dialogues and voting to prevent violations of responsible investment standards, reduce sustainability risks and influence companies to exploit sustainability-related opportunities.
- Integrating quantitative and qualitative ESG data into portfolio management systems to ensure that analysts and portfolio managers have access to relevant information about sustainability risks and take these risks into account in investment decisions.

The Fund promotes environmental and social characteristics, among others, and invests in companies that follow good governance practices in accordance with Article 8 of the SFDR. See the SFDR Appendix below for more information.

DNB's instructions for responsible investments are available at

https://s3.eu-north-1.amazonaws.com/dnb-asset-management/ESG-SRI-pdf/Group_instructions_responsible_investments_22.pdf

### 1.3 Derivatives

In accordance with § 3 3.2 of the Articles of Association, the fund shall have the possibility of using derivatives, the purpose of which shall be the reduction of risk. The total exposure to derivatives shall follow guidelines given in law and regulations and the fund's investment instructions. The expected risk and return on the fund's underlying investments portfolio remain unchanged as a result of the derivative investments. The fund's total exposure to derivatives is calculated by summing the market value of the underlying exposures.

The fund will not engage in forward foreign currency exchange contracts in order to hedge the assets of this fund against currency fluctuations.

Currently, the fund does not use any derivatives.

### 1.4 Techniques for achieving effective portfolio management

The fund has the option to lend the fund's securities in accordance with the Securities Regulations Section 6-8 for the purpose of generating income for the fund. The extent of lending will vary, but will not exceed 20 percent of the fund's assets, and only shares may be lent. The fund's financial risk is not expected to be significantly affected as a result of the lending activity. The fund's securities may only be lent to a credit institution, insurance company, investment firm or clearing house, and the borrower must provide collateral to the fund.

The fund uses DNB Bank ASA as an intermediary for securities lending. The intermediary will receive remuneration for the intermediary activity. All net income resulting from the lending will accrue to the fund. Neither the management company, nor other companies in the DNB Group, receive remuneration from the fund for administration or execution of lending beyond the general management fee in the funds. The lending is carried out at market conditions. The lending activity is not considered to entail an increased risk of conflicts of interest.

### 1.5 Benchmark

The fund's benchmark is the MSCI Europe IMI Defense Select Capped Index, a benchmark index developed by MSCI on behalf of DNB Asset Management. The benchmark index is used as a reference point to compare the returns of the fund. The index can also be used as a source for selecting investments, but the fund will not systematically replicate the composition of the index.

The fund's benchmark is provided by MSCI Limited, an administrator approved by and registered with ESMA in accordance with the Benchmark Regulation. DNB Asset Management AS has proactively devised a contingency plan should the benchmark be discontinued or significantly altered. This plan includes identifying alternative benchmarks. Any benchmark change necessitates amending the fund's Articles of Association, adhering to procedures in the Securities Funds Act and Regulation, and securing approval from Norway's Financial Supervisory Authority.

### 1.6 Historical returns and risk

The return of the fund may fluctuate within a year. The individual unitholder's gain or loss will therefore depend on the times of subscription (purchase) and redemption (sale) of units in the fund.

Historical price fluctuations do not necessarily provide a reliable picture of what the fund's risk profile will look like in the future. For example, the fund's risk measure does not take into account devaluations, political interventions or sudden fluctuations in the market.

The manager is responsible for satisfactory liquidity management of the fund's portfolio, for continuously monitoring the risk in the fund and, if necessary, for implementing necessary risk management measures in line with the fund's investment mandate and investment framework.

The value of the units in a fund can both rise and fall. When you, as a unitholder, redeem your units in the fund, the value of the units may be lower than what you paid for them.

Historical returns are no guarantee of future returns. Future returns will depend, among other things, on market developments, the manager's skill, the fund's risk, and the costs of subscription, management and redemption. The return may be negative as a result of capital losses.

For updated information related to the fund's historical returns and risks, please refer to the information about the fund on DNB Asset Management's website (www.dnbam.com). Information about returns and risks is also available through official information providers such as Oslo Børs, Morningstar, Finansportalen and Fondsdata at the Norwegian Securities Funds Association.

### 1.7 Risk profile

The fund's risk profile is composed of a number of factors, both related to the market in which the fund invests, the investments that the fund has made and how the fund is managed.

The fund invests in securities with a high volatility risk and is suitable for savings with a relatively long-term investment horizon. You can sell earlier, but the fund is not suitable for investors who plan to sell the fund shares within 5 years.

The most important risk factors concerning the fund are:

- Company risk: The fund's value may be negatively affected by events in individual companies.
- Concentration risk: The fund's value may be negatively affected by events in a specific sector/region.
- Systematic risk: The fund's value may be negatively affected by changes in market conditions.
- Liquidity risk: The fund's investments may be difficult to value/sell at the desired time.
- Currency risk: The fund's value may be negatively affected by price fluctuations in the foreign exchange market.
- Sustainability risk: The fund's value may be negatively affected by an event related to the environment, social factors or corporate governance in the companies in which the fund invests.

DNB Asset Management's and DNB's websites (www.dnbam.com and www.dnb.no/fond, respectively) present updated measures of the risk in the fund, calculated based on historical price fluctuations.

# 2 DNB Asset Management AS

### 2.1 Legal matters

The fund is managed by DNB Asset Management AS. The company was founded on 25 August 1998 and is registered in the Register of Business Enterprises with business entity no. 880 109 162.

DNB Asset Management AS has been authorised by the Financial Supervisory Authority of Norway to manage securities funds (UCITS) since 1 June 2004. The company received its license to manage alternative investment funds (AIF) on 18 October 2014.

The company manages the following securities fund categories, equity funds, fixed income funds and balanced funds. Each fund is managed according to a specific investment mandate and in line with its fund category. For more information about which funds are managed by the company, please refer to the company web page (www.dnbam.com) or contact the company directly.

The company's registered office address is Dronning Eufemias gate 30, N-0191 Oslo. The company is authorised to market the fund in Norway and Sweden.

Changes in the marketing of the fund or the termination of the marketing of the fund in the above-mentioned markets may not be carried out until DNB Asset Management AS has provided written notification to the financial authorities in the relevant host countries. Shareholders will be informed via our web page.

### 2.2 Ownership

The company is a fully owned subsidiary of DNB Asset Management Holding AS which in turn is fully owned by DNB Bank ASA.

### 2.3 Board of Directors

Shareholder elected representatives: Erlend Clod Molde Jensen (chairman), Tor Arne Bruvold Hansen and Johanne Amundsen Wik-Rømteland (deputy).

Shareholder elected representatives: Ingebjørg Harto, Kristin Ellen Von Krogh Folge and Ole Fredrik Vartomten (deputy).

Employee elected representatives: Erik Hannestad, Daniel Berg, Preben Stray (deputy) and Eivind Stensløkken Brekke (deputy).

In 2023, the members of the board received a total of NOK 607,000 in remuneration for the position.

### 2.4 Managing director

Ola Melgård. Compensation to the Managing Director amounted to NOK 2,960,000 in 2023. The amount includes salary and other remuneration paid, including bonuses.

### 2.5 Remuneration scheme

The remuneration scheme in DNB Asset Management AS consists of fixed salary and variable remuneration. Fixed salary is determined based on a market assessment, and the variable remuneration is based partly on a comprehensive assessment of the individual employee's performance and partly on a mathematical calculation of the achieved relative return for employees where this is relevant. A more detailed description of the scheme is available at https://s3.eu-north-1.amazonaws.com/dnb-asset-management/ESG-SRI-pdf/EN-art-5-Integration-of-Sustainability-Risks-in-Remuneration-Updated-nov-24.pdf. A paper copy is sent free of charge on request.

# 3 Articles of association for the fund

### § 1 Name of the securities fund and the management company

Verdipapirfondet European Defence is managed by the management company DNB Asset Management AS. The fund is authorised in Norway and regulated by the Financial Supervisory Authority of Norway (Finanstilsynet).

The Fund is regulated by the Norwegian Act No 44 of 25 November 2011 on securities funds (hereinafter referred to as 'the Norwegian Securities Funds Act').

### § 2 UCITS fund

The fund is a UCITS fund which complies with the investment rules of Chapter 6 of the Norwegian Securities Funds Act and the regulations on subscription and redemption in § 4-9 (1) and 4-12 (1). The fund has shareclasses that are described in more detail in Section 7 of the articles of association.

### § 3 Rules for the investment of the fund's assets

#### 3.1 The Fund's investment area and risk profile

The fund is an equity fund according to the definitions of the Norwegian Association of Investment Funds that invests primarily in shares (securities representing an ownership interest in a company) in companies with income from activities related to one or more of the areas of defence, aerospace, security or emergency preparedness, and which are domiciled or listed on stock exchanges and regulated markets in Europe. The fund's investment mandate is described in more detail in the fund prospectus.

The fund is typically characterized by relatively high volatility. The risk profile is set out in more detail in the fund's Key Information Document (PRIIP KID).

#### 3.2 General information about the investment area

The Fund's assets may be invested in the following financial instruments and/or deposits with credit institutions:

| | | |
|---|---|---|
| transferable securities | ☒ yes | ☐ no |
| securities fund shares | ☒ yes | ☐ no |
| money market instruments | ☒ yes | ☐ no |
| derivatives | ☒ yes | ☐ no |
| deposits with credit institutions | ☒ yes | ☐ no |

Investment in other securities funds constitutes not more than 10% of the fund's assets:

☒ yes ☐ no

Investment in non-UCITS securities funds meets the conditions of § 6-2 (2) of the Norwegian Securities Funds Act and does not, overall, constitute more than 10% of the fund's assets:

☒ yes ☐ no

Regardless of the investment options in this section, the fund may hold liquid assets.

The fund's investment in securities fund, together with the fund's other investments, shall be in accordance with these articles of association.

Securities funds in which the fund is invested can itself invest a maximum of 10 percent of the fund's assets in securities funds.

☒ yes ☐ no

The fund's assets may be invested in money market instruments normally traded on the money market, which are liquid and can be valued at any time:

☒ yes ☐ no

The fund may use the following financial derivative instruments: Options, forwards and swaps. The underlying of the derivatives will be financial instruments as stated above. In addition, indices, interest rates, currencies or exchange rates may be used as underlying exposure. The expected risk and expected return on the fund's underlying investment portfolio remain unchanged as a result of the financial derivative investments.

**3.3 Liquidity requirements**

The fund's assets may be invested in financial instruments which:

1. are admitted to official quotation or are traded on a regulated market in an EEA state, including a Norwegian regulated market, as defined in Directive 2014/65/EU Art. 4 (1) point 21 and the Securities Trading Act Section 2-7 (4).

   ☒ yes ☐ no

2. are traded on another regulated market which operates regularly and is open to the public in a state which is party to the EEA Agreement.

   ☒ yes ☐ no

3. are admitted to official listing on a stock exchange in a country outside the EEA or which are traded in such a country on another regulated market which operates regularly and is open to the public.

   ☒ yes ☐ no

   Any stock exchange and regulated market in the world is eligible. Investments are made in well-developed markets.

4. are newly issued, if the issue is conditional upon an application being made for admission to trading on a stock exchange or market as ticked in items 1 to 3 above. Admission to trading shall take place within one year of the expiry of the subscription period.

   ☒ yes ☐ no

The fund's assets may be invested in money market instruments which are traded on another market to those specified in items 1 to 3 above, if the issue or issuer of the instruments is regulated in order to protect investors and savings and the instrument is subject to the Norwegian Securities Fund Act § 6- 5 (2).

The fund's assets may be invested in derivatives traded on a market other than those specified in points 1 - 4 above.

Up to 10 percent of the fund's assets may be invested in financial instruments other than those mentioned in this section.

**3.4 Investment restrictions – the fund's assets**

The securities fund's holdings of financial instruments must have a composition that provides an appropriate spread of the risk of loss.

The fund's investments shall at all times comply with investment restrictions of the Norwegian Securities Funds Act § 6-6 and § 6-7.

**3.5 Investment restrictions – ownership interest in the issuer**

The fund's investments shall at all times comply with investment restrictions of the Norwegian Securities Funds Act § 6-9.

### 3.6 Techniques for efficient portfolio management

The fund may, in accordance with the Securities Funds Act Section 6-11 and the Securities Funds Regulations Section 6-8 use techniques to achieve effective portfolio management.

The techniques are specified in greater detail in the Fund's prospectus.

## § 4 Capital gains and dividends

Capital gains, dividends received, and interest income are reinvested in the fund. Dividends are not distributed to the fund’s shareholders.

## § 5 Costs

The management company may charge the fund a fixed management fee. The fixed management fee is calculated daily and charged monthly. The management fee is distributed equally to each share within the individual share class of the fund. The amount of the management fee is stated in Section 7 of the articles of association.

The management fee is the management company's income for managing the fund. The basis for calculating the management fee is the current value of the fund. When calculating the fund's value (assets), the basis shall be the market value of the portfolio of financial instruments and deposits in credit institutions, the value of the fund's liquid assets and other receivables, the value of accrued non-due income and the value of any loss carried forward, less debt and accrued non-due costs, including deferred tax liability.

In addition to the management fee, the following costs may also be covered by the fund:

1. transaction costs from the fund's investments,
2. payment of any taxes imposed on the fund,
3. interest on borrowings as referred to in Section 6-10 of the Norwegian Securities Funds Act, and
4. extraordinary costs that are necessary to safeguard the interests of the shareholders, cf Section 4-6 (2) of the Norwegian Securities Funds Act.

All fees received from sub-funds shall accrue to the master fund. Management fees charged to any sub-funds will not be charged to the master fund.

## § 6 Subscription and redemption of fund shares

The fund is normally open for subscription and redemption on all business days.

The fund uses swing pricing for net subscriptions or redemptions above a predetermined level. Swing pricing is further described in the prospectus.

## § 7 Share classes

The fund’s portfolio of assets shall be divided into the following share classes:

The fund’s portfolio of assets shall be divided into the following unit classes:

| Share class | Currency | Management fee |
|---|---|---|
| A | NOK | Fixed management fee up to 0.85% |
| B | NOK | Fixed management fee up to 0.80% |
| C | NOK | Fixed management fee up to 0.70% |
| D | NOK | Fixed management fee up to 0.85% |
| E | NOK | Fixed management fee up to 0.80% |
| F | NOK | Fixed management fee up to 0.75% |

| | | |
|---|---|---|
| G | NOK | Fixed management fee up to 0.65% |
| H | NOK | Fixed management fee up to 0.60% |
| L | NOK | Fixed management fee up to 0.30% |
| A SEK | SEK | Fixed management fee up to 1.70% |
| A EUR | EUR | Fixed management fee up to 1.70% |
| A CHF | CHF | Fixed management fee up to 1.70% |
| A GBP | GBP | Fixed management fee up to 1.70% |

What characterizes the different share classes is:

**Share class A**

The share class is open to investors that invest through external distributors.

The management company may charge the share class a fixed management fee. The fixed management fee amounts to up to 0.85 percent per annum. The fixed management fee is calculated daily and charged monthly. The fixed management fee includes the fixed management fee charged in any sub-funds in which the fund invests its assets.

**Share class B**

The share class is open to investors that invest through external distributors and that hold shares in the fund at a cost price of at least NOK 10,000,000.

The management company may charge the share class a fixed management fee. The fixed management fee amounts to up to 0.80 percent per annum. The fixed management fee is calculated daily and charged monthly. The fixed management fee includes the fixed management fee charged in any sub-funds in which the fund invests its assets.

**Share class C**

The share class is open to investors that invest through external distributors and that hold shares in the fund at a cost price of at least NOK 100,000,000.

The management company may charge the share class a fixed management fee. The fixed management fee amounts to up to 0.70 percent per annum. The fixed management fee is calculated daily and charged monthly. The fixed management fee includes the fixed management fee charged in any sub-funds in which the fund invests its assets.

**Share class D**

The share class is open to investors that invest directly through the management company and that hold shares in the fund at a cost price of at least NOK 10,000,000.

The management company may charge the share class a fixed management fee. The fixed management fee amounts to up to 0.85 percent per annum. The fixed management fee is calculated daily and charged monthly. The fixed management fee includes the fixed management fee charged in any sub-funds in which the fund invests its assets.

**Share class E**

The share class is open to investors that invest directly through the management company and that hold shares in the fund at a cost price of at least NOK 50,000,000.

The management company may charge the share class a fixed management fee. The fixed management fee amounts to up to 0.80 percent per annum. The fixed management fee is calculated daily and charged monthly.

The fixed management fee includes the fixed management fee charged in any sub-funds in which the fund invests its assets.

**Share class F**

The share class is open to investors that invest directly through the management company and that hold shares in the fund at a cost price of at least NOK 100,000,000.

The management company may charge the share class a fixed management fee. The fixed management fee amounts to up to 0.75 percent per annum. The fixed management fee is calculated daily and charged monthly. The fixed management fee includes the fixed management fee charged in any sub-funds in which the fund invests its assets.

**Share class G**

The share class is open to investors that invest directly through the management company and that hold shares in the fund at a cost price of at least NOK 500,000,000.

The management company may charge the share class a fixed management fee. The fixed management fee amounts to up to 0.65 percent per annum. The fixed management fee is calculated daily and charged monthly. The fixed management fee includes the fixed management fee charged in any sub-funds in which the fund invests its assets.

**Share class H**

The share class is open to investors that invest directly through the management company and that hold shares in the fund at a cost price of at least NOK 1,000,000,000.

The management company may charge the share class a fixed management fee. The fixed management fee amounts to up to 0.60 percent per annum. The fixed management fee is calculated daily and charged monthly. The fixed management fee includes the fixed management fee charged in any sub-funds in which the fund invests its assets.

**Share class L**

The share class is open to investors that invest directly through the management company and that hold shares across the management company's funds at a total cost price of at least NOK 200,000,000,000.

The management company may charge the share class a fixed management fee. The fixed management fee amounts to up to 0.30 percent per annum. The fixed management fee is calculated daily and charged monthly. The fixed management fee includes the fixed management fee charged in any sub-funds in which the fund invests its assets.

**Share class A SEK**

The share class is open to investors that invest through external distributors. The share value of the share class is denominated in SEK.

The management company may charge the share class a fixed management fee. The fixed management fee amounts to up to 1.70 percent per annum. The fixed management fee is calculated daily and charged monthly. The fixed management fee includes the fixed management fee charged in any sub-funds in which the fund invests its assets.

**Share class A EUR**

The share class is open to investors that invest through external distributors. The share value of the share class is denominated in EUR.

The management company may charge the share class a fixed management fee. The fixed management fee amounts to up to 1.70 percent per annum. The fixed management fee is calculated daily and charged monthly. The fixed management fee includes the fixed management fee charged in any sub-funds in which the fund invests its assets.

**Share class A CHF**

The share class is open to investors that invest through external distributors. The share value of the share class is denominated in CHF.

The management company may charge the share class a fixed management fee. The fixed management fee amounts to up to 1.70 percent per annum. The fixed management fee is calculated daily and charged monthly. The fixed management fee includes the fixed management fee charged in any sub-funds in which the fund invests its assets.

**Share class A GBP**

The share class is open to investors that invest through external distributors. The share value of the share class is denominated in GBP.

The management company may charge the share class a fixed management fee. The fixed management fee amounts to up to 1.70 percent per annum. The fixed management fee is calculated daily and charged monthly. The fixed management fee includes the fixed management fee charged in any sub-funds in which the fund invests its assets.

# 4 Information on share classes

### 4.1 Fund shares

All shares represent one ownership share in the securities fund. A shareholder is not entitled to demand that the fund be split up or dissolved. All shareholders or their appointed proxies have the right to vote at the election meeting for the fund.

Beyond their share investment, shareholders are not liable for the fund's obligations.

### 4.2 Subscription and redemption orders

Subscription (purchase) and redemption (sale) of shares in the fund can be made by contacting DNB Asset Management AS, DNB Bank ASA or other distributors of the fund.

Shares shall be subscribed for and redeemed in accordance with the Norwegian Fund and Asset Management Association's industry standard for subscription and redemption.

The cut-off for obtaining the share price on the same day of subscription or redemption is 12:00 on the subscription day for all funds with the exception of funds with special exposure to Asian markets, which follow a cut-off of 23:59.

When subscribing to financial products via mail, internet, telephone and online banking, or similar, or outside the distributor's premises, investors generally have a right of withdrawal. However, the right of withdrawal does not apply to services and products where the price/exchange rate depends on fluctuations in the financial markets over which the service provider has no influence. Subscriptions of fund shares are therefore not covered by the right of withdrawal.

When placing a subscription order surpassing more than NOK 5,000,000, Nets (Bankenes Betalingssentral) does not allow the use of a one-time authorization to debit the investor's bank account. This means that the investor must transfer the money themselves and inform that it has been sent. In practice, this is done by the investor transferring the subscription amount to the company's client account 1503 07 81470. In addition, the "Subscription form for amounts over 5 million" must be completed and sent to DNB Asset Management AS.

For investments in mutual funds, there is no guarantee for the invested amount corresponding to the deposit guarantee that applies to bank deposits of up to NOK 2,000,000 in Norwegian banks.

### 4.3 Limitations on the right of redemption

The management company may decide to fully or partially postpone the valuation and payment of redemption claims from shareholders where there are extraordinary circumstances (for example, closure of marketplaces) or where it is otherwise justified in the interests of the shareholders in the fund. When assessing whether such measures should be implemented, DNB Asset Management AS will attach decisive importance to the consideration of equal treatment of the shareholders in the fund.

Where the determination of the value of all or part of the fund's portfolio is subject to great uncertainty, the valuation and payment of redemption claims could entail a not insignificant risk of unfair discrimination of the shareholders. Elements in the assessment will be the size of the fund's holdings that are affected, the degree of uncertainty related to the valuation and the number of shareholders in the fund.

If the management company considers it necessary to suspend the redemption right in the fund, approval for this must first be obtained from the Financial Supervisory Authority (Finanstilsynet).

### 4.4 US persons

Fund shares shall not be distributed or sold in the United States or to persons who fall within the definition of a US resident under US law. US citizens and persons with permanent residence in the United States fall within this definition. The prohibition also applies to companies and other legal entities established under US law.

The securities funds managed by the Company have not been and will not be registered under the United States Securities Act of 1933. Accordingly, the Fund shares may not be offered, sold, transferred or delivered directly or indirectly to, or on behalf of or for the benefit of, a U.S. person as defined in Regulation S under the 1933 Act.

### 4.5 Shareholder register

The shareholder register of the fund is maintained by DNB Asset Management AS. Shares in the fund subscribed through an approved nominee are recorded in the name of the nominee in the shareholder register. The nominee maintains its own sub-register of shares for its clients.

The shares are registered under the personal identification number for private customers and the business entity number for corporate customers in the distributor's shareholder register. No negotiable share certificates are issued.

Shareholders will receive notifications of changes to holdings, annual statements and realisation statements through the company's web page (www.dnbam.com). Upon request, shareholders/nominees may arrange to receive annual statements and realisation statements by post.

### 4.6 Costs

All costs related to the management of the fund are included in the management fee, with the exception of; transaction-driven costs, payment of taxes, interest on short-term borrowing pursuant to vpfl. § 6-10, costs associated with the sale and redemption of shares, and extraordinary costs.

Transaction-driven costs mean brokerage costs, as well as bank fees and custodian costs incurred when executing transactions for the fund. Fees and commissions to the custodian are agreed separately each year.

Extraordinary costs mean costs that are necessary to safeguard the interests of the shareholders and may include, but are not limited to, costs in connection with; collection of withholding tax to which the fund is entitled, and participation in class action lawsuits or initiating legal proceedings on its own behalf to safeguard the fund and the interests of the shareholders. Extraordinary costs must be approved by the management company's board of directors before they can be charged to the fund.

The management fee is calculated daily based on the fund's closing balance on the respective day. The management company is obliged to cover other direct costs for the fund with the exception of the tax cost.

### 4.7 Calculation and publication of Net Asset Value per share

The basis for calculating the net asset value (NAV) of the fund is the market value of the fund's portfolio of financial instruments plus the value of the fund's cash/receivables, accrued non-due income and the value of any loss carried forward, as well as deducting liabilities and accrued non-due costs, including deferred tax liabilities. The sum of the fund's net asset value is divided by the number of shares issued to arrive at the price per share.

In the absence of observable market prices for one or more of the financial instruments in the fund's portfolio of assets, an assumed market price shall be calculated in accordance with recognized principles for valuation, including the Norwegian Fund Association's (VFF) industry recommendation on the valuation of illiquid equity instruments: https://vff.no/documents/Bransjenormer/Bransjeanbefalinger/Bransjeanbefaling-verdivurdering-lite-likvide-oppdatert-august-2019.pdf.

The net asset value per share is calculated every business day. These are published through Oslo Stock Exchange (Oslo Børs). The fund is closed for valuation, subscription and redemption on Norwegian public holidays and when markets in which a significant part of the fund's portfolio is invested in are closed. A trading calendar is available on the company's web page (www.dnbam.com).

To prevent existing shareholders from being harmed as a result of subscriptions and redemptions made by other shareholders in the fund, DNB Asset Management AS may apply a method called "swing pricing" when calculating the price per share. Applying "swing pricing" means that the fund's share price is adjusted by a swing factor on days when the fund has net subscriptions or redemptions that exceed a predetermined proportion of the fund's total assets (threshold value). Net subscriptions above the predetermined threshold value result in the fund's price being adjusted upwards, and vice versa in the event of net redemptions. The fund is thus covered for costs resulting from portfolio adjustments. The size of the swing factor (expressed as a proportion of the fund's value) is based on predefined estimates of average historical trading costs within the fund's investment mandate. The "swing pricing" routine is carried out in accordance with the Norwegian Fund Association's (VFF) industry standard on subscriptions and redemptions.

### 4.8 Financial year

The end of the fund's financial year is 31 December.

The annual accounts for the company are prepared as of 31 December and published by April each year. The half-yearly report is published by August each year. The fund's reports are available free of charge on the company web page (www.dnbam.com) and in paper form upon request to DNB Asset Management AS, P.o.box 1600 Sentrum, N-0021 Oslo.

### 4.9 Changes to the fund

With the consent of a majority of the shareholders (75 percent of the shares voting at the shareholders' meeting) - and subsequent approval by the Financial Supervisory Authority of Norway (Finanstilsynet) - the management company may make changes to the fund's articles of association. Before proposals for amendments to the articles of association can be submitted to the shareholders, the management company's board of directors and a majority of the shareholder-elected board members must have voted in favour of the change.

Changes to the investment strategy within the framework of the articles of association may be adopted by the management company's board of directors through an amendment to the fund’s articles of association.

With the approval of the Financial Supervisory Authority of Norway, the management company may decide that the fund shall be transferred to another management company or liquidated.

Transfer to another management company will follow the provisions on amendments to the articles of association in the Securities Funds Act Section 4-14. Shareholders will be informed of the transfer - including the reasons for this and when the transfer will take place - well in advance of the transfer and in accordance with any requirements from the Financial Supervisory Authority of Norway.

If the fund is liquidated, shareholders will be informed of the reasons for the liquidation, the consequences for the individual shareholder, the costs and the planned date for when the liquidation will be completed, and the shareholder will receive payment of the value of their shares.

All changes to the fund will be announced on DNB Asset Management's website (www.dnbam.com).

# 5 Tax issues

The information below does not constitute tax advice and only provides the general and basic tax rules for the fund and the shareholders who are liable to tax in Norway under current tax rules.

### 5.1 Tax rules for the fund

Securities funds are taxed according to the exemption method. This means exemption from tax on gains on shares (and share derivatives) within the EEA. Similarly, losses on the sale of shares are not deductible.

Share dividends (and gains on share derivatives) obtained outside the EEA are included in taxable income together with 3 percent of share dividends within the EEA.

A special rule for securities funds further means exemption from tax on realized gains from shares outside the EEA. Similarly, losses are not deductible.

Interest income and gains from interest-bearing securities, as well as gains on currency and hedging transactions, are included in taxable income.

Securities funds may claim deductions for any distributions to shareholders to the extent that the distribution is taxed as interest income to the shareholders.

The net taxable income of the fund is taxed at the applicable tax rate for ordinary income.

Securities funds are exempt from wealth tax.

### 5.2 Tax rules for shareholders

Distribution and realization from securities funds that have an equity portion of more than 80 percent shares (equity funds) are taxed as equity income. For funds with an equity portion of less than 20 percent (fixed income funds), distribution and realization are taxed as interest income. For equity portions between 20 and 80 percent (balanced funds), a distribution is made between equity income and interest income based on the equity portion in the fund. When realizing a fund share, the average of the equity portion in the year of acquisition and sale shall be used as the basis for calculating gain/loss.

Transfers between funds are considered a realization. Gains or losses shall be recognized according to the "first in, first out" principle (FIFU), which means that the first subscribed shares are redeemed first.

### 5.3 Tax rules for private shareholders with tax liability to Norway

Individual shareholders in securities funds are taxed according to the shareholder model for equity income after deduction for a shielding deduction. Net equity income is adjusted upwards by the applicable factor for equity income. Tax is then calculated at the applicable tax rate for ordinary income.

The shielding allowance is the portion of dividends and equity gains that taxpayers can receive tax-free.

Realized capital gains and distributions from the interest portion of fund shares are taxed at the applicable tax rate for ordinary income.

Shares in securities funds are taxable assets and are valued at the share value on 1 January of the tax year.

### 5.4 Tax rules for companies subject to tax in Norway

Shareholders that are companies are taxed according to the exemption method for the share shares in the fund as described under tax rules for the fund.

A company means a limited liability company and a company that is treated as a limited liability company. In addition, associations, foundations, municipalities, county authorities, intermunicipal companies and certain bankruptcy and administration estates are covered by the exemption method.

Realized gains and distributions from the interest portion of the fund are taxed at the applicable tax rate for ordinary income.

### 5.5 Tax rules for shareholders subject to tax abroad

Foreign shareholders are liable for withholding tax on dividends from Norway according to the rate that follows from the individual country's tax treaty.

Investors who are subject to tax in countries other than Norway should investigate the applicable tax regulations in the respective countries.

### 5.6 Tax rules – change

If the tax rules change in Norway or the shareholder's home country and new tax agreements are entered into, the rules above may be changed. The fund must comply with the applicable provisions at all times.

### 5.7 Reporting of tax information

Securities funds and management companies are required to report information to the Norwegian Tax Authorities about the financial circumstances of shareholders and beneficial owners. If these are tax residents or domiciled in countries other than Norway, the Norwegian Tax Directorate will forward the information to the respective countries in accordance with the rules in FATCA (Foreign Account Tax Compliance Act), CRS (Common Reporting Standard) and bilateral tax agreements. Shareholders receive a copy of what is reported via realisation statements and holding statements at year-end.

# 6 Other matters

### 6.1 Key responsibilities

DNB Asset Management AS, the management company for the fund, is responsible for the management of the fund's portfolio and is liable for any negligence in its business conduct.

The fund's custodian (depository bank) shall keep the fund's assets and control the management company's dispositions as described in more detail in the Norwegian Securities Funds Act, Section 10. The custodian is liable to the fund and its investors for any loss they may suffer as a result of the custodian negligently or intentionally breaching its obligations under the Act.

### 6.2 Client servicing

DNB Asset Management AS provides client servicing for investors in accordance with the relevant EU legislation. European investors are provided with relevant legal documents (fund prospectuses, SFDR disclosures, key information documents and periodic reports), client onboarding procedures, subscription and redemption procedures as well as information on arrangements related to investor complaints and exercising investor rights.

The company is authorised to market the fund in Norway, Sweden, Finland and Spain. The above-mentioned support for investors in the fund can be found in the following locations:

- Norway: DNB Asset Management AS' headquarters is located in Oslo, Norway. The company's registered office address is Dronning Eufemias gate 30, N-0191 Oslo and the postal address is P.o.box 1600 Sentrum, N-0021 Oslo.
- Sweden: DNB Asset Management AS' Swedish client servicing team is located in Stockholm, Sweden, and the company's address is Regeringsgatan 59, S-105 88 Stockholm.
- Luxembourg: DNB Asset Management AS' international client servicing team is located in Luxembourg, and the company's address is 13 Rue Goethe, L-1637 Luxembourg.

### 6.3 Customer complaints

The Financial Complaints Board (www.finansklagenemnda.no) handles complaints related to securities funds. The Board is an independent, publicly funded body with a permanent secretariat consisting of lawyers.

The prerequisite for a complaint to be accepted for consideration by the Board is that the complainant has previously raised the matter with DNB Asset Management AS without reaching an agreement. In the first instance, the Financial Complaints Board will try to find solutions between the fund manager and the shareholder. If the dispute is not resolved, the matter will be submitted for consideration by the Board itself. Complaints to the Board must be in writing. The processing of the case is free of charge.

### 6.4 Fund service providers

DNB Asset Management AS has entered into agreements for the outsourcing of custody services (depositary bank) with DNB Bank ASA.

Intra-group agreements have also been entered into for the outsourcing of IT, finance, internal audit and marketing functions with other entities in the DNB Group.

DNB Asset Management AS has also entered into an agreement for the distribution of the company's securities funds with DNB Bank ASA. Such agreements have also been entered into with several distributors outside the DNB Group.

### 6.5 Fund auditor

The management company's and the securities funds' auditor: Ernst & Young, Chr. Fredriksplass 6, 0154 Oslo.

### 6.6 The composition and responsibility of the board of directors

The management company's board of directors consists of a total of six members. The shareholders in the funds managed by the management company elect two board members and one deputy member.

The shareholder-elected board members and one deputy member are elected at an election meeting. The management company appoints an election committee. The election committee shall nominate shareholder-elected representatives to the election meeting. The election meeting shall be held within six months of the end of each financial year. Notice of the election meeting shall be given by public announcement or written notice to the shareholders, with at least two weeks' notice. At the election meetings, voting rights shall be adjusted so that shareholders that own equal value receive an equal number of votes. The calculation shall be made on the basis of the share value according to the most recently announced fund valuation. A shareholder may vote by proxy.

The management company's general meeting elects two board members and one deputy member. The employees of the management company elect two members and two deputy members.

Deputy members shall have the right to attend, but not to vote, at board meetings.

Deputy members shall have the right to attend, but not to vote, at board meetings.

### 6.7 Remuneration

The remuneration scheme in DNB Asset Management AS consists of fixed salary and variable remuneration. Fixed salary is determined based on a market assessment, and the variable remuneration is based partly on a comprehensive assessment of the individual employee's performance and partly on a mathematical calculation of the achieved relative return for employees where this is relevant.

A more detailed description of the scheme is available at https://www.dnb.no/privat/sparing-oginvestering/fond/dette-er-kapitalforvaltning.html.

A paper copy is sent free of charge on request.

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*The board of directors of the management company is responsible for ensuring that the prospectus meets the requirements of law and regulations.*

*The board of directors of the management company confirms that the information contained in the prospectus, to the best of its knowledge, is in accordance with the facts, and that there are no omissions of such a nature that they may change the significance of the prospectus.*

*Approved by the board of directors of DNB Asset Management AS on 19 June 2025.*

*Updated: 25 July 2025.*

**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.

**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 European Defence

**Legal entity identifier:**
9845004F7GT36C8CSA86

# Environmental and/or social characteristics

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

● ● ☐ **Yes** ● ○ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective:** %

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective:** %

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promotes E/S characteristics, but **will not make any sustainable investments**

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.

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

The fund promotes the following characteristics:

- Environmental characteristics which include reduction of GHG emissions and environmental responsibility.
- Social characteristics which include labour rights, human rights, public health, inclusive employment, community engagement and supply chain responsibility.

Environmental and social (E/S) characteristics are promoted by investing in line with the DNB Group Instructions for Responsible Investments (Group Instructions). This involves the exclusion of companies that violate our product and norm-based criteria, including human rights and employee rights, and cause significant environmental damage.

The fund does not invest in companies that are in breach of the UN's Global Compact and the OECD's guidelines for multinational companies[1], 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, or companies with exposure to controversial weapons. The fund excludes companies that produce cannabis for recreational use, tobacco and 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?***

To measure the attainment of the environmental or social characteristics, the investment manager will use data on environmental and social indicators.

The indicators are the following:

- Companies with science-based emission reduction targets.
- Companies that derive 30 percent or more of their income from oil sands or thermal coal, and with no indication of transition.
- Companies in breach of the UN's Global Compact and the OECD's guidelines for multinational companies.
- Companies with exposure to controversial weapons.
- Companies that produce cannabis for recreational use, tobacco or 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 relevant.

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

Not relevant.

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

[1] *Exceptions can be made for companies where we consider that we may have a positive impact through engagement. If we don't see any significant improvement over a certain period of time, we will exclude the company from our investment universe as soon as practically possible.*

Not relevant.

*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?

**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.

☒ Yes:

☐ No

The fund invests in line with the Group Instructions. Thus, the fund considers the following PAIs:

| PAIs | Consideration |
|---|---|
| 1. GHG emissions | Carbon footprint is monitored and considered in investment analysis and investment decision-making processes. The fund applies strict exclusion criteria based on DNB's Instructions.<br><br>Oil sands extraction, mining companies and power produced from thermal coal are excluded in cases where the company derives 30 percent or more of their income from these activities. Exceptions can be made for companies with a clear path to transition based on our forward-looking assessment.<br><br>In addition, companies which either extract more than 20 million tonnes of thermal coal or with power generating capacity of more than 10000 MW from the combustion of thermal coal, may be excluded from the investment universe or placed under observation.<br><br>Active ownership activities are utilised to influence companies to reduce their scope 1, 2 and 3 emissions and set net zero targets through voting and engagements. An expectation document for investee companies has been developed to influence companies and this is used as a tool for company engagement and tracking momentum over time. The issue of climate change is defined as a long-term focus area for DNB AM. Scope 3 is analysed and considered in the investment process where data is available.<br><br>While PAI 1, 2 and 3 are considered, this fund might be exposed to issuers with high GHG emissions. This strategic exposure aligns with DNB AMs overarching transition strategy, which is dedicated to actively engaging with high-emission entities with the objective of contributing to the reduction of their emissions. |
| 2. Carbon footprint | |
| 3. GHG Intensity of Investee Companies | |
| 4. Exposure to companies active in the fossil fuel sector | |

| | |
|---|---|
| 10. Violations of UN Global Compact principles and organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises | The portfolio and the investment universe are regularly screened to ensure that no company violates international norms and standards. If a breach occurs or a possible violation is identified based on external assessments of controversies or other publicly available information, the Responsible Investments team will carry out further investigations. The purpose of the investigation will be to determine whether the company is non-compliant with UN Global Compact and the OECD guidelines. If we conclude that a company is non-compliant, the company might be excluded. If we consider that we may have a positive impact through engagement, we will contact the company to learn more and encourage improvements of the issues in question. If we do not see any significant improvement over a two-year timeframe, we will exclude the company from our investment universe as soon as practically possible thereafter. |
| 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises | Companies' processes and compliances are analysed based on company reports from external service providers and other publicly available information, as well as data from our own engagement processes. We have published an expectations document on human rights, and actively engage with companies on the subject, both in terms of their direct operations and across their value chain. In general, this topic is addressed in company engagements where company research indicates that the topic is material and should be addressed. Engagement may be conducted directly, through service providers, and/or through collaborative engagement. |
| 13. Board gender diversity | We consider at least 40% of the least represented gender to be best-practice. We specifically expect that companies target participation and equal access of women at senior level positions in line with national gender quotas for public companies. Where this is absent, a rationale for lack of female representation should be published. If a company does not meet our expectations, we aim to engage with them on the topic to improve their practices.<br><br>The topic is also addressed through voting. In all markets votes against management recommendations are considered if there is no gender diversity. |
| 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) | Companies will be excluded from the investment universe if they themselves or through the entities they control produce weapons which through normal use violate basic humanitarian principles.<br><br>The fund shall not invest in companies that are involved in anti-personnel mines and cluster munitions, as described in the Anti-Personnel Mine Ban Convention and the Convention on Cluster Munitions, or in companies that develop and produce key components for weapons of mass destruction. Weapons of mass destruction are defined as NBC weapons (nuclear or atomic, biological and chemical weapons). |

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

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions

The Responsible Investments (RI) team works closely with portfolio managers, and the fund has its own dedicated ESG analyst. In addition, alerts on incidents and controversies are regularly made available to portfolio managers.

This fund follows DNB AM's standard exclusion list which applies to all investments of the fund. The exclusion criteria are based on the requirements of the Group Instructions for responsible investments (https://www.dnb.no/portalfront/nedlast/en/about-us/corporate-responsibility/2023/Responsible_investment_-_Group_Instruction.pdf). Companies are screened against our exclusion criteria before they can be included in the fund's investment universe and portfolio. We also screen companies quarterly in relation to benchmark rebalancing and weekly or daily for changes in ESG assessments or notifications of potential and/or real violations of international norms and standards, and potential controversies.

If a breach occurs or a possible violation is foreseen based on external assessments of controversies or other publicly available information, the RI team will carry out further investigations. The purpose of the investigation will be to determine whether the company in question is in breach with the Group Instructions. If we conclude that a company is in breach, the company might be excluded. If we consider that we may have a positive impact through engagement, we will contact the company to learn more and encourage improvements of the issues in question. If we do not see any significant improvement over a two-year timeframe, we will exclude the company from our investment universe as soon as practically possible thereafter.

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

For companies where we have no data regarding controversy level, controversy outlook or engagement status from our external data provider, members of the RI team will research the company and look at potential controversies mentioned in various sources of information (including, without limitation to news articles) to evaluate whether the company is in line with the Group Instructions. Direct engagement with the company is also possible.

Company dialogues and voting are key elements in the fund's approach to active ownership. The RI team engages in dialogues with company management, board members and election committees to address specific ESG issues. The dialogues are also aimed at improving general sustainability-related performance, which without improvement could lead to negative impacts on the company's financial results and/or environmental and social factors.

We measure progress and outcomes of our engagement work using milestones (milestone 1 to 5). The engagement process is considered successful (milestone 5) if the following criteria are met: the violation has ceased, the company has taken a responsible course of action, the company has taken a proactive and precautionary approach to improve its policies, routines, and practices to prevent future violations, and the company's action is verifiable (where relevant).

- ***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 fund attains each of the above-mentioned environmental and social characteristics through applying the following binding elements in the investment strategy:

- The 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[2].

[2] *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.*

- The fund will not invest in companies that are in breach of the UN Global Compact or OECD guidelines. Before any exclusion, we will evaluate whether we are able to influence the company's behavior through active ownership[3].
- The fund shall not invest in companies with exposure to controversial weapons[4].
- The fund excludes companies that produce pornography, tobacco or cannabis for recreational use.

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

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

There is no committed minimum rate to reduce the scope of investments considered prior to the application of the investment strategy.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

The assessment of investee companies' good governance practices is based on the DNB Group Instructions. The Group Instructions covers the product and norms-based grounds under which a company can be excluded from the DNB investment universe and shall ensure good governance of investee companies by avoiding investments in companies that contribute to the infringement of or infringe human or labour rights, corruption, or are involved in other actions that could be regarded as unethical. This is done through screening prior to inclusion into our investment universe, and monitoring of companies in our investment universe on an ongoing basis. What is outlined in the instruction is based on global standards and principles, which include, but are not limited to, the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the United Nations Convention against Corruption and the G20/OECD Principles of Corporate Governance. If an investment no longer aligns with good governance criteria for the fund's portfolio, our aim is to divest from it as soon as practically possible.

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

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

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

*[3] Based on data from an external supplier and internal assessments. If a breach occurs or a possible violation based on external assessments of controversies or other publicly available information, the RI team will carry out further investigations. The purpose of the investigation will be to determine whether the company in question is non-compliant with the UN Global Compact and OECD Guidelines. If we conclude that a company is non-compliant, the company might be excluded. If we consider that we may have a positive impact through engagement, we will contact the company to learn more and encourage improvements of the issues in question. If we do not see any significant improvement over a two-year timeframe, we will exclude the company from our investment universe as soon as practically possible.*

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

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

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

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

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

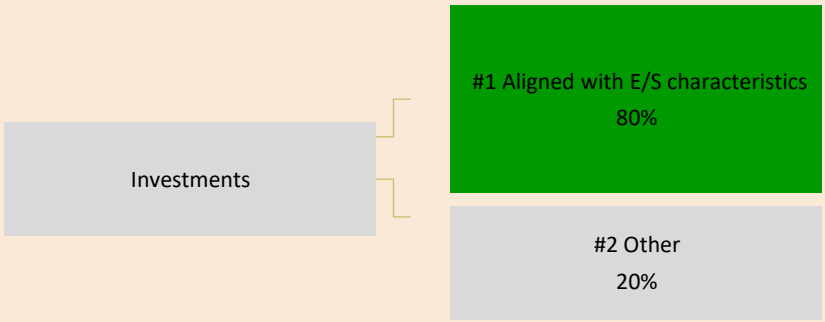
Our expectations regarding good governance practices are further elaborated in publicly available documents, including the Group Instructions, DNB AM Engagement Policy, guidelines for voting in Norway and globally as well as in our expectations document on responsible tax practices.

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

The fund will have a minimum proportion of 80% for investments that are used to attain the environmental or social characteristics promoted by the fund (#1 Aligned with E/S characteristics). The rest of the fund (#2 Other) will be invested in cash or derivatives.

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

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




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

### *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?

The fund does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy. The fund nevertheless may have the opportunity to make such investments, and the proportion of such investments will then be disclosed in the fund's annual report.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[5]?**

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

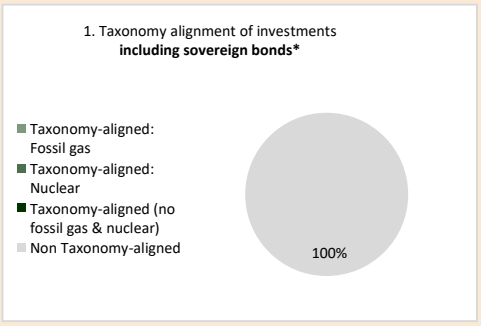
☒ No

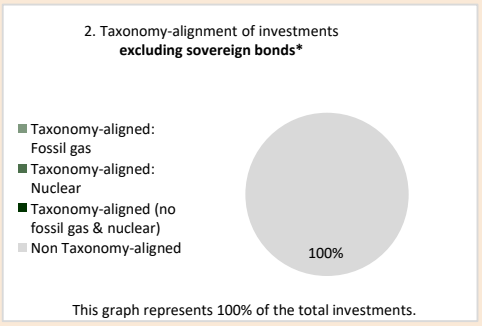
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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

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

***The 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 does not commit to a minimum share of investments in transitional and enabling activities.

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

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

The fund does not commit to a minimum share of investments with an environmental objective that are not aligned with the EU Taxonomy.

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

[5] *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.*

The fund does not commit to a minimum share 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" includes cash and derivatives. Cash and derivatives may be included for liquidity and hedging purposes.

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

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

Not applicable.

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

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

Please refer to the section "Our funds" on our website: https://dnbam.com/. The fund and a specific share class can be selected where you will find more information in the document called "Sustainability related disclosures".