

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 Luxembourg SA Discretionary Portfolio Management (DPM)

Legal entity identifier: n/a

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*



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 1 % 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**

Note: The following sections of this document provide all elements prescribed by Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852. However in order to ease readability and understanding, questions relating to Investment Strategy and Asset Allocation are addressed first

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

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



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

What investment strategy does this financial product follow?

In line with its [overall approach to Sustainability in Investment](#), DNB Luxembourg ('the Bank', 'we') aims as a responsible discretionary portfolio manager with a long-term view to deliver high, long-term returns, at an acceptable level of risk, whilst considering Environmental, Social and Governance (ESG) factors.

On a broad level, the [DNB Group's Standard for Responsible Investments](#) ensures that DNB does not contribute to human or labour rights violations, corruption, serious environmental harm, and other actions which may be perceived to be unethical and/or unsustainable. It shall further ensure that assessments of ESG risks and opportunities are integrated into investment decision-making. These requirements are translated in an investment exclusion list which is available upon request by e-mail at: PrivateBanking@dnbgroup.lu

The Bank relies on an open architecture, including external management, for its Discretionary Portfolio Management (DPM) product/service. This means that customer assets may be invested through external mutual funds and asset management companies.

The Bank excludes external funds that include companies which themselves or through units, control or produce weapons or which may breach fundamental humanitarian principles.

In addition to meeting the aforementioned requirements, the majority of the funds making part of the Bank's DPM portfolios will qualify as 'Article 8', 'Article 9' and/or 'taking account of Principal Adverse Impact (PAI)' under regulation (EU) 2019/2088 on the promotion of environmental/social characteristics. See further details under Asset Allocation section below

- ***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 Bank's DPM product applies the exclusion criteria set out in the DNB Standard for Responsible Investments.

The underlying funds part of the DPM portfolio will not invest in external funds which include companies which themselves or through units they control produce weapons which during normal use breach fundamental humanitarian rights.

These elements are checked upon onboarding of the underlying funds in the DPM portfolios, then monitored on an periodical basis.

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

Not applicable

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

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

In line with the above mentioned [DNB Group’s Standard for Responsible Investments](#), we consider corporate governance to be a material issue, and assessment of governance factors is therefore a part of our investment proces

Considering that our DPM product essentially consists of a portfolio of underlying investment funds, the adherence of those funds to the DNB Group’s Standard for Responsible Investment will primarily be checked when onboarding them into the DPM portfolios, then periodically monitored based on their relevant reports and disclosures.

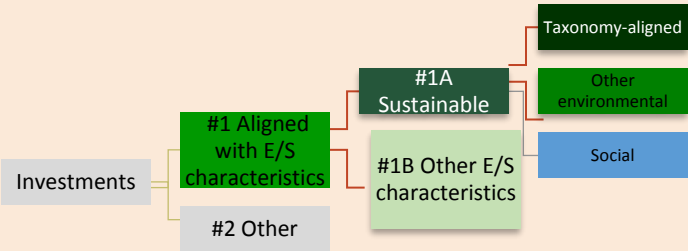
Each of the underlying investment funds in the DPM portfolios may have their own policies to assess the good governance practices of the companies they in turn invest in. These policies cannot all be detailed in the present pre-contractual disclosure document, which relates to the Bank’s DPM product. The pre-contractual disclosure document for each of the underlying funds part of our DPM portfolios may however be provided upon simple request to PrivateBanking@dnbgroup.lu

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

From a *financial perspective*, our DPM service offers three different risk levels (conservative, neutral, aggressive), and three base currencies (NOK,EUR,USD). The equity exposure is driving risk in the product. The conservative profile has a strategic equity weight of 20% and a tactical +/-5% allocation interval. The neutral profile has a strategic equity weight of 40% and a tactical +/-10% allocation interval. The aggressive profile has a strategic equity weight of 60% and a +/- 15% allocation interval.

From a *sustainability/ESG perspective*, our DPM model portfolios, which –as already mentioned- are composed of a set underlying investments funds, will include a majority of funds promoting, amongst others, environmental and/or social characteristics, and



#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.

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

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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.

investing in companies following good governance practices, i.e. qualifying as ‘Article 8’ funds under regulation EU 2019/2088.


In addition:

- At least 30% of the funds will have formally committed to consider the Principal Adverse Impacts (PAI) of the companies invested in, i.e funds qualifying as ‘Article 8+’, a sub-category of Article 8 funds per above;
- At least one of the funds will have a positive contribution to an environmental or social objective; i.e. will qualify as Article 9’ funds under same regulation.

These minimum thresholds may be revised –but only upwards- over time.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used at the level of our DPM portfolios.
They might however be at the level of the funds invested in.

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



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

As stated above, our DPM portfolios will include a minimum of *one* Article 9 investment fund holding and 1 % in sustainable assets.

Whether or not these sustainable assets will be with environmental objectives aligned with the EU taxonomy will depend on the sustainability objectives and processes followed by the Article 9 fund(s) invested in.

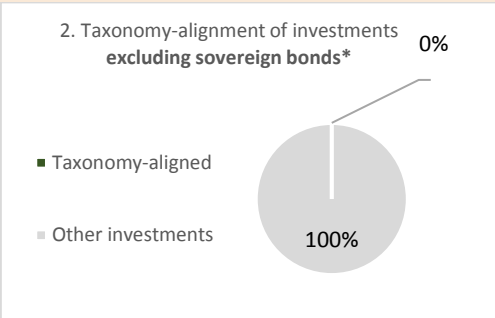
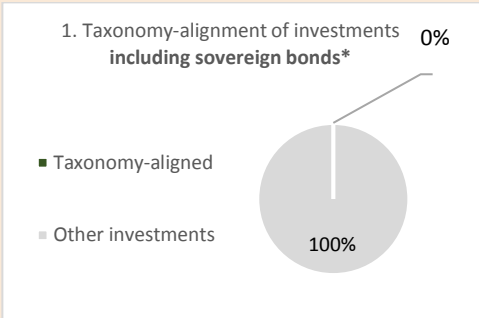
As such objectives and processes may vary from one fund to another, further details may not be provided here; related documents for each of the underlying fund(s) may however be provided upon simple request to PrivateBanking@dnbgroup.lu.

Also, considering the above, we do not make any formal commitment to any EU taxonomy aligned investments within our DPM portfolios.

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.

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?**

Although the underlying Article 9 fund(s) in our managed portfolios might, we at our DPM product level do not make any specific commitment to sustainable 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?

Same answer as for above question regarding EU taxonomy aligned investments



What is the minimum share of socially sustainable investments?

Although the underlying Article 9 fund(s) in our managed portfolios might, we at our DPM product level do not make any specific commitment to 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 mainly cash balances held on an ancillary basis



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

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

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.

As mentioned in the earlier sections of this document:

- Our DPM product essentially consists in a portfolio of Article 8, Article 8+ and Article 9 investment funds;
- We will upon onboarding of new funds then on a periodical basis monitor the adherence of each of these funds to our overall approach to Sustainability in Investment and to the DNB Group's Standard for Responsible Investments.

Through this process, the overall profile of our DPM product will thus be aligned with our approach to sustainable investing.

But on a more granular basis, this profile will be a combination of the individual ESG/sustainability characteristics of all the underlying funds invested in.

These will obviously vary according to specific objectives and processes pursued by each of these funds.

The funds invested in through our DPM product will also vary over time.

Full details of the ESG/sustainability strategies for each of those funds can thus not be provided in the present document, which relates to the Bank's own DPM product.

Related precontractual disclosure documents for each of the underlying funds may however be provided upon simple request to PrivateBanking@dnbgroup.lu

Also, the yearly sustainability reporting for our DPM product will provide further quantitative insight into its ESG/sustainability achievements.

Indeed, it will 'consolidate' the related actual values disclosed by each of the underlying funds on pro-rata basis, i.e. taking into account their respective weight in the composition of DPM portfolios at year-end

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

Same answer as for above question:

- These may vary for each of the funds invested in;
- Full individual details may not be provided here, but related precontractual disclosure documents giving specifications for each of the underlying funds may be obtained on request

- ***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?*** Same answer as for above questions

- ***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?*** Same answer as for above questions

- — — How have the indicators for adverse impacts on sustainability factors been taken into account? [Same answer as for above questions](#)
- — — How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? [Same answer as for above questions](#)

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



☒ Yes,

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.

No

Similar to what was mentioned for previous questions:

- The way Principal Adverse Impacts are overall addressed by our DPM product is a combination of the way they are by each of the underlying investment funds;
- Full individual details may not be provided here, but related precontractual disclosure documents giving specifications for each of the underlying funds may be obtained on request



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? [No](#)

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



Where can I find more product specific information online?

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

<https://www.dnb.no/lu/en/private-banking/managing-your-wealth.html>