Corporate responsibility in DNB ASA’s credit activities

1. Purpose
The purpose of the group standard for corporate responsibility in credit activities is to:

- Clarify the importance of the governance principles for corporate responsibility in credit activities.
- Formalise corporate responsibility as part of risk assessments in all extension of credit.
- Describe the roles, responsibilities, organisation and process related to risk assessments of corporate responsibility aspects.

This group standard builds on the documents Risk Management in DNB and Group guiding principles on Corporate Responsibility. DNB’s CSR ESG sector guidance notes build on this group standard.

2. Scope
This document applies to all permanent and temporary employees in the Group.

All extension of credit shall take into account and support the governance principles for corporate responsibility. This means that DNB will not extend credit that contributes to the infringement of human or labour rights, corruption, serious environmental harm or other actions that could be regarded as highly unethical. Further we undertake to take into account the climate and the environment, social conditions and corporate governance in all of our credit activities.

The borrower's commitment to corporate responsibility shall be evaluated as part of the credit process wherever this is relevant. This operationalised at level 4 – instructions (credit manual). This includes a review of activities that affect the climate, the environment, social conditions and sound corporate governance. Activities regulated by statutory requirements shall, in principle, be considered to represent compliance risk. If it is more appropriate, these activities may be included in corporate responsibility assessments.

In connection with credit activities, the term "CR" (Corporate Responsibility) is used interchangeably with the terms "CSR" (Corporate Social Responsibility), and "ESG (Environmental, Social and Governance).

The standard applies to credit activities throughout the DNB Group. The standard applies at all credit activities with DNB’s customers, irrespective of geography, customer groups, and organisational affiliation (including products with credit exposure in Markets).

The standard applies to all companies in the DNB Group, including the Group’s international operations. In the event of any inconsistencies, laws and other relevant external rules will take precedence over the Governing Documents. The owner of the standard shall be notified of such inconsistencies.

This governing document does not apply to:
1. Companies in which DNB has no controlling interest as defined by the Norwegian Limited Liability Companies Act, or companies which DNB owns jointly with other financial institutions. In such companies, DNB should use its owner influence in the governing bodies to work towards ensuring that the companies will have governance principles related to corporate responsibility and ethics that are in line with DNB’s own governance principles.

2. Companies which DNB has taken over or acquired for temporary ownership. Such companies shall implement and comply with principles for ethics and corporate responsibility that are in line with DNB’s own governance principles.

3. Roles and responsibilities

- Group Risk Management is the premise provider for the group standard for corporate responsibility in DNB’s credit activities.
- The customer divisions have executing responsibility for the group standard.
- Group Risk Management is the controlling unit responsible for following up the group standard for all credit activities in the Group.
- Both the customer divisions and Group Risk Management must have appropriate and adequate expertise within risk assessments to ensure that the quality of the risk assessments meets DNB’s expectations and requirements in this area.

4. Elaboration of requirements

DNB’s expectations to all corporate customer segments

a. Comply with applicable laws

DNB’s customers shall comply with applicable laws and regulations of their country of origin as well as with applicable laws and regulations of countries where they operate. Customers 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.

b. Respect human and labour rights

DNB’s customers shall fully support and respect, within their sphere of influence, internationally recognized 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 (ILO conventions)\(^1\).

c. Show regard for the environment

DNB supports the protection and preservation of the environment and believes that the Group 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.

d. Consider climate change risks

Climate change has the potential to severely affect nature, human living conditions and the global economy. The economic impacts of climate change on specific markets, industry sectors and regions are complex, varied and uncertain. Still, DNB expects its customers to seek to:

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\(^{1}\) ILO’s core conventions

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- Integrate relevant climate change challenges into their investment planning
- Integrate material climate change risks in their risk management
- Report material climate change risks and greenhouse gas emissions
- Be transparent about their interaction with policymakers and regulators and their positions on climate change legislation and regulation

Exclusions

The CSR/ESG framework is built on DNB’s values and underlying commitment to respect human rights and the environment. If the customer’s activity is included in the exclusion list below, no credit will be granted.

<table>
<thead>
<tr>
<th>Topic/industry</th>
<th>Exclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protected areas</td>
<td>No type of financing of companies that have a negative impact on or harm natural habitats subject to special protection according to legislation or local guidelines, including (but not limited to):</td>
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<tr>
<td></td>
<td>- UNESCO World Heritage Sites</td>
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<td></td>
<td>- Wetlands registered by the Ramsar Convention</td>
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<tr>
<td></td>
<td>- Vulnerable natural habitats registered by the International Union for the Conservation of Nature, categories I and II</td>
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<tr>
<td>Defence/controversial weapons</td>
<td>No type of financing of companies that on their own or through entities they control, develop, manufacture, store or trade in anti-personnel mines, cluster weapons as described in the Anti-Personnel Mine Ban Convention and the Convention on Cluster Munitions, central components for use in weapons of mass destruction as defined as NBC weapons (nuclear, biological and chemical). No type of financing of companies that make arms available to UN, EU or US weapon embargoed countries.</td>
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<tr>
<td>Energy</td>
<td>No project financing of coal-fired power plants, nuclear power plants and upstream open pit mining in oil sand.</td>
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<tr>
<td>Logistics/transportation</td>
<td>No direct financing of nuclear waste transportation, decommissioning and/or final disposal of nuclear waste. No financing of so-called &quot;cash buyers&quot;, whose purpose is to acquire ships and thereafter recycle them in an irresponsible manner in violation of the Responsible Ship Recycling Standard</td>
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<tr>
<td>Fur farming</td>
<td>No financing of new customers who are involved in fur farming.</td>
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<tr>
<td>Seafood and fisheries</td>
<td>No financing of unregulated fisheries with sustainability risk, fisheries based on harmful fishing techniques and fishing of endangered species as described in CITES agreements (CITES = Convention on International Trade in Endangered Species of Wild Fauna and Flora). CITES agreements</td>
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<tr>
<td>Forestry</td>
<td>No type of financing of companies involved in or using timber from illegal logging operations or deforestation and/or burning of tropical rainforests and the removal of primary or High Conservation Value Forests. The Forest Stewardship Council's requirements for protection and management of High Conservation Value Forests.</td>
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<tr>
<td>Metals and mining</td>
<td>No financing of customers involved in mining of uranium or new customers involved in coal extraction projects</td>
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</table>
Process and organisation

Risk assessments of corporate responsibility aspects shall be included in credit assessments and follow the credit process. The assessments shall be documented in an appropriate manner in the credit proposal and be in accordance with the principles and requirements specified in chapter 12.1 of the Credit Manual "Instructions for corporate responsibility in credit activities”.

Definitions

In principle, risk assessments of corporate responsibility aspects shall be included on a par with other risk assessments in connection with all extension of credit. The assessment shall be given decisive weight when considering whether to approve a credit.

Changes from previous version

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Changes</th>
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<tbody>
<tr>
<td>All</td>
<td>‘Group Guidelines for CSR – Credit Activities’ (from 2016) was simplified in relation to Kraft’s new template on group standards (2018). Since certain material elements from the original ‘group guideline’ had been omitted during the simplification process, these elements are now restored into the standing group standard: Corporate responsibility in DNB ASA’s credit activities (from 2019).</td>
<td></td>
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</tbody>
</table>
References/links

- ILO’s core conventions

- UNESCO World Heritage Sites
  [https://whc.unesco.org/en/list/](https://whc.unesco.org/en/list/)

- The Ramsar Convention
  [https://www.ramsar.org/about-the-ramsar-convention](https://www.ramsar.org/about-the-ramsar-convention)

- International Union for Conservation of nature (IUCN)
  [https://www.iucn.org/](https://www.iucn.org/)

- Responsible ship recycling standards

- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
  [https://www.cites.org/eng/disc/species.php](https://www.cites.org/eng/disc/species.php)