DNB REAL ESTATE INVESTMENT MANAGEMENT (DNB REIM)

Article 10 (SFDR)

Website disclosure for an Article 8 fund

DNB Specialised Investment Fund - Scandinavian Property Fund – Unleveraged - Scandinavian Property Fund - Leveraged

Product name: [DNB Specialised Investment Fund – Scandinavian Property Fund – Unleveraged (the "Sub-Fund"), - Leveraged (the "Sub-Fund")	
	Legal entity identifier: Not applicable
Does this financial product have a sustainable investment objective?	
Yes	🖾 No
\Box It will make a minimum of sustainable	It promotes Environmental/Social (E/S)
investments with an environmental	characteristics and while it does not have as its
objective:%	objective a sustainable investment, it had a
in economic activities that qualify as	proportion of% of sustainable investments
environmentally sustainable under the EU Taxonomy	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	with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	with a social objective
It will make a minimum of sustainable investments with a social objective: %	It promotes E/S characteristics, but will not make any sustainable investments
investments with a social objective/	



A. Summary

The Sub-Fund aims to contribute to the decarbonization of the real estate industry (accounting for 40% of the global greenhouse gas emissions) via investments in the Master Fund. The property sector is working to establish good sustainability KPIs across the sector, and both the Sustainable Finance Disclosure Regulation (SFDR) and the taxonomy provide premises for this work.

The Master Fund aims to contribute to reduced emissions by improving the environmental standard of the commercial buildings in the portfolio, in line with new technology and in accordance with all applicable requirements, for the benefit of investors, tenants, and society.

Consideration of the environment, social conditions, and corporate governance (ESG factors) is an integral part of the investment process and property management in DNB REIM and rooted in the environmental plan. The environmental plan set clear goals for the Master Funds Properties.

As part of this work, all the properties in the portfolio are to be BREEAM certified over time. BREEAM is a management tool and an international certification system that is owned and managed by The Building Research Establishment (BRE) in England. BREEAM-NOR is a Norwegian adaptation and is today Norway's most widely used environmental certification for new buildings and major renovations. By 2021 11 out of 12 properties were BREEAM certified.

The fund uses GRESB (Global Real Estate Sustainability Benchmark) as an overall comparison of the Master Fund's sustainability characteristics. GRESB is a global investor-driven sustainability index based on what investors and the industry consider to be significant issues in the sustainability development of real estate investments. The fund is

ranked as a global sector leader (95 points and 5 stars in 2022) and is #1 in Northern Europe in its peer group.

The Master Fund aims to improve the environmental quality of the portfolio with an emphasis on the following key performance indicators (KPIs).

- reduction in greenhouse gas emissions;
- reduction in energy consumption;
- reduction in water consumption;
- increased waste sorting rate; and
- third party building certification.

The Master Fund invests directly in real estate companies without its own employees. The corporate governance is therefore exercised by DNB REIM as manager of the Master Fund. DNB REIM is subject to routines and guidelines in the DNB Group. The DNB's Group standard for responsible investments is to ensure that DNB Group does not contribute to the violation of human and employee rights, corruption, serious environmental damage, or other actions that can be perceived as unethical. It is also to ensure that assessments of risks and opportunities within the environment, social conditions and corporate governance are integrated into management. Engagement with companies and the exercise of active ownership is to be based on the UN's Global Compact and the OECD's guidelines for multinational companies and be in line with the UN's guiding principles for business and human rights.

DNB REIM has a special focus on compliance with relevant laws and regulations. Social responsibility is firmly rooted in DNB REIMs Code of Conduct. The UN sustainability goals no. 7, 11 and 12 are selected as focus areas.

Projects, upgrades, and service procurement are carried out with a clear ethical line, with zero tolerance for financial crime and corruption. DNB REIM work to ensure good engagement with the local community in relation to where the properties are located. This includes ensuring that planning requirements and building codes are met and develop good relationships with the communities that use and benefit from the buildings in their local area.

We have defined our stakeholders to include investors, service providers, tenants, and local communities. We actively manage our portfolios of real estate investments with regular and ongoing engagement with stakeholders to ensure we understand their needs to manage sustainability risks and opportunities. DNB REIM also carries out annual investor and tenant surveys on behalf of the Master Fund.

The return on the Master Fund may be affected by sustainable risk. Sustainability Risk is principally linked to climate-related events resulting from climate change (so-called physical risks) or to the society's response to climate change (so-called transition risks), which may result in unanticipated losses that could affect a Sub-Fund's investments and financial condition. Social events (e.g., inequality, inclusiveness, labour relations, investment in human capital, accident prevention, changing customer behaviour, etc.) or governance shortcomings (e.g., recurrent significant breach of international agreements, bribery issues, products quality, and safety, selling practices, etc.) may also translate into Sustainability Risks.



B. No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective a sustainable investment.



C. Environmental or social characteristics of the financial product

What are the environmental or social characteristics promoted by this financial product?

The Sub-Fund aims to contribute to the decarbonization of the real estate industry (accounting for 40% of the global greenhouse gas emissions) via investments in the Master Fund.

The Master Fund aims to improve the environmental standard of the commercial buildings in the portfolio, in line with new technology and in accordance with all applicable requirements, for the benefit of investors, tenants, and society. All properties are to be BREEAM (as below-defined) certified over time.

The Master Fund aims to improve the environmental quality of the portfolio with an emphasis on the following key performance indicators (KPIs).

- reduction in greenhouse gas emissions;
- reduction in energy consumption;
- reduction in water consumption;
- increased waste sorting rate; and
- third party building certification.



D. Investment strategy

What investment strategy does this financial product follow and how is the strategy implemented in the investment process on a continuous basis?

The investment strategy of the Sub-Fund is implemented via investments in the Master Fund.

The investment manager of the Master Fund has established an environmental policy with the main following focus:

- comply with all statutory regulatory requirements related to the environment;
- reduce the impact on the environment and climate by continuously promoting new patterns of behaviour, products, services and technical solutions that can reduce CO2 emissions;
- integrate the environment and climate topics into day-to-day operations;
- give the tenants an additional value through increased profitability and reduced environmental impact and help the tenants and other partners reduce their environmental and climate impact; and
- manage climate risk actively.

With this in mind, the investment manager of the Master Fund follows an environmental strategy with the main following objectives:

- maintain ISO 14001 certification;
- Report on fund building in GRESB (as defined below);
- implement proven new technology that contributes to a reduced CO2 emissions;
- increase competence internally, in relation to the factors affecting CO2 emissions;
- follow UN sustainability goals no. 7, 11 and 12; and
- BREEAM In Use as an environmental certification tool.

BREEAM is a management tool and an international certification system that is owned and managed by The Building Research Establishment (BRE) in England. BREEAM-NOR is a Norwegian adaptation and is today Norway's most widely used environmental certification for new buildings and major renovations. A building can be certified on five levels: Pass, Good, Very Good, Excellent and Outstanding. For each level, the sustainability level of the building increases. BREEAM-NOR ensures that all the most important aspects of sustainability are considered. The following nine categories are covered: leadership, health and indoor environment, energy, transport, water, materials, waste, land use and ecology and pollution.

The Master Fund uses GRESB as an overall comparison of the Master Fund's sustainability characteristics. GRESB is a global investor-driven sustainability index based on what investors and the industry consider to be significant issues in the sustainability development of real estate investments. The methodology complies with international

reporting frameworks, and is consistent across regions, sectors, and investment solutions. The index measures ESG compliance based on a management component and a performance component. Under management, the company's strategy and management, policies and processes, risk management and engagement with stakeholders are measured. The performance component measures the real estate portfolio's performance on various key indicators, including energy consumption, CO2 emissions, water consumption and waste. The Fund has participated in the index since 2013. The goal is to obtain a minimum of 80 points out of 100 when measured against peers.

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?

All new investments must have an energy class B or better as defined by the current Norwegian classification or be upgraded to energy class B during the holding period. Energy Class B is expected to fall within the requirement that investments in new buildings should be among the 15% most energy efficient buildings in Norway.

Major conversion projects aim to satisfy energy class B and BREEAM NOR Very Good.

All properties in the fund must over time be BREEAM certified

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

The Master Fund invests directly in real estate companies without its own employees. The corporate governance is therefore exercised by DNB REIM as manager of the Master Fund. DNB REIM is subject to routines and guidelines in the DNB Group.

- DNB is a driving force for diversity and inclusion;
- DNB finances the climate transition and is driving force for sustainable value creation;
- DNB combats financial crime and contributes to a safe digital economy.

The management of the Master Fund is regulated by relevant laws and regulations, the "Management Agreement" and the "Company Agreement".

The Company Agreement sets out the unitholders of the Master Fund's ("Participants") obligations and rights as Participants in connection with the exercise of ownership rights in, and operation of the Master Fund.

The Participants undertake to observe and cast votes in the Master Fund's company meetings and other corporate bodies in accordance with the Company Agreement, and to require their officers and appointed board members in the Master Fund to observe the provisions of the Company Agreement. If a representative for a Participant, or a person appointed by a Participant, acts in conflict with the Company Agreement, the relevant Participant undertakes immediately to ensure that the representative or person appointed acts in accordance with the Company Agreement or to ensure that the relevant person is replaced.

Both the International and Norwegian investor groups are represented in the Board of the Master Fund. The Board of the Master Fund considers and decides on investments, budgets, etc. and monitors that the decisions are implemented as agreed. Furthermore, the Board monitors the day in the management of the fund at regular meetings.

For the management of the property portfolios, DNB REIM has a special focus on:

- compliance with relevant laws and regulations;
- investors: AML/KYC check, equal treatment, annual investor survey, relevant and correct reporting;
- tenants: AML/KYC check, annual credit check, annual tenant survey;
- suppliers: AML/KYC check, standardized requirements regarding relevant ESG factors etc.



The sustainability indicators used to measure the attainment of the characteristics promoted by the Master Fund are:

- GHG emmisions
- Energy consumption
- Water consumption
- Waste Sorting rate
- Share of third-party building certificates

use by the Master Fund of the Global Real Estate Sustainability Benchmark ("GRESB") as an overall comparison of the Master Fund's sustainability characteristics.

How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product and the related internal/external control mechanism?

The environmental characteristics promoted by the fund and the sustainability indicators used to measure the attainment of each of those environmental characteristics are monitored on an ongoing basis throughout the ownership of the investment.

DNB Scandinavian Property Fund has implemented an Environmental Management System (EMS) called Optima, with the overall goal to improve the organizations environmental performance. Individual environmental goals for every property owned by the fund are planned, measured, and evaluated.

Optima works as an internal framework for the whole organization, structuring, procedures, projects, tactics and displays goals set on energy consumption, water, waste and emissions. The system is web based and is accessible on all devices with an internet connection.

The environmental program and targets are followed up both by the top management and the operational management. The monitoring is ensured through the daily operations, goals and compliance related to the KPIs. The sustainability work and results are presented in the periodic sustainability reporting.

The accountant company EY is engaged to provide a ISAE 3000 Limited Assurance audit on a yearly basis.

The data is quality controlled and verified by Entro AS, both with automatic verifications and manual verifications. Please refer to chapter H for more details.



G. Methodologies

What is the methodology to measure the attainment of the environmental or social characteristics promoted by the financial product using the sustainability indicators?

The sustainability indicators used to measure the attainment of the characteristics promoted by the Master Fund are:

Sustainability indicator	Scope
GHG emission	In relation to the tenant's consumption of energy and waste Tonnes of carbon dioxide (tCO2e) Scope 1, 2 and 3 GHG emissions
Energy consumption	Energy consumption, electricity, and district heating consumption (kWh)
Water consumption	Tenant's water consumption Absolute consumption m3 Like for like m3, Like for like intensity m3/m2
Waste sorting rate	Lessor's waste consumption By disposal route - Recycled - Incineration with energy recovery - Landfill (tonnes), Like for like (tonnes)
Share of third-party building certificates	% Share of properties certified by BREEAM

The Global Real Estate Sustainability Benchmark ("GRESB") results for the fund is monitored on a yearly basis in accordance with the GRESB publication schedule.



H. Data sources and processing

What are the data sources used to attain each of the environmental or social characteristics including the measures taken to ensure data quality, how data is processed and the proportion of data that is estimated?

(a) Data sources used to attain each of the environmental characteristics promoted by the fund The energy and resource data are imported from various suppliers and metering systems. Our consultant, Entro AS - a leading Nordic consultant on sustainable buildings, follow up all imports and gives advice on how to accomplish possible reductions. The data is quality controlled and verified by Entro AS, both with automatic verifications and manual verifications.

Optima Energy and Water module is the energy monitoring system (EnMS). This module is the most important tool in getting the energy consumption under control. This module also monitors the water consumption. Metering data is imported directly from meters installed at each property. Optima Energy provides control for both operating personnel and building owners. The data also takes seasonal changes into account for benchmarking, by getting the recorded outside temperatures daily. The data is also corrected according to degree days.

Optima Waste is a waste monitoring system, allowing the user to register waste volumes (including individual waste fractions), origin and date, making it easy to keep track of the waste and recycling rate. Optima Waste provides multi-tiered reports and a tool the organization can use to monitor waste volumes with a view to making improvements, generating savings, and improving environmental reporting.

The waste data is imported from various waste handling companies or manually read. Supports both the Norwegian Standard and the European Standard EWC. All assets report on separation rate, recycling rate and amount in kg.

Optima Environment automatically calculates the greenhouse gas emissions based on the data entered in the energy, waste, and transport modules. This tool allows the users to monitor the GHG emissions over time, compare performance to previous years, compare performance relative to saving targets, and evaluate the effect of the implemented measures.

Optima Economy collates information on meters, technical installations and building space with all the data concerning the energy subscriptions, grid tariffs, power prices, invoiced energy consumption and costs. This provides a simple, effective overview of the financial aspects of the energy consumption. Optima Economy provides control on all energy costs and shows the economic effects on the energy and environmental measures.

Optima Technical is a module where the organization register all measures to be done on each property. The module provides a complete overview of the measures taken and their status. The measures of their effects are shown in the other modules.

Optima Admin is the control module which gives the opportunity to register changes, like adding a meter, a building, changing names, areas, change the ET-curve, add goals etc.

(b) Measures taken to ensure data quality

Entro AS is engaged to ensure data quality by data processing and analysing both the input data and the output results. As the data is monitored by EMS Optima and followed up on an ongoing basis both by Entro AS and the manager DNB REIM through the operational management of the properties, any major or sudden deviations will be addressed both on site and in dialogue with the data suppliers. The accountant company EY is also engaged to provide a ISA3000 Limited Assurance audit on a yearly basis.

Quality control – Energy data

- Energy data is imported directly from high quality metering equipment at each property.
- Energy consumption is corrected according to degree days for the yearly reporting, both manually and automatically. Heating related energy consumption is corrected according to degree days from Norwegian Meteorological Institute.
- All reports are quality controlled by at least two energy consultants. Building reports and collected reports are prepared independently to uncover any system errors.
- Most probable source of consumption error is the implementation of new buildings and/or new meters in the energy monitoring system. Routines are established to reveal such errors (manually readings and imports of hourly values/historical data). Where consumption meters are not present or data is not possible to retrieve, the consumption is compared and controlled against a reference consumption and measures are taken. Entro AS consider this as the biggest source of error. Corrections are performed in Entro Optima.

Quality control- Waste data

- The reporting on waste is based on data from the waste management companies. Manual quality control of the data is performed prior to uploading into Entro's database.
- There is uncertainty regarding whether the tenant has private waste handling, which is not reported by DNB REIMs waste management company. There is a continuous focus and improvement in collecting data from tenants that have private waste handling.

(c) How data are processed

Each data provider export data to the EMS system in different ways, preferable automatic and through digital solutions. Metering data on energy is imported directly from meters and steering facilities installed at each property.

Optima provides control for both operating personnel and building owners. The data takes seasonal changes into account for benchmarking, by getting the recorded outside temperatures daily. The data is also corrected according to degree days.

(d) The proportion of data that are estimated

The goal is that 0 percent should be estimated, and that the data is based on reality as it is. Nevertheless, energy data may be estimated closing smaller "holes" in the data import. The reason for holes may be that metering equipment are being changed to something better or that the equipment suddenly stops working in the way intended.



I. Limitations to methodologies and data

What are the limitations to the methodologies and data sources? (Including how such limitations do not affect the attainment of the environmental or social characteristics and the actions taken to address such limitations)

Limitations related to monitoring energy, water, waste, and emission may be

- Late import of data where data is reported manually
- Equipment that stops working as intended
- Tenants that do not approve that their energy and resource use is monitored



J. Due diligence

What is the due diligence carried out on the underlying assets and what are the internal and external controls in place?

A technical DD is carried out where the property's environmental qualities, such as energy label, emissions, environmental certification etc. are mapped as well as any deficient regulatory requirements. The internal requirement for the energy label for new investments and projects is defined in the investment strategy. If the energy label is lower, an action plan must be established to meet the requirements during the owner period and reflected in the return analysis.

After taking over the property, further analysis is made regarding waste management, energy use, and water consumption. The analysis is normally carried out with the assistance of external advisers. Internal random checks are also carried out. During the ownership period, the property is followed up in accordance with the environmental plan and the Master Fund's KPI's.



K. Engagement policies

Is engagement part of the environmental or social investment strategy?

🛛 Yes

🗌 No

If so, what are the engagement policies? (Including any management procedures applicable to sustainability-related controversies in investee companies)

We have defined our stakeholders to include investors, service providers, tenants, and local communities. We actively manage our portfolios of real estate investments with regular and ongoing engagement with stakeholders to ensure we understand their needs to manage sustainability risks and opportunities.

According to the DNB Group policy engagement with companies and the exercise of active ownership is to be based on the UN's Global Compact and the OECD's guidelines for multinational companies and be in line with the UN's guiding principles for business and human rights.

(P)	L. Reference benchmark
Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the financial product?	
🗆 Yes	
🛛 No	

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