

DNB ASA
DNB Bank ASA

Green Finance Framework
November 2020



DNB in Brief

DNB ASA (with subsidiaries, "DNB") is Norway's largest financial services group and one of the largest in the Nordic region in terms of market capitalisation. DNB offers a full range of financial services, including loans, savings, advisory services, insurance and pension products for retail and corporate customers. DNB Bank ASA (with subsidiaries, the "DNB Bank Group"), is the largest subsidiary of DNB ASA, and is Norway's largest bank group as measured by total assets. DNB Bank Group offers corporate, retail and investment banking services and products to customers in Norway and internationally.

DNB's branches in Norway, in-store banking outlets, Internet banking, mobile services and international offices ensure that we are present where our customers are. We are a major operator in a number of industries, for which we also have a Nordic or international strategy.

DNB and Society

As Norway's largest financial institution, DNB plays an important role in society both in Norway and internationally, by bringing together capital, labour and expertise. For us, corporate responsibility is essential in creating value for our stakeholders – including investors, customers, employees, authorities and society at large. DNB's competitiveness is enhanced through long-term and sustainable financial value creation, and by contributing to economic, social and environmental development in the areas and industries where we operate. In practice, this means we emphasize corporate responsibility as an integrated part of our decision-making process.

Our contribution to sustainable development is ensured through responsible business practices and emphasis on environmental issues, social responsibility and business ethics. In addition to complying with Norwegian standards, DNB has chosen to support and participate in a number of global initiatives. We also comply with international guidelines in the field of corporate responsibility such as the OECD guidelines for multinational enterprises and the UN Global Compact principles in the areas of human rights, labour, the environment and anti-corruption. DNB is a signatory to the Principles for Responsible Banking and committed to align our business strategy in support of the United Nations' Sustainable Development Goals and the Paris Climate Agreement. The global initiatives endorsed by DNB are listed on DNB's website in the [Sustainability Library](#) (the "Sustainability Library").

In the autumn of 2017, DNB launched a new strategy in which corporate responsibility has a key position. DNB regards corporate responsibility as contributing towards sustainable development in all of DNB's operations, and we have identified the following four pillars, accompanied by a number of long-term ambitions.



We are a driving force for equality and diversity

- Gender balance (40/60) in management positions at all levels, and diversity and inclusiveness in all teams.
- Promoting equality among our customers through products, services and dialogue.
- Our largest suppliers within IT, consulting and legal services are required to work systematically with equality and diversity in their own organisations.



We provide loans and investments for sustainable growth

- Contributing with NOK 450 billion to the financing of renewable energy and infrastructure by 2025.
- Contributing with NOK 130 billion to the financing of green real estate by 2025.
- In 2020, all new and refinanced shipping loans shall include a clause about responsible ship recycling.
- Sustainability shall form part of the risk assessment for loans to companies (>NOK 8 million).
- Our start-up pilot shall each year help at least 5000 start-up companies.
- Contributing with NOK 200 million in growth loans to businesses that need capital to grow.



We combat financial crime and contribute to a safe digital economy

- We work systematically to prevent DNB's products and services from being used for criminal activity, and DNB aims to be the most trusted player when it comes to delivering banking services in a modern, digital economy.



We help our customers manage their own finances

- With more than two million personal customers in Norway, DNB has a special responsibility to ensure that as many people as possible are able to make sound financial decisions. Research shows that poor financial habits are passed down from one generation to the next, and we regard it as part of our corporate responsibility to help as many people as possible develop good financial habits.

Corporate responsibility in DNB's credit activities

DNB has guidelines in place that specify what financing activities the bank can and cannot engage in including clearly defined expectations to our borrowers. Environmental, social and governance factors are assessed in the credit process for all corporate loans above NOK 8 million and we place the following requirements and expectations on our customers:

Compliance with applicable laws DNB's customers shall comply with applicable laws and regulations of their country of origin as well as of the countries where they operate. They shall also act in accordance with relevant international conventions and guidelines set by international organisations, such as the United Nations and the Organisation for Economic Co-operation and Development.

Respect human and labour rights DNB's customers shall fully support and respect, within their sphere of influence, internationally recognised human rights, and ensure that they are not involved in human rights violations. Further, customers shall respect the eight fundamental or core international labour organisation conventions.

Show regard for the environment DNB supports the protection and preservation of the environment and believes that DNB can make an important contribution to the promotion of good environmental practices. Therefore, DNB aims to prioritise corporate clients with responsible environmental behaviour. For clients that operate in industry sectors with a high environmental footprint, DNB has an interest in seeing that such clients adequately manage their environmental footprint.

Consider climate change risks DNB's clients shall seek to integrate relevant climate change challenges into their investment planning, integrate material climate change risks in their risk management, report on material climate change risks and greenhouse gas emissions as well as be transparent about their interaction with policymakers and regulators and their positions on climate change legislation and regulation.

In addition to the general criteria above, DNB has also prepared sector guidance documents for lending within key industries, which can be found in the Sustainability Library. To ensure we finance activities that are in line with DNB's values, we have identified a list of excluded activities where we do not grant credit, and these can be found in our "Group standard for Corporate Responsibility in DNB ASA's credit activities" (see our Sustainability Library).

In alignment with our responsible lending activities and our ambition to mobilise capital for sustainable financing, DNB has introduced a Green Loan offering, defined in the DNB Sustainable Product Framework¹ with clear guidelines around eligibility criteria to define green use of proceeds.

Task Force on Climate Related Financial Disclosure (TCFD)

In 2017 and 2018, DNB participated in two Climate Related Financial Disclosures (TCFD) pilot projects for scenario testing of climate risk in the lending and investment portfolios. DNB's engagement in these pilots gave us insight into how climate related risks and opportunities affect, and present opportunities for, our business. In 2019, DNB committed to a second phase of UNEP FI's TCFD banking pilot which will run through 2020, where we aim to quantify climate change related risks in credit portfolios for several climate scenarios.

A substantial TCDF disclosure effort was DNB's CDP report from 2018 and 2019, for which DNB was the only Nordic bank to receive the top score A.

¹ Available in the Sustainability Library

DNB's work with the UN Sustainable Development Goals

DNB has supported the UN Sustainable Development Goals (“**UN SDG**”) since 2015 and for DNB they represent a platform for innovation and growth as well as a framework for customer dialogue around sustainability efforts. We have identified two main goals of particular importance as they represent areas where DNB can make a difference both by contributing positively and by reducing potential downside risks:

- Goal 5: Achieve gender equality and empower all women and girls.
- Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

We have also identified seven additional goals as relevant to our business operations: 7 (Affordable and Clean Energy), 9 (Industry, Innovation and Infrastructure), 10 (Reduced Inequalities), 12 (Responsible Consumption and Production), 13 (Climate Action), 14 (Life below Water) and 16 (Peace, Justice and Strong Institutions). DNB acknowledges that the 17 Goals are all interconnected and indirectly contributes to the achievement of the whole UN SDG agenda by 2030. DNB is constantly seeking to reduce its negative impact and to contribute positively to these goals through the role as employer, investor, lender, arranger and provider of financial infrastructure. To achieve our ambitions in the field of corporate responsibility, understanding stakeholders and cooperating with other players is of great importance and Goal 17 (Partnership for the Goals) is therefore a prerequisite for success.

DNB and Green Finance

In alignment with the broader DNB corporate responsibility strategy, DNB has established a Green Finance Framework (hereinafter referred to as the “**Framework**”) to be able to issue Green Finance Instruments (such as green bonds, green commercial papers, and green certificates of deposits) to finance and refinance projects which enable the transition to a low carbon and climate resilient economy (such instruments hereinafter referred to as “**Green Finance Instruments**”). DNB is committed to promoting sustainable business activities in the industry sectors and regions where the bank is operating. By issuing Green Finance Instruments, we will provide additional transparency around funded projects and assets that carry environmental benefits. We hereby hope to promote further investments into environmentally sustainable assets that will assist in reaching the targets set forth by the Paris Climate Agreement and the UN SDG.

DNB Green Finance Framework

The ICMA Green Bond Principles is a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market by clarifying the approach for issuing a green bond. In alignment with the ICMA Green Bond Principles 2018², the Framework is presented through the following key pillars:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

This Green Finance Framework covers the issuance of Green Finance Instruments]. For each Green Finance Instrument issued, DNB asserts that it will adopt (1) Use of Proceeds, (2) Process for Project Evaluation and Selection, (3) Management of Proceeds and (4) Reporting, as set out in this Framework. The Framework also follows the recommendations of the Green Bond Principles regarding External Review.

The Framework defines the loans, credits and investments (such loans, credits and investments hereinafter defined as “**Eligible Green Loan Portfolio**”) eligible to be funded by the proceeds of Green Finance Instruments issued by DNB Bank ASA and/or DNB ASA. The documentation for any Green Finance Instrument issued shall provide a reference to this Framework under the use of proceeds section. The terms and conditions contained in the underlying documentation for each issued Green Finance Instrument will specify the actual terms of the instruments.

This Framework may, from time to time, be updated and will be applied to any Green Finance Instrument issued by DNB. For instance, future changes to the Green Bond Principles may be implemented in future versions of this Framework. Any future version of this Framework will either keep or improve the current level of transparency and reporting disclosures, including the corresponding review by an external consultant.

² <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

Use of Proceeds

An amount equal to the net proceeds from Green Financial Instruments issued by DNB will be used to finance and refinance an Eligible Green Loan Portfolio consisting of green loans (“**Eligible Green Loans**” as defined by the eligibility criteria in this Framework (see below under Green Buildings, Renewable Energy and Clean Transportation, the “**Eligibility Criteria**”) The list of Eligibility Criteria is based on the DNB Sustainable Product Framework, and has been developed in cooperation with the business units responsible for lending in each respective sector. The DNB Sustainable Product Framework has identified a broad list of categories to define sustainable lending activities throughout DNB. In this Framework, DNB has chosen to focus on a subset of this list of categories to ensure a high level of transparency and environmental impact around funded loans, namely Renewable Energy, Green Buildings and Clean Transportation as further described on the following pages.

The DNB Sustainable Product Framework governs DNB’s sustainable lending activities and has been defined to identify investments that increase positive and reduce negative environmental impact and that help businesses and societies adapt to the effects of climate change. To ensure the robustness of the DNB Sustainable Product Framework, Sustainalytics has been involved in the process of identifying eligible activities.

For clarification purposes, Green Finance Instruments will not be used to finance loans linked to fossil energy generation, nuclear energy generation, weapons and defence, mining, gambling or tobacco. For the avoidance of doubt, any future changes to the Eligibility Criteria will not apply to Green Finance Instruments issued before the date of the change.

Alignment with the EU Environmental Objectives

It is expected that the Eligibility Criteria will ensure that the Eligible Green Loans funded under this Framework make a substantial contribution to the achievement of the EU Environmental Objectives, in alignment with the recommendation of the Technical Expert Group (TEG) report on the EU Taxonomy published in March 2020, which establishes a system to classify environmentally-sustainable economic activities by setting out metrics and thresholds. DNB is closely monitoring the developments of the EU Taxonomy. When deemed necessary by DNB, the criteria in the Sustainable Product Framework may be changed to further harmonise with the metrics and thresholds of the EU Taxonomy. If such changes are made, related to criteria in this Green Finance Framework, this Green Finance Framework may also be updated.

Alignment with the UN SDGs

In alignment with DNB’s broader sustainability strategy and support of the UN SDG 2030 agenda, the Eligibility Criteria contemplated under this Framework, directly contribute to the achievement of specific UN SDG and related sub-targets³.

³ Mapping between ICMA Eligible Categories and UN SDGs based on ICMA High Level Mapping to the Sustainable Development Goals: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2019/Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds06-2019-100619.pdf>

Green Buildings

Loans, credits and investments to finance and refinance new or existing residential, commercial or public buildings.

Certified buildings

Residential, commercial or public buildings, existing or under construction, in Norway, Sweden, Denmark and Finland that have, or are designed and intended to receive, a design phase certification or a post-construction certification, in accordance with the below certification schemes and minimum thresholds:

- BREEAM, minimum "Very good",
- LEED, minimum "Gold",
- Swan Ecolabel, or
- equivalent certification*.

In addition to fulfilling the above criteria, the building must also have, or be designed and intended to receive, an Energy Performance Certificate (EPC) of A or B.** For residential buildings, the EPC level A or B should apply to at least 75 per cent of the floor area.

* Equivalent certifications include, but are not limited to: CASBEE, BOMA Best, HQE and DGNB.

** The EPC requirement is referring to the EPC label of the building at the time of financing.

Refurbished buildings

Refurbished buildings that have achieved either two levels of improvement in certification, or reached the top three levels of BREEAM, top two levels of LEED, or equivalent standards*, or which have achieved a minimum 30 per cent reduction in energy use, measured as kWh per heated square meter per year.

Improvement measures that will reduce the energy consumption of individual equipment or installations by at least 30 per cent are also eligible. This may include switching to LED lighting and more energy efficient solutions for heating and cooling.

EU Environmental Objective:

Climate Change Mitigation

Substantial contribution to Climate Change Mitigation (1.b): Improving energy efficiency in all sectors, except energy generation using solid fossil fuels, and at all stages of the energy chain, in order to reduce primary and final energy consumption



Renewable Energy

Loans, credits and investments to finance and refinance the acquisition, development, operation and maintenance of renewable energy power plants, generation and transmission of energy from such renewable sources, and manufacturing of related technologies and equipment

Loans may be for specific assets and projects or to 'pure play' companies, defined as enterprises which are expected to derive $\geq 90\%$ of their turnover from assets aligned with defined criteria. For such enterprises, the entire loan principle is eligible for funding from Green Finance Instruments, otherwise not at all.

Wind power

Onshore and offshore wind energy projects.

Solar power

Photovoltaic energy projects.

Geothermal power

Geothermal energy projects with life cycle emissions of less than 100g CO₂e/kWh.

Ocean power

Ocean power projects such as tidal and wave power, ocean thermal energy, tidal turbines and in stream-turbines.

Hydropower

Small-scale hydropower projects (less than 25MW), and large-scale projects (more than 25MW) with either (i) life cycle emissions of less than 100g CO₂/kWh or (ii) power density greater than 5W/m². Large-scale hydropower projects are also required to have a robust third-party environmental and social risk assessment.

Bioenergy

Biomass or biogas power from waste feedstocks or non-waste feedstocks certified by the Roundtable on Sustainable Biomaterials.

Transmission systems

Development of new, or improvement of existing, transmissions systems (or other infrastructure) to facilitate the integration of electricity from renewable energy sources into the grid.

EU Environmental Objective:

Climate Change Mitigation

Substantial contribution to Climate Change Mitigation (1.a): Generating, storing, distributing or using renewable energy in line with the Renewable Energy Directive, including through using innovative technology with a potential for significant future savings or through necessary reinforcement of the grid



Clean Transportation

Loans, credits and investments to finance and refinance the development, manufacture, retrofit and purchase of low carbon vehicles, public and mass transportation as well as related components and infrastructure.

Low carbon vehicles

Electric, hybrid or hydrogen passenger vehicles with emissions less than 50g CO₂ per passenger kilometre.

Low carbon public and mass transportation

Public and mass transportation systems, such as busses, trains, trams and ferries, with emissions less than 50g CO₂ per passenger kilometre.

Low carbon transportation infrastructure

Infrastructure related to low carbon vehicles and low carbon public transport, such as electric transportation of passengers and freight such as electrified railways and charging stations for electric vehicles.

EU Environmental Objective:
Climate Change Mitigation

Substantial contribution to Climate Change mitigation (1.c): Increasing clean or climate-neutral mobility



Process for Project Evaluation and Selection

The process for evaluating and selecting Eligible Green Loans is fundamental in ensuring that Green Finance Instruments proceeds are allocated exclusively to loans which meet the criteria set out in this Framework. As part of the general credit approval process in DNB Corporate Banking, all lending activities are screened for environmental, social and governance (ESG) related risk factors. The relevant business units within DNB will identify potential Eligible Green Loans within their respective sectors to be evaluated for compliance with the DNB Sustainable Product Framework, which is available in the Sustainability Library at our website. Potential Eligible Green Loans will be reviewed by an advisory board with representatives from DNB Corporate Banking Category Financing Family & Deposits. Once internally approved, DNB may also rely on advice from DNV-GL to verify compliance and for final approval by issuing a green certificate for the specific loan.

A dedicated Green Finance Committee has been established to create this Framework. The committee consists of members from a group of departments with relevant stakes in DNB's Green Finance Instruments, namely, DNB Group Treasury, DNB Corporate Banking, the Corporate Responsibility & Public Affairs department and the Sustainable Finance department within DNB Markets. The committee will manage any future updates to the Framework, including expansions to the list of eligible green loan categories, and oversee its implementation.

The DNB Corporate Banking Customer Analysis Section will be responsible for tagging Eligible Green Loans in the internal credit management system. These loans will form part of an Eligible Green Loan Portfolio.

DNB Corporate Banking will monitor the Eligible Green Loan Portfolio on a quarterly basis, accounting for drawings, repayments, prepayments and ensure that the records are updated when necessary. During the life of the Green Finance Instruments, if DNB becomes aware of a loan ceasing to fulfil the Eligibility Criteria, the loan will be removed from the Eligible Green Loan Portfolio. Decisions to remove loans from the Eligible Green Loan Portfolio will be documented by DNB Corporate Banking.

DNB ascertains, on a best effort basis, that all selected Eligible Green Loans comply with official national and international standards as well as local laws and regulations. In addition, it is part of the general transaction approval process within DNB to ensure, on a best effort basis, that all activities comply with internal environmental and social standards. These ESG minimum requirements are reflected within DNB internal policies, whose implementation helps to mitigate the environmental and social risks associated with the Eligible Green Loans.

Management of Proceeds

The proceeds from the Green Finance Instruments will be managed by DNB in a portfolio approach. DNB intends to allocate these proceeds to an Eligible Green Loan Portfolio, selected in accordance with the use of proceeds criteria and evaluation and selection process presented above.

DNB will strive, over time, to achieve a level of allocation for the Eligible Green Loan Portfolio that matches or exceeds the balance of net proceeds from its outstanding Green Finance Instruments. Eligible Green Loans will be added to or removed from DNB's Eligible Green Loan Portfolio to the extent required.

Unallocated net proceeds from Green Finance Instruments will be held in DNB's treasury liquidity portfolio, in cash or other short term liquid instruments, at DNB's own discretion.

Reporting

On a best effort basis, DNB will align the reporting with the portfolio approach described in "Green Bonds - working towards a Harmonized Framework for Impact Reporting (June 2019)". The reporting is based on the Eligible Green Loan Portfolio and numbers will be aggregated for all Green Finance Instruments outstanding.

DNB intends to report to investors within one year from the date of a Green Finance Instrument transaction and annually thereafter, until the proceeds have been fully allocated.

Allocation Reporting

The allocation report will provide information, on an aggregated basis, on indicators such as:

- The size of the identified Eligible Green Loan Portfolio, per investment category
- The total amount of proceeds allocated to the Eligible Green Loan Portfolio, per Green Eligible Category
- The balance (if any) of unallocated proceeds
- The amount or the percentage of new financing and refinancing
- The geographic location of the assets, at country level

Impact Reporting

Where feasible, DNB intends to report on the environmental impact of the Eligible Green Loans financed by Green Finance Instruments. For each Green Eligible Category, the impact report may provide:

- A description of relevant Green Projects
- The breakdown of green projects by nature of what is being financed (financial assets)
- Metrics regarding projects' environmental impact as described below

Category	Output indicators	Impact indicators ⁴
Green buildings	<ul style="list-style-type: none">• Number of Green building certifications obtained by label and level	<ul style="list-style-type: none">• Estimated annual GHG emissions compared to baseline (tCO₂e) and estimated ex-ante annual energy consumption in KWh/m²
Renewable energy	<ul style="list-style-type: none">• Renewable energy capacity installed in GW or MW• Annual renewable energy generated or expected in MWh	<ul style="list-style-type: none">• Estimated annual GHG emissions compared to baseline (tCO₂e)
Clean transportation	<ul style="list-style-type: none">• Low carbon vehicles: Number of vehicles (units per year)• Low carbon public and mass transportation: Number of vehicles (units per year)• Low carbon transportation infrastructure: Number of units installed (if applicable)	<ul style="list-style-type: none">• Estimated GHG emissions compared to baseline (tCO₂e)• Estimated GHG emissions compared to baseline (tCO₂e) due to the installed technology (direct), by transferring freight or passenger transport from road to e.g. railway (indirect) or both (as applicable)

Depending on availability and subject to confidentiality agreements, DNB might seek to complement above indicators with relevant case studies.

Both the allocation report and the impact report will be made available on dnb.no.

⁴ DNB has appointed the specialized consultant to perform climate impact calculations.

External Review

Second Party Opinion

DNB has obtained an independent second party opinion from Sustainalytics to confirm the validity of the Framework. The independent second party opinion will be published on DNB's website.

Verification

DNB intends to request on an annual basis, starting one year after issuance and until maturity (or until full allocation), a limited assurance report of the allocation of the bond proceeds to eligible assets, provided by its external auditor (EY or any subsequent external auditor).

DNB