

# Chapter 2

# Sustainability

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# Sustainability ambitions

DNB's sustainability reporting is an integral part of the Group's annual report, and is based on the consolidated financial statements for the period 1 January 2023 to 31 December 2023. The reporting covers DNB Bank ASA and its wholly owned subsidiaries, with the exception of subsidiaries that are held for sale. The report has been reviewed and approved by the Board of Directors, and is in line with the GRI (Global Reporting Initiative) standard. It is based on the materiality analysis that was performed in 2023. The reporting covers DNB's entire value chain, from purchasing to customer and investment activities, and has been verified by the Group's external auditor. The GRI index is available on [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports).

The policies, guidelines and goals that support our sustainability work generally apply to the loan and investment portfolios, our own business activities, and ESG factors in the value chain. When relevant, any delimitation of the reporting has been made clear.

Sustainability has been integrated into every aspect of our business operations. One of our key strategic ambitions is to deliver sustainable value creation by creating profitable growth and making choices that will stand the test of time. We will be a driving force for sustainable transition, and we will use our position and expertise to actively help customers move in a more sustainable direction, through advisory services, financing and clear requirements.

DNB's sustainability work should reflect our stakeholders' expectations, and our work encompasses each dimension of E, S and G (environment and climate, social conditions and corporate governance). In 2018, we identified focus areas and ambitions for our sustainability work, and in 2021, the level of ambition was raised further, with the inclusion of three revitalised sustainability ambitions for the Group. The ambitions reflect the areas in which we can have the greatest impact, and which represent the Group's greatest risks and opportunities. The 2023 materiality analysis shows that the ambitions from 2021 continue to be areas of importance to our stakeholders and to our ability to achieve long-term value creation.

## DNB will be a driving force for sustainable transition

Net-zero emissions in

# 2050

from our financing and investment activities and own operations

Transition plan outlining DNB's science-based decarbonisation targets for

# 2030

**Lending:** Real estate, shipping, motor vehicles, steel, oil & gas, power generation and salmon farming  
**Investments:** DNB Asset Management, DNB Livsforsikring and DNB Næringsseiendom  
**Own operations:** Commercial real estate and motor vehicles

Finance and facilitate

NOK  

# 1500

  
 billion

for sustainable activities by 2030

Increase assets under management in sustainability-themed funds to

NOK  

# 200

  
 billion

by 2025



DNB finances the climate transition and is a driving force for sustainable value creation



DNB is a driving force for diversity and inclusion



DNB combats financial crime and contributes to a secure digital economy



### **DNB finances the climate transition and is a driving force for sustainable value creation**

In 2021, we set the goal of achieving net-zero emissions from our financing and investment operations, as well as our own operations, by 2050. In the autumn of 2023, as a continuation of the goals set in 2021, we launched our transition plan, which contains updated targets for how we are to achieve our net-zero ambition in 2050. The targets ensure that we as a financial institution further embed climate change considerations into our processes, including our choice of – and dialogue with – customers and the companies we invest in. We have also set a target that we will finance and facilitate sustainable activities worth NOK 1 500 billion by 2030 in the areas of renewable energy, energy efficiency and low-emission solutions.

**Read more about our work with climate and the environment from page 61.**



### **DNB is a driving force for diversity and inclusion**

DNB is a driving force for diversity and inclusion both within and outside the Group. We will work to ensure that all employees feel included and accepted, and we will ensure that we have a good gender balance in management teams. Through cooperation and communication with suppliers and customers, we will also promote diversity and inclusion outside DNB. As a bank, an important part of the inclusion work will be to contribute to increased financial inclusion and healthy finances for customers.

**Read more about our work with diversity and inclusion from page 97.**



### **DNB combats financial crime and contributes to a secure digital economy**

In DNB, we place great emphasis on combatting financial crime and contributing to a secure digital economy. We will ensure that sound anti-money laundering work is carried out across the Group by, among other things, reporting all suspicious transactions. We aim to be the bank that customers trust the most when it comes to delivering financial services. We also aim to process and use data and artificial intelligence in a way that promotes a fair, democratic and inclusive society.

**Read more about our work with financial crime and information security from page 108.**

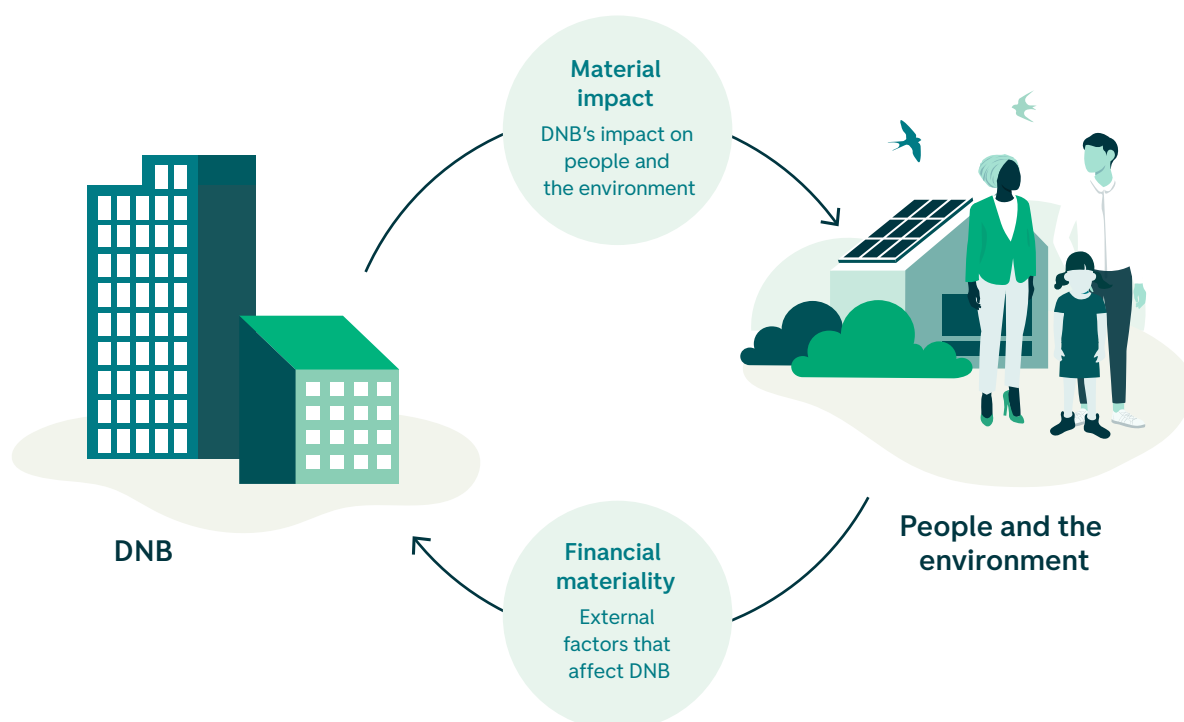


# Materiality analysis

To ensure that DNB prioritises the sustainability topics that are most material to the Group's operations and to our stakeholders, the materiality analysis was updated in 2023. The update is based on the previous materiality analysis that was completed in 2021 in accordance with the Non-Financial Reporting Directive (NFRD) and the Global Reporting Initiative (GRI). The analysis has been completed in accordance with the principle of double materiality, and thus assesses both how DNB has an impact on people and the environment (material impact) and how external factors affect DNB's potential for long-term financial value creation (financial materiality).

Through a thorough analysis and the involvement of internal and external stakeholders, DNB has defined five material topics, grouped according to E, S and G (environmental, social and governance) factors that all support our role as a driving force for sustainable transition.

## The principle of double materiality



## Result and changes from the previous materiality analysis

The five sustainability topics, which show areas in which DNB to a large extent has an impact or is affected are: Climate and environment, Diversity and inclusion, Human rights, Economic crime, and Information security.

In this year's update, we have narrowed and refined the topics and have moved away from process descriptions. There is an increased focus on the topic of Climate and environment among the bank's stakeholders, and it now contains the sub-topics Greenhouse gas emissions and energy efficiency, Circular economy and resource

efficiency, and Biodiversity and ecosystems. Viewing these topics together gives us the opportunity to work more systematically with topics that depend on and have an impact on each other.

The topic Human rights has previously been integrated into the work relating to responsible purchasing and ESG assessments in credit analyses and asset management, but it has now been highlighted as a separate topic, partly as a result of an increased focus both within DNB and as a result of regulatory changes. The former material topic Data protection is now part of the chapter on Information security.

## What is a materiality analysis?

A materiality analysis is a method for identifying and prioritising the most important sustainability topics for the company and its stakeholders. The purpose is to find the areas in which the company has the best opportunity to make a positive contribution, and the areas in which the company is at greatest risk of having a negative impact on people and the environment. The analysis is an important tool for ensuring that companies work with the right and the most material areas within the three ESG dimensions: environment and climate, social conditions and corporate governance.

The use of a materiality analysis is a recognised principle in a number of sustainability standards, such as those that belong to the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB), and it is an established element of best practices in sustainability. The EU's new Corporate Sustainability Reporting Directive (CSRD) also includes the principle of double materiality analysis. This means that companies must assess both how they affect the climate, environment and society, and how these factors affect their financial situation and opportunities for long-term value creation. Three criteria are applied when defining whether a sustainability topic is material: 1) whether the company has an impact on the environment or people in this area (material impact); 2) whether external circumstances have an impact on the company's financial situation in this area (financial materiality); or 3) whether the topic fulfils the criteria for both material impact and financial materiality in this area. Material impact and financial materiality are interlinked, and material impact can often give rise to financial opportunities or increased costs for the company.

## Material topics

### DNB will be a driving force for sustainable transition

#### E

Climate and environment  
[Read more on page 61](#)

#### S

Human rights  
[Read more on page 90](#)

Diversity and inclusion  
[Read more on page 97](#)

#### G

Information security  
[Read more on page 108](#)

Financial crime  
[Read more on page 112](#)

## Process

The materiality analysis is based on methodology from GRI and the CSRD, and covers DNB Bank ASA and its wholly owned subsidiaries, with the exception of subsidiaries that are held for sale. In accordance with the principle of materiality, the analysis has focused on the parts of DNB's operations and value chain where we have the greatest impact.

In order to arrive at the material topics, we have looked at what impact DNB has on people and the environment, as well as the risks and opportunities that may affect DNB's long-term value creation. The results of the analysis indicate where DNB's influential power lies – either directly, through its own operations, or indirectly, in relation to customers.

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#### The process of arriving at DNB's material topics has been carried out using a five-step model:

- Identification of sustainability topics
  - Assessment of topics that are relevant to DNB
  - Stakeholder dialogue
  - Weighting and prioritisation of material topics
  - Decision
- 

## Identification of sustainability topics

In order to identify relevant sustainability topics, we started by taking a broad approach using several sources, including the topics listed in the European Sustainable Reporting Standards (ESRS 1), ESG topics from external premise providers<sup>1</sup> and DNB's material topics from the period 2018–2022. We also looked into expectations<sup>2</sup>, rules and legislation and requirements in the area of ESG. Based on this preparatory work, we collaborated with in-house experts to develop some early-phase hypotheses which provided a foundation for our future efforts.

### Assessment of topics that are relevant to DNB

Considering that DNB is Norway's largest bank, with 237 000 corporate customers and 2 million personal customers, it is particularly through our loan portfolio that we have influential power. As part of the assessment of relevant sustainability topics for DNB, an impact analysis of our loan portfolio was carried out in both 2021 and 2023. The analysis in 2023 was more extensive than the one in 2021, in that we also included loans to personal customers. The impact analysis helps us meet the expectation of identifying social and environmental materiality, as well as our commitments as a signatory to the Principles for Responsible Banking (PRB). The analysis was carried out in accordance with the method for banks devised by the United Nations Environment Programme Finance Initiative (UNEP FI), and is mainly based on the Norwegian loan portfolio. The result was important to the assessment of which sustainability topics DNB has the greatest impact on.

1 UNEP FI's 'Impact Radar', which has links to the UN Sustainable Development Goals (SDGs), ESRS 1 Appendix A, the European Banking Authority (EBA) and analyses of our competitors.

2 State Ownership report, Meld. St. 6 (2022–2023).

Through the analysis and our stakeholder dialogue, risks and opportunities – and their financial impact on DNB's long-term value creation – were discussed and assessed for the various topics. Material impacts are often linked to risks and opportunities, in that they can trigger an opportunity for financial value creation or entail increased costs or loss of income. For example, the transition to a low-emission society creates the risk of loss of income for DNB if our loan customers are unable to handle the changes. On the other hand, the development of products and services that support our customers in this transition create opportunities for increased earnings and reduced risk for DNB. The topic Climate and environment therefore stands out as a topic that may represent a competitive advantage for both us and our customers. In the past few years, there has been a rise in the demand for sustainable financing and advisory services relating to the transition. The demand for sustainable savings schemes is also increasing among

our personal customers. We have taken these financial risks and opportunities into consideration when selecting our chosen topics.

### Stakeholder dialogue

Stakeholders' expectations were mapped through surveys of personal and corporate customers, voluntary organisations, authorities, suppliers and other partners, as well as by carrying out in-depth interviews with internal and external stakeholders. The importance of combatting financial crime, as well as safeguarding the climate and the environment, are highlighted by most of DNB's stakeholder groups. The findings from our stakeholder dialogue were discussed in internal workshops where specialists and representatives from the different areas of the Group participated.

*"As an owner, we want DNB to influence and help its customers with their transition through dialogue, rather than excluding certain sectors."*

*"Given how involved DNB is on the lending side, this is where the bank has the greatest influential power. DNB is in a position to set requirements and exert influence."*

*"DNB's power lies in incentivising the customers it finances through setting requirements. DNB can choose who it grants loans to, which gives the bank power."*

## Different statements from stakeholders about how DNB can contribute to the sustainable transition

*"The G in ESG is most important, and entails a clear responsibility for a bank. There is major downside risk here and an expectation that everything is in order."*

*"DNB has significant influence on the direction society is heading in, among other things, by offering pertinent knowledge and advice on financing projects with a clear environmental profile."*

*"You should practise what you preach, so I believe that DNB can inspire other companies through its sustainability strategy."*

## Weighting, prioritisation and decision-making in connection with material topics

Sixteen key sustainability topics of special relevance to DNB's operations were identified after the work to identify sustainability topics, analyse the loan portfolios of the personal and corporate customer markets, and the stakeholder dialogue. A weighting exercise based on various parameters was then performed, where the entire breadth of DNB was represented, to narrow down the key topics to material topics.

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### Impact, as well as risks and opportunities, were assessed separately, in accordance with the CSRD methodology:

- **Impact** was weighted, based on scope and severity (significance), in addition to the probability of DNB having an impact in the area in question. As a financial institution, DNB's impact mainly consists of actual impact through our financing and investment activities. Potential impact can be relevant in connection with own operations, but is not considered to be material in this context, due to the scope of this analysis. During the weighting exercise, the main priority was to assess the topics based on their actual impact. Several of the topics were considered to have both a positive and a negative impact, depending on how we approach and work with the topic.
  - **Risks and opportunities** were weighted based on financial effect and the probability of realisation.
- 

Everyone involved in the weighting assessed the topics from a short-term and long-term perspective. A custom weighting scale was developed to quantify the materiality of the different topics, and the topics that were weighted highest in terms of impact, as well as risks and opportunities, were given particularly high priority. These topics were in turn assessed by internal experts, before being reviewed by the Group management team and the Board of Directors. The Board adopted the five material topics in June 2023.

## Implementation and monitoring

The materiality analysis that was carried out in 2023 shows that DNB's sustainable ambitions from 2021 remain relevant, and that they continue to be important for our stakeholders and for DNB's long-term value creation. The ambitions set the direction for our work and were integrated into the strategy in 2022. DNB's Group policy for sustainability also reflects the material topics and is intended to support employees and managers in their strategic decisions and day-to-day work. The policy is intended to ensure that we comply with our ambition of long-term value creation and that we are conscious of our impact on the climate and environment, as well as on society as a whole. Read more about how we follow up our sustainability ambitions on the next page.

In DNB, we work continuously to assess the Group's material topics and their composition. In accordance with our Group policy for sustainability, we will review the materiality analysis every other year or in the event of material changes, to determine whether there is a need to update it. DNB carries out continuous due diligence and risk assessments as well as dialogue with stakeholders, and follows developments relating to rules, legislation and expectations closely. This may affect how the material topics are prioritised and assessed. Read more about our ongoing stakeholder dialogue on [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports).

Opportunities relating to sustainability and the sustainable transition are also an integral part of our strategic analyses at business level. Moreover, we work continuously to improve our system for mapping and monitoring our sustainability-related risks. Read more about how we work with sustainability risk in the Pillar 3 report on [ir.dnb.no](https://ir.dnb.no).



# Management and follow-up of the sustainability ambitions

## Corporate governance

Environment, social conditions and corporate governance (sustainability or ESG factors) are integrated into DNB's strategy and corporate governance. Governing documents set out how we are to work with sustainability and comply with our obligations, and the individual managers are responsible for the implementation of and compliance with this in their respective units. Read more about corporate governance in accordance with the recommendation from the Norwegian Corporate Governance Board (NUES) in Implementation of and reporting on corporate governance 2023 on [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports).

The Group policy for sustainability is our overarching governing document for sustainability. The policy sets the direction for DNB's work with sustainability, and is intended to support employees and managers in making strategic decisions and carrying out their day-to-day work relating to sustainability. According to the policy, we must take climate and environment into consideration, take social responsibility and ensure good corporate governance in all of our activities. This includes development of products and services, advisory services and sales, investment and credit decisions, production, purchasing and operations. The policy also states which international obligations and principles apply to DNB's activities, such as the obligation to comply with the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. The policy applies to all of the DNB Group's operations, regardless of geographical location, customer groups and organisational affiliation<sup>1</sup>, and has been approved by the Group Chief Executive Officer (CEO). There are separate Group instructions for sustainability in credit activities and for responsible investments, which clarify how the Group policy relating to sustainability is to be complied with in our work with customers and investments. The Group policy

also clarifies roles and responsibilities for follow-up of the sustainability work, and is available on [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports).

The Board of Directors of DNB has overall responsibility for the company's operations and sets the Group's strategy and overriding goals, among other things, as well as ensuring satisfactory reporting. The Board also adopts the framework for risk appetite and sets limits as to how much risk we are willing to accept in DNB to achieve our goals and ambitions. It is also the Board that is the ultimate decision-maker and that approves the material topics and the integrated annual reporting, which includes financial reporting and sustainability reporting. The Audit Committee follows up the reporting process and serves as an advisory body to the Board.

The sustainability work is presented to the Board and the Group Management team several times a year. Among other things, the Group's strategy is followed up regularly through a dashboard that shows target attainment for the most important strategic ambitions, also in the area of sustainability. It is considered by the Group Management team and the Board three times a year.

Sustainability and ESG factors are increasingly important topics in the Board's work, and in 2023, two of the Board's main priorities were to follow up the work with DNB's transition plan towards the target of net-zero emissions in 2050 and to follow up the work to combat money laundering<sup>2</sup>. The Chair of the Board also participates in the Board network of the Institute of International Finance (IIF), where sustainability topics are regularly on the agenda. The Chair is often the person who introduces discussions about sustainability topics at these meetings, and therefore has a dialogue with in-house experts. Another member of the Board, Christine Bosse, heads the sustainability committee of the Board of Allianz SE.

1 The policy does not apply to companies in which DNB has no controlling interest as defined by the Norwegian Private Limited Liability Companies Act, or companies which DNB owns jointly with other financial institutions. Nor does it apply to companies which DNB has taken over or acquired for temporary ownership.

2 Read more about the Board's work in 2023 in The Board of Directors' report on corporate governance.

The Group Executive Vice President (Group EVP) of Communications & Sustainability has responsibility for sustainability work at DNB, and leads the Group Sustainability Committee (GSC), which is the advisory body for the Group EVP. The GSC is a Group-wide committee that works to ensure that sustainability is an integral part of every area of our operations, in addition to coordinating efforts and ensuring close follow-up of the Group's strategic sustainability ambitions. The GSC is also responsible for ensuring progress and target attainment in the Group's sustainability work in accordance with the Group policy relating to sustainability, and for performing the assessments of the status of the sustainability-related key performance indicators, as part of the strategic dashboard of the Group Management team and the Board. Further, the GSC is to follow up the Group's implementation of rules and legislation in the area of ESG.

Beyond this, all managers in DNB are responsible for contributing to achieving the goals that have been set for the sustainability work. The managers also have responsibility for implementing approved measures and ensuring that all employees within their own units are familiar with these. Robust corporate governance strengthens DNB's ability to deliver on our strategy and on the goals and ambitions that have been set.

### Remuneration of the Group Management team

DNB's guidelines for determining remuneration to the CEO and other members of the Group Management team should, at all times, support our strategy and values, while contributing to the attainment of our targets. The performance-related remuneration of the CEO is based on financial and strategic performance criteria, including sustainability-related criteria. According to the guidelines, 32 per cent of the CEO's weighted performance criteria are linked to sustainability and DNB's sustainable ambitions. The 32 per cent are divided as follows for 2023:

- The performance criterion '**Climate**' has a weighting of 8 per cent, and is subject to a qualitative assessment by the Board. The assessment is based on the achievement of climate-related targets leading up to 2025 and 2030, as well as the Group's position as a driver of sustainable transition. No annual subtargets have been set for the 2025 and 2030 targets, and it is not a given that developments in quantifiable

target areas will be linear in the lead-up to 2025 and 2030. The Board of Directors will make a qualitative assessment of whether the Group has performed sound and risk-based assessments of the targets, and of whether the Group's development is satisfactory in relation to the long-term goals.

- The performance criterion '**Secure and stable IT operations**' has a weighting of 8 per cent, and is measured quantitatively, based on the number of serious IT disruptions throughout the year. The thresholds have been set at a level that is intended to encourage high operational stability and a low number of incidents with a negative impact on customers during the year.
- The performance criterion '**Engagement and diversity**' has a weighting of 8 per cent and is assessed qualitatively, based on employee surveys, gender balance in management and the Group's position in society with regard to diversity.
- The performance criterion '**Compliance**' has a weighting of 8 per cent, and is assessed qualitatively, based on compliance risk in the Group. The assessment is based on, among other things, the Group's ability to reduce risk associated with compliance, including assessments from internal control units and government bodies.

The Board sets the CEO's variable remuneration in accordance with guidelines approved by the Annual General Meeting.<sup>3</sup> For other members of Group Management, the Board of Directors' performance assessment of the CEO is given a weighting of 50 per cent. This principle has been established to encourage all units to cooperate to achieve the best results possible for the Group, in accordance with the shareholders' long-term interests. The remaining 50 per cent is a combination of financial and strategic performance criteria associated with the Group EVPs' areas of responsibility

### Risk management and internal control in the sustainability work

As DNB is a financial institution, it is subject to strict requirements regarding risk management and internal control. The Board's Risk Management Committee monitors the internal control systems, and ensures that the Group and its units have satisfactory risk management. Read more about our risk management and internal control in Implementation of and reporting on corporate governance 2023, on [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports).

<sup>3</sup> The Board of Directors' guidelines for the remuneration of executive and non-executive directors were adopted by the Board on 9 March 2022 and approved by the General Meeting on 26 April 2022. In 2024, the Board will present a proposal for new guidelines that are adapted to new ownership expectations expressed in the Norwegian government's guidelines on executive pay. The guidelines are available on [dnb.no/en/agm](https://dnb.no/en/agm).

The risk management work includes sustainability risk, and this risk is part of all of our risk management activities. The requirement to assess sustainability risk is therefore included in the frameworks for all types of risk. Group Risk Management has overall responsibility for monitoring and reporting risks relating to the climate, the environment and social conditions. The reporting takes the form of quarterly risk reporting to the Group Management team and the Board of Directors. DNB's approach to sustainability and associated risks is developing rapidly. Consequently, in the next few years we will work to continue developing our processes and internal control for sustainability risk. Read more about how we work with sustainability risk in the Group's report on risk and capital management (Pillar 3) on [ir.dnb.no](https://ir.dnb.no).

Within the Group's credit activities, sustainability risk is controlled in accordance with the Group policy for risk management and the Group instructions for sustainability in the credit activities, and ESG risk assessments are an integral part of the credit decision process. Activities carried out by borrowers that affect sustainability risk must be analysed in credit proposals on a par with other potentially relevant risk drivers. We measure and follow up the average ESG risk level for borrowers, and for all customers with a high ESG risk score, we require an action plan to reduce their sustainability risk in the long term, in addition to credit assessments being performed at a higher decision-making level.

When a customer has a total credit commitment of more than NOK 8 million, the sustainability risk must be assessed and commented on in the credit proposal. For customers with a credit commitment of more than NOK 50 million, risk classification must also be performed, using an ESG risk assessment tool that has been developed in-house. The tool covers four thematic areas: climate, environment, social conditions and governance. Questions are asked about, among other things, climate accounts, plans for reducing greenhouse gas emissions and risk-reducing measures, and transition risk and associated measures. Our own ESG assessments are supplemented by ESG analyses performed by third parties.

In the asset management activities of DNB Asset Management (DAM), consideration must also be given to key risks and opportunities linked to ESG factors in all investments. The Group instructions for responsible investments must always be followed, and the instruments are intended to ensure that assessments of sustainability risk and opportunities are integrated in the management of the company.

## Sustainability reporting

The purpose of our risk management and internal control is also to contribute to reliable financial and non-financial reporting, including sustainability reporting. The work on sustainability reporting is an important topic for the GSC, which follows up the work with regulatory requirements and expectations relating to the Group's sustainability efforts. Data capture and collection in the area of sustainability are developing quickly and often contain more elements of estimation than financial reporting. Some of the most common risks associated with sustainability reporting are associated with:

### Completeness and integrity of data

In order to reduce the risk of the data we report being incomplete, incorrect or outdated, throughout the year we worked to improve our systems and processes for data collection, quality assurance, storage and reporting. We follow recognised standards like GRI and the guidelines for sustainability reporting, while at the same time we have integrated a number of information requirements from the EU's Corporate Sustainability Reporting Directive (CSRD) in the annual report. This increases the report's completeness and transparency.

### Accuracy of estimate

In order to reduce the risk that results estimated using assumptions are inaccurate or uncertain, we have been transparent in the cases in which we have used estimates. We have also described how the results of the estimates have been prepared, the assumptions that have been applied, and which uncertainty factors affect the results.

### Availability of value-chain data

In order to reduce the risk of not having sufficient information about our business partners' risks and opportunities relating to sustainability, we have established processes for following up these partners. We encourage them to share data on sustainability factors, and to use available sources such as industry organisations, certification schemes or public registers. Read more about responsibility in the purchasing chain in Human rights on page 90.

### Time of availability of information

In order to reduce the risk that the data that is reported is outdated or will not be updated in time, we have established processes for obtaining updated information, using our central data centre. In industries like shipping, where data is not available on the reporting date, we use the previous year's data. When this is the case, we provide

information about the management of previous years' data, as well as the effect of using the previous year's data.

### A selection of the sustainability initiatives DNB is affiliated with

In our sustainability work, we follow Norwegian rules and legislation, but we have also decided to support and participate in a number of global initiatives and international guidelines. This helps further develop our work in the area, as it gives a basis for learning and knowledge sharing, among other things. For a complete

list of the initiatives we are a part of, see the document Support to global initiatives on [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports). An overview of the initiatives DAM is associated with is also available on [dnbam.com/en/responsible-investments/esg-overview-dnb-funds](https://dnbam.com/en/responsible-investments/esg-overview-dnb-funds).

We also have an ongoing dialogue with our stakeholders to integrate their input in the decision-making processes that affect them. An overview of our stakeholder dialogue for 2023 is also available on [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports).

Initiatives and frameworks	Importance and our role
UN Sustainable Development Goals (UN SDGs)	<ul style="list-style-type: none"> <li>→ The UN SDGs are the world's joint plan of action to end poverty, fight inequality and stop climate change by 2030.</li> <li>→ DNB signed up to the UN SDGs in 2016. Read more about how we work with the SDGs on page 57.</li> </ul>
UN Global Compact	<ul style="list-style-type: none"> <li>→ The UN Global Compact is a UN-supported international network of companies based on ten principles in the areas of human rights, work, environment and anti-corruption.</li> <li>→ DNB has supported the UN Global Compact and the ten principles since 2004.</li> </ul>
United Nations Environment Programme Finance Initiative (UNEP FI)	<ul style="list-style-type: none"> <li>→ UNEP FI is a partnership between UNEP and the global financial sector, and DNB has been a member since 1999.</li> <li>→ DNB has participated in several UNEP FI projects, including a pilot project to implement the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the Climate Risk Programme.</li> </ul>
UN Principles for Responsible Banking (PRB)	<ul style="list-style-type: none"> <li>→ The PRB initiative was launched by UNEP FI, and its goal is to ensure that the banking sector works to meet the UN SDGs and the Paris Agreement commitments. DNB was one of the founders of the PRB initiative in September 2019.</li> <li>→ More than 300 institutions have now adopted the PRB.</li> <li>→ DNB reports annually on its compliance with the PRB. The complete report on the Group's compliance with the PRB can be found on <a href="https://dnb.no/sustainability-reports">dnb.no/sustainability-reports</a>.</li> </ul>
Partnership for Carbon Accounting Financials (PCAF)	<ul style="list-style-type: none"> <li>→ PCAF is an industry-led partnership to facilitate transparency and responsibility in the financial industry, as well as alignment with the Paris Agreement. The partnership provides specific global standards for measurement and calculation of emissions, across countries and financial institutions.</li> <li>→ DNB has been part of PCAF since 2022.</li> </ul>


Initiatives and frameworks	Importance and our role
Skift	<ul style="list-style-type: none"> <li>→ Skift is a Norwegian network for climate leaders in business.</li> <li>→ DNB joined Skift in January 2023.</li> </ul>
ZERO	<ul style="list-style-type: none"> <li>→ The environmental foundation ZERO is an independent, not-for-profit organisation that was established in 2002.</li> <li>→ DNB became one of ZERO's strategic partners in November 2023.</li> <li>→ The goal of this cooperation is to combine ZERO's expertise on the environment with DNB's financial and industry competence to explore possible solutions in the energy transition.</li> </ul>
Responsible Ship Recycling Standards (RSRS)	<ul style="list-style-type: none"> <li>→ The RSRS are voluntary principles for financial institutions that are active in ship financing. The aim is to promote responsible practices in the shipping sector by integrating the RSRS into banks' guidelines and financial contracts relating to shipping.</li> <li>→ DNB has supported the RSRS since 2017, and all new loan agreements (for new and refinanced loans) secured with collateral in ships, as well as all new offshore loans, have clauses on responsible ship recycling.</li> </ul>
Poseidon Principles	<ul style="list-style-type: none"> <li>→ The Poseidon Principles were developed and launched in 2019 by DNB, Citibank, Société Générale and the Global Maritime Forum, in partnership with leading players in shipping and climate research.</li> <li>→ The Poseidon Principles provide a global framework for responsible ship financing that is intended to stimulate decarbonisation of international shipping, promote openness relating to emissions, and include climate considerations in loan decisions.</li> <li>→ The 34 banks that have signed the Poseidon Principles have committed to publishing the climate adaptation of their shipping portfolios annually.</li> </ul>
OECD Guidelines for Multinational Enterprises on Responsible Business Conduct	<ul style="list-style-type: none"> <li>→ The guidelines are based on principles and standards for human rights, transparency, anti-corruption, tax, labour conditions, the environment, and consumer interests.</li> <li>→ For DNB, the OECD guidelines are of fundamental importance, and they are referred to in our governing documents. These are the guidelines we use as the basis for our customer due diligence and corporate due diligence, as well as our dialogues with companies.</li> </ul>
UN Guiding Principles on Business and Human Rights	<ul style="list-style-type: none"> <li>→ The principles define the duty of states and enterprises to protect themselves from and reduce the risk of human rights violations.</li> <li>→ DNB's activities must not violate the rights of other people, and human rights principles are set out in DNB's Group policy for sustainability.</li> <li>→ The principles are also reflected in the Group instructions for responsible investment, and they provide important guidance for our exercise of ownership rights.</li> </ul>


Initiatives and frameworks	Importance and our role
UN Principles for Responsible Investment (PRI)	<ul style="list-style-type: none"> <li>→ PRI is a UN-supported initiative to encourage investors to incorporate principles for responsible and sustainable investment into investment decisions and active ownership practices.</li> <li>→ DNB participates in the initiative to show its commitment to responsible and sustainable investment practices, to benefit from being part of a global investor network and to receive proposals for the improvement of internal processes.</li> <li>→ DNB has signed the PRI Advance initiative, which was launched in 2022.</li> </ul>
Equator Principles	<ul style="list-style-type: none"> <li>→ The Equator Principles are a set of voluntary guidelines that provide a joint risk management framework for financial institutions to identify, assess and manage environmental and social risks in project financing.</li> <li>→ DNB adopted the Equator Principles in 2008.</li> <li>→ For project financing that is subject to the Equator Principles, separate assessments must document compliance with the principles.</li> <li>→ In 2020, the Equator Principles were expanded to also apply to projects relating to the financing and refinancing of acquisitions that meet specific requirements.</li> </ul>
Norwegian Coalition for Circular Finance	<ul style="list-style-type: none"> <li>→ The Norwegian Coalition for Circular Finance is an initiative established by the Finance Sector Union of Norway, the World Wildlife Fund (WWF) and Circular Norway. The Coalition is a collaborative arena where participants from the banking, insurance and investment sectors define their needs and gain expertise on how to develop circular products, services and tools adapted to new EU legislation and climate-related and environmental targets.</li> <li>→ DNB joined in 2023.</li> </ul>

# DNB's work with the UN Sustainable Development Goals




DNB supports all 17 of the UN Sustainable Development Goals (SDGs). However, we have identified some goals that are particularly relevant to our business operations, in areas where we have the greatest opportunity to make a positive impact through our role as an employer, investor, lender, facilitator and provider of financial infrastructure. Our top-priority goals are SDGs 5, 8 and 13. These goals also reflect our sustainability ambitions.

Relevance for DNB	Goals	KPIs	Measures in 2023	Link to material topics
 <p>We work actively with equality and diversity both within the Group and towards customers and suppliers. Having a diverse and inclusive working environment pays off, and is in keeping with our ethical foundation.</p>	<ul style="list-style-type: none"> <li>• We will have a gender balance of 40/60 at management levels 1–4</li> <li>• We will be diverse and inclusive</li> <li>• We will help promote equality among our customers through products, services and dialogue</li> <li>• Our largest suppliers in IT services, consulting and legal services will work systematically on equality and diversity within their own organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Measurement parameter for perceived inclusion among employees</li> <li>• Number of suppliers with diversity and equality requirements in their contracts</li> <li>• Gender balance at management levels 1–4</li> <li>• Number of active savings schemes</li> </ul>	<ul style="list-style-type: none"> <li>• Mapped obstacles to equality and risks relating to discrimination</li> <li>• Maintained our focus on working systematically and purposefully to improve the gender balance in units in which the proportion of women is less than 40 per cent</li> <li>• Continued to work on our diversity and inclusion strategy</li> <li>• Organised 30 #huninvesterer (#girlsinvest) events around Norway</li> <li>• Celebrated International Women's Day and International Men's Day</li> <li>• Conducted courses in inclusive management and developed a toolbox for all employees on diversity and inclusion</li> <li>• Defined three areas in which we can particularly contribute to financial inclusion and financial health for our personal customers</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity and inclusion</li> <li>• Human rights</li> </ul>

Relevance for DNB	Goals	KPIs	Measures in 2023	Link to material topics
 <p>We have 17 international branch offices and strive to be an attractive workplace that ensures equal opportunities for all.</p>	<ul style="list-style-type: none"> <li>• We will be diverse and inclusive</li> <li>• We have zero tolerance for bullying and harassment</li> <li>• In accordance with our diversity and inclusion strategy, we will take a clear stand in the areas of sexual orientation, gender identity, mental health, age and disability</li> </ul>	<ul style="list-style-type: none"> <li>• Ratio of basic salary and remuneration of women to men</li> <li>• New employee hires and employee turnover</li> <li>• Number of employees who made use of the Group's training programmes</li> <li>• Measurement parameter for whether employees are satisfied with their opportunities for learning and development</li> <li>• Measurement parameter for whether employees have experienced bullying or harassment by customers or colleagues</li> <li>• Number of discrimination or harassment cases registered</li> <li>• Number of reactive and proactive dialogues with companies about their work on human rights</li> </ul>	<ul style="list-style-type: none"> <li>• Mapped salaries to ensure equal pay for equal work</li> <li>• Continued to work on our diversity and inclusion strategy and highlighted multicultural background as a new priority area</li> <li>• Launched a mentoring program for immigrants with the goal of helping them enter Norwegian working life.</li> <li>• Main partner of Oslo Pride 2023 and main sponsor of Bergen Pride, Regnbuedagene</li> <li>• Launched DNB University (DNBU)</li> <li>• Ensured continued access for all employees to our digital learning platform Motimate and to 16 000 learning resources via LinkedIn Learning</li> <li>• DNB Asset Management had 119 reactive and proactive dialogues with companies about their work on human rights</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity and inclusion</li> <li>• Human rights</li> </ul>





Relevance for DNB	Goals	KPIs	Measures in 2023	Link to material topics
 <p>We have an ambition of being a driving force for sustainable transition, and one of our focus areas is financing the climate transition and being a driving force for sustainable value creation.</p>	<ul style="list-style-type: none"> <li>• We will achieve net-zero greenhouse gas emissions from our investment and loan portfolios, as well as our own operations, by 2050</li> <li>• We will finance and facilitate sustainable activities<sup>1</sup> worth NOK 1 500 billion by 2030.</li> <li>• We will increase total assets in mutual funds with a sustainability profile to NOK 200 billion by 2025</li> <li>• In 2025, 50 per cent of net flows of total assets will go to mutual funds with a sustainability profile</li> <li>• DNB Livsforsikring aims to reduce the emissions intensity of its portfolio by 55 per cent by 2030</li> <li>• In DNB Livsforsikring's portfolio, 53 per cent of assets under management (AUM) will have science-based targets (SBTs) for 2030</li> <li>• 100 per cent of all asset managers will have a net-zero target or an SBT and an action plan by 2025</li> <li>• DNB Næringseiendom will reduce the carbon intensity of its portfolio by 35 per cent by 2030</li> <li>• Clause on responsible ship recycling will be included in all loan agreements in the offshore and shipping sector</li> </ul>	<ul style="list-style-type: none"> <li>• Targets for emissions reductions by 2030 in sectors representing 70 per cent of the loan portfolio</li> <li>• Number of companies excluded from the investment portfolio in accordance with the guidelines for responsible investment</li> <li>• Number of companies with which ESG-related meetings were held</li> <li>• Active exercise of ownership rights – number of annual general meetings DNB Asset Management voted at</li> <li>• Number of new Equator projects</li> <li>• Percentage of total assets subject to a combination of negative and positive environmental and/or social screening</li> <li>• Percentage of loan agreements in the offshore and shipping sector with a clause on responsible ship recycling</li> </ul>	<ul style="list-style-type: none"> <li>• Launched transition plan with new decarbonisation targets for large parts of our lending and investment portfolios in addition to our own operations</li> <li>• Had contributed NOK 562 billion in financing and facilitating of sustainable activities by the end of 2023</li> <li>• Updated framework for sustainable products in collaboration with Sustanalytics</li> <li>• DNB Asset Management had 61 dialogues with companies on climate issues</li> <li>• Purchased guarantees of origin for our Scope 2 emissions from our own operations</li> <li>• Purchased carbon credits for our indirect emissions from our own operations, such as flights, waste, etc.</li> <li>• Reported in accordance with the TCFD, CDP and GRI frameworks</li> </ul>	<ul style="list-style-type: none"> <li>• Climate and environment</li> </ul>

<sup>1</sup> These activities are not based on the definition or the classification system in the EU Taxonomy Regulation.

In addition, we have identified SDGs 7, 9, 10, 12, 14, 15 and 16 as relevant to our business operations. These SDGs also reflect our materiality analysis.

#### Relevance for DNB



We have an overall goal of achieving net-zero emissions from our financing and investment activities, as well as from our own operations, by 2050. To achieve this, we have set sub-targets for reducing emissions in selected sectors we finance in the period leading up to 2030, as well as for financing and facilitating sustainable activities<sup>2</sup> worth NOK 1 500 billion by 2030.

**DNB's contributions in this area are described on pages 66 and 79.**



We have an overall goal of achieving net-zero emissions from our financing and investment activities, and from our own operations, by 2050. To achieve this, we have set sub-targets for reducing emissions in selected sectors we finance in the period leading up to 2030, as well as for financing and facilitating sustainable activities<sup>2</sup> worth NOK 1 500 billion by 2030. In DNB, we are committed to promoting entrepreneurs, growth companies and innovative business environments, and we organise events such as DNB NXT, a meeting place where ideas meet capital.

**DNB's contributions in this area are described on pages 66 and 79.**



DNB can contribute to increased financial inclusion and good financial health for its customers, by among other things, providing responsible and user-friendly products and services.

**DNB's contributions in this area are described from page 104.**



In DNB, we have an opportunity to make a positive impact on resource efficiency through our lending and investment portfolios.

**DNB's contributions in this area are described on pages 62 and 76.**



In DNB, we have an indirect impact on biodiversity and ecosystems through our lending and investment portfolios.

**DNB's contributions in this area are described from page 73.**



In DNB, we have an indirect impact on biodiversity and ecosystems through our lending and investment portfolios.

**DNB's contributions in this area are described from page 73.**



As Norway's largest bank, DNB plays a role in limiting financial losses for society, for our customers and for us as a company.

**DNB's contributions in this area are described from page 112.**

<sup>2</sup> These activities are not based on the definition or the classification system in the EU Taxonomy Regulation.



## Climate and environment

Climate change and environmental impact are closely interwoven, with mutual effects, such as loss of biodiversity and changes to ecosystems. These changes pose a risk to the global economy, our customers and our business operations. As Norway's largest financial services group, we have an indirect impact on greenhouse gas emissions and biodiversity through our financial activities. By allocating capital to the transition to a low-emission society, we can help reduce greenhouse gas emissions, preserve nature and increase the efficiency of resource use. Climate and environment are therefore defined as a material topic for us, and we are working with this through three sub-topics that affect each other:

- Greenhouse gas emissions and energy efficiency
- Biodiversity and ecosystems
- Circular economy and resource efficiency

The transition to a low-emission society will require great investments, and financial institutions play an important role in this work. In DNB, we have committed to taking our share of the responsibility, and one of our goals is to contribute NOK 1 500 billion to the financing and facilitating of sustainable activities by 2030. We can achieve this by providing financing, advisory services and investment relating to products and services linked to sustainable activities. Read more about how we work to allocate capital to the sustainable transition under:

- Financing, advisory services and investment

# Greenhouse gas emissions and energy efficiency

## Link to the UN Sustainable Development Goals:



According to the Intergovernmental Panel on Climate Change (IPCC), human-caused greenhouse gas emissions have resulted in the average global temperature rising by about 1.1 degrees Celsius, compared with pre-industrial levels. Rising temperatures affect the weather, with more frequent and more intense heatwaves and extreme precipitation on land, in addition to marine heatwaves<sup>1</sup>. Climate change poses a serious threat to nature and society from a global perspective. In order to limit the rise in temperatures, society must

transition to renewable energy sources. The transition to a low-emission society requires huge investments, and financial institutions therefore play an important role in this transition.

DNB supports the goals of the Paris Agreement relating to reduction of greenhouse gas emissions, and in DNB we work actively to reduce our own emissions in addition to helping our customers make choices that make both their own business operations and society more sustainable. Through our lending and investment portfolios, we have an indirect impact on greenhouse gas emissions, and in 2021 we committed to achieving net-zero emissions by 2050 across our lending and investment portfolios, in addition to our own activities. In 2023, we launched our transition plan, which describes the steps we need to take to achieve this ambition. Our strategy is to work together with our customers through the transition – by financing and advising on real-world decarbonisation, rather than exiting carbon-intensive sectors. We will use our position and expertise to actively help our customers in their transition, through advisory services, capital allocation, and clear expectations. We will continue to promote and participate in the considerable opportunities the energy transition presents by providing financing to renewable and clean energy technologies.

## What is climate risk?

Climate risk is about how the physical consequences of climate change will affect nature and society, and what the transition to a society with net-zero emissions will involve. Climate risk may have considerable financial consequences for financial institutions, including defaults on loans, investment losses and stranded assets. Both physical climate risk and transition risk may affect financial institutions.

**Physical risk:** Risk from climate- and weather-related events, such as heatwaves, droughts, flooding and storms. Such events may result in large financial losses and reduce the value of assets and the creditworthiness of customers.

**Transition risk:** Risk associated with the transition to a low-emission society. Changes in policy, technology and demand may result in a decline in the value of many assets.

<sup>1</sup> IPCC (2023) Climate Change 2023 Synthesis Report.

## Our governing documents for our work with greenhouse gas emissions and energy efficiency:

- **DNB's Code of Conduct:** DNB demonstrates corporate responsibility and contributes to sustainable economic, social and environmental development in the areas and industries in which the Group operates. DNB's corporate responsibility must be reflected in everything DNB does, including investment and financing.
- **Group policy for sustainability:** DNB undertakes to show consideration for the climate, which includes working to be able to measure, report and manage climate risk that the Group is exposed to, both directly through our own operations and indirectly as an investor and lender, and to work to minimise our indirect impact on the environment as an owner/investor, lender and buyer.
- **Group instructions for sustainability in DNB's credit activities:** The instructions describe what we require and expect of customers we grant credit or other facilitated financing to. Among other things, we expect our customers to work on including relevant challenges associated with climate change in their investment planning and on incorporating material risks relating to climate change into their risk management.
- **Group instructions for responsible investments:** The instructions are intended to ensure that assessment of risks and opportunities related to environment, social and governance (ESG) factors are integrated into the management of the company. Our expectations of companies we invest in and the analysis criteria we use relating to the climate are also described in our expectation document on climate change, available on [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports).
- **DNB's Code of Conduct for business partners:** The Code of Conduct contains requirements and expectations of suppliers relating to climate and environment.

To deliver on the ambitions, we will lead by example and reduce greenhouse gas emissions and minimise the environmental impact of our own operations and purchases. Our ISO 14011 environmental management system ensures that we have procedures, guidelines and processes in place to minimise our climate and environmental footprint relating to our operations and purchases.

Our net-zero ambition also helps reduce the climate risk in our lending and investment portfolios. The goals set in DNB's transition plan will ensure that we, as a financial institution, further incorporate consideration of climate

change in our processes, including our selection of – and engagement with – the customers and companies we invest in. Long-term profitability depends on our customers and the companies we invest in being able to adapt to climate change and the transition to a low-emission society. As part of our work with climate risk and opportunities, since 2017, we have participated in several pilot projects from the Task Force on Climate-related Financial Disclosures (TCFD) under the auspices of the United Nations Environment Programme Finance Initiative (UNEP FI), including testing of their 'Transition Check' tool<sup>2</sup>. We have also participated in the Paris Agreement Capital Transition Assessment (PACTA) pilot project<sup>3</sup> that was initiated by the Norwegian

<sup>2</sup> Transition Check is an online tool that takes a scenario-based approach to assessment of transition risk.

<sup>3</sup> PACTA is a tool that measures financial portfolios' alignment with various climate scenarios consistent with the Paris Agreement.

Ministry of Finance. In the short to medium term, transition risk, rather than physical climate risk, is considered to be most material to DNB. Read more about how DNB works to monitor and chart environmental risk in our report Risk and capital management, Disclosure according to Pillar 3 2023 on [ir.dnb.no](https://ir.dnb.no).

Through our participation in various initiatives, we have also committed to working to reduce greenhouse gas emissions and promote energy efficiency. Read more about which initiatives and collaborative projects we have entered into in Management and follow-up of the sustainability ambitions. Our largest owner, the Norwegian government, represented by the Ministry of Trade, Industry and Fisheries, also has expectations regarding the climate and environmental work of the companies it has an ownership interest in. In the State Ownership Report (Meld St. 6 (2022–2023) *Greener and more active state ownership*), it is made clear that the Norwegian government expects companies to identify and manage risks and opportunities relating to climate and nature, in addition to identifying and exploiting the opportunities associated with a shift towards more circular business models. As a financial institution, however, we must balance the needs of our owners and stakeholders when making decisions, as the global community will encounter a number of dilemmas during the climate transition. We must weigh between a fast transition and a just transition – by taking human rights and impact on nature into consideration when developing new energy sources, for example. These must in turn be weighed against the need for energy security during the transition. It is important that the climate and energy transition is carried out in a way that safeguards human needs and social sustainability, as well as the balance between transition risk and physical risk.

## What was done in 2023?

### The transition plan in brief

On 17 October 2023, the Board of Directors adopted the transition plan, which is an important strategic tool that helps us understand the business implications of our net-zero commitment. It also helps us manage the challenges and opportunities associated with climate change and the transition to a low-carbon economy. The transition plan describes our science-based targets (SBTs) for 2030<sup>4</sup>, the scenarios we have used to draw up our targets, and the external and internal factors that are influencing developments within each sector. At the same

time, the transition plan highlights key dependencies and external factors that have a decisive impact on our ability to achieve our targets.

The targets set in the transition plan require a reduction of greenhouse gas emissions by our customers, as well as in the projects we finance and our own operations. The transition plan covers around 70 per cent of our financed emissions from the lending portfolio, in addition to goals for reduction of our own emissions and emissions relating to the companies in which we invest. The targets in our lending portfolio are based on whether the sectors concerned have extensive greenhouse gas emissions, whether DNB has significant exposure to these sectors, or both. Our goal for the investment portfolio is based on where we can exercise a positive influence and where there is best access to data.

In the development of the transition plan, we worked to set SBTs based on 1.5-degree Celsius climate scenarios, in line with the Paris Agreement. However, a 2-degree scenario was used for the sectors for which a 1.5-degree scenario is not yet available. Read more about the method used to set the targets in the transition plan, which is available on [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports).

To achieve the targets set in the transition plan, several instruments are available to us:

- **Customer engagement and assessment:** Further integrating climate transition considerations into our engagements with our customers and the companies we invest in, and improving our assessment tools
- **Capital allocation and investment processes:** Further integrating decarbonisation considerations into our capital allocation and investment processes
- **Climate transition expectations:** Communicating clear expectations to our corporate customers and the companies we invest in relating to measures for climate change mitigation
- **Products and services:** Scaling up and expanding our sustainable and transition finance and investment products and services
- **Climate expertise:** Continuously strengthening DNB's climate and transition-related expertise

The work to implement the transition plan in the Group has begun, including the updating of our governing documents on sustainability. We have also started to carry out the activities described in the plan, and to

<sup>4</sup> In our work with the transition plan, we used guidance from the Glasgow Financial Alliance for Net Zero (GFAFANZ) and the Science-Based Targets initiative (SBTi). The targets have not been sent to the SBTi for validation.

implement the strategic goals in the organisation. Initially, we conducted an extensive interview process, where key personnel were interviewed to reveal challenges and potential obstacles in our operations. Based on our findings, we have drawn up a list of measures, activities and processes that must be carried out and improved in order to secure progress and coordinated efforts throughout the DNB Group. The intention is for us to ensure progress on the activities we describe in the transition plan, and to facilitate positive development in the strategic scenario in the years ahead. Group

Executive Vice Presidents within each business area and support unit are responsible for implementing the relevant elements of the transition plan and for reporting on progress towards the targets. The Board will also monitor the targets and ensure that the transition plan is in line with DNB's overall strategy, together with the Group Management team. Progress on the decarbonisation goals and any changes are reported each year in the annual report. See the section below, Reducing greenhouse gas emissions in the lending portfolio – by sector.

## Decarbonisation targets

Segment	2030 interim targets (per cent)
<b>Loans</b>	
Mortgages	-47% CO <sub>2</sub> e/m <sup>2</sup> /year
Housing cooperatives	-50% CO <sub>2</sub> e/m <sup>2</sup> /year
Commercial real estate	-29% CO <sub>2</sub> e/m <sup>2</sup> /year
Shipping	-33% gCO <sub>2</sub> /tonne x nautical mile
Motor vehicles	-32% gCO <sub>2</sub> e/km
Steel	-30% tonnes CO <sub>2</sub> e/tonne steel
Upstream oil and gas	-18% in committed lending amounts
Power generation	N/A
Salmon farming	N/A
<b>Investments</b>	
DNB Asset Management: listed equities and corporate bonds	58% of the assets under management (AUM) must have SBTs
DNB Livsforsikring: listed equities and corporate bonds	-55% portfolio-wide carbon intensity (WACI)
DNB Livsforsikring: listed equities and corporate bonds	51% of the AUM must have SBTs
DNB Livsforsikring: external asset managers	100% of all asset managers must have a net-zero target or SBTs and an action plan by 2025
<b>DNB Næringseiendom</b>	-35% CO <sub>2</sub> e/m <sup>2</sup> /year
<b>Own business operations</b>	
Motor vehicles	-25.5% gCO <sub>2</sub> e/km
Commercial real estate	EU: -6% kgCO <sub>2</sub> e/m <sup>2</sup> /year USA: -26% kgCO <sub>2</sub> e/m <sup>2</sup> /year Asia: -36% kgCO <sub>2</sub> e/m <sup>2</sup> /year

## Emissions scopes (1–3)

- **Scope 1:** Direct emissions from resources owned or controlled by the company
- **Scope 2:** Indirect emissions from the generation of purchased energy and electricity
- **Scope 3:** All indirect emissions that occur in the value chain (resources not owned or directly controlled), including emissions from the use of sold products

It is important to read the transition plan in its entirety, including the more detailed sections and the Disclaimer section, to understand the full context and background for the plan. Factors beyond DNB's control will affect the Group's ability to reach the targets. The direction is clear, but future emissions reductions will not be linear. For example, from one year to another, we may see increased financed absolute emissions in certain sectors. Our transition plan is therefore dynamic, and will be reviewed and updated in line with progress on data quality, methodology and other material developments.



## Reducing greenhouse gas emissions in the lending portfolio – by sector

### Upstream oil and gas

Our target is to reduce absolute committed lending volumes in this portfolio by 18 per cent by 2030, using 2019 as the baseline year. By year-end 2023, our committed lending volume was NOK 30.64 billion, meaning a reduction of 14 per cent compared with 2019. It is important to point out that our committed lending exposure is dynamic and subject to fluctuations due to e.g. macro conditions and event-driven situations that are typical for the oil and gas industry.

While the committed exposure metric does not directly measure financed emissions, it is still crucial that our upstream oil and gas customers continue their efforts to reduce emissions from their own operations. We will continue to emphasise these points as part of our customer engagement and internal decision-making processes.

We will also continue to work with dynamic portfolio adjustments and focus the business strategy more on the North Sea market in order to secure progress towards the 2030 target. We will continue to support customers that aim to reduce emissions from their own operations, as well as those that are investing in renewable energy production and clean energy technologies. We will engage with customers to emphasise the need for emissions reductions, and we will monitor our customers' progress closely. These points will also be emphasised in our internal decision-making processes.

### Shipping

In 2021, DNB set a target to reduce the emissions intensity of the shipping portfolio by one third by 2030, using 2019 as the baseline year. Progress towards this target is tracked based on data, processes and methods used in the Poseidon Principles, the global initiative that promotes transparency and reporting on the climate alignment of ship finance portfolios, which now has 34 shipping banks internationally as signatories. Our target was set independently of and beyond the Poseidon target trajectories at the time, which were based on the initial greenhouse gas emissions strategy of the International Maritime Organization (IMO), in which the target was to reduce total annual greenhouse gas emissions by at least 50 per cent and to reduce the relative carbon intensity of emissions by 70 per cent by 2050.

The metric used by the IMO in various regulations, in the Poseidon Principles and by DNB in our own target tracking, is the Annual Efficiency Ratio (AER), representing

grams of CO<sub>2</sub> per unit of transportation work, expressed in tonnes-nautical miles. The scope of DNB's target is aligned with reporting under the Poseidon Principles, covering Scope 1 emissions for vessels of 5 000 gross tonnes (GT) and above. We are tracking annual changes in the AER, compared with the baseline year 2019 (indexed to 100) in each subsegment, and we aggregate the changes to a loan-weighted AER delta for the whole portfolio.

In July 2023, IMO adopted a revised greenhouse gas emissions strategy with a goal of net zero 'by or around' 2050, with two different targets, one minimum and one striving target. The Poseidon Principles banks have for the 2023 reporting (of 2022 emission data) implemented the changes in the IMO greenhouse gas emissions strategy, resulting in three different benchmarking trajectories: the 'old' IMO and Poseidon trajectory, a revised IMO minimum trajectory and a revised IMO striving trajectory. The complexity of reporting has also increased, as it now includes emissions throughout the lifecycle of fuels (well-to-wake), and not only direct emissions from vessels. The reporting thus includes most of the Scope 3 emissions in shipping. In addition, the future reporting will also include all greenhouse gases, including methane.

In light of the changes in the IMO strategy and the Poseidon Principles, we are revising and evaluating our current emissions reduction target, and considering whether to adopt one of the two IMO targets, or to explore other alternatives. Complexity, operationalisation, ambition and realism are all factors being considered in this context.

With respect to the current target, the results for 2022 (which are based on data reported under the Poseidon Principles for 2023) showed a reduction in the portfolio-weighted AER of 7.8 per cent, compared with the baseline year of 2019, which corresponds to an index of 92.2. The reduction is a result of a combination of 1) a normalisation of the markets following the COVID-19 pandemic, and fewer disruptions and logistical challenges than in 2020 and 2021, 2) customers' own measures to improve efficiency and reduce emissions and 3) an increased focus on emissions reduction in our capital allocation and customer selection processes.

To reach our target, we engage with customers on their short-term emission reduction plans and longer-term fleet development plans and targets. All customers are now subject to dedicated transition risk assessment in credit papers. Also, we always explore



the potential for sustainable finance linked to carbon reduction with our customers, when discussing new financing agreements. We also explore alternative transition financing solutions to support the industry when we actively invest in energy-saving technologies to cut emissions and prepare for more stringent regulatory requirements and carbon pricing (EU's emissions trading).

### Commercial real estate

DNB set an updated emissions intensity reduction target for the commercial real estate portfolio in 2023, of a 29 per cent reduction by 2030, compared with the 2019 baseline. The baseline has been calculated based on the buildings' estimated energy performance and a location-based emissions factor for the relevant underlying energy sources. The physical emissions intensity metric is kg CO<sub>2</sub>e/m<sup>2</sup>/year and the target has been set in line with the Carbon Risk Real Estate Monitor's (CRREM) pathway for limiting global warming to 1.5 degrees. The emissions from a property are primarily driven by the energy used for operating the property over its lifetime (Scope 2), as well as the construction process and the materials used (Scope 3). At present, the baseline value and measured emissions for the portfolio only include Scope 2.

The portfolio's emissions intensity for 2023 was 3.82 kg CO<sub>2</sub>e/m<sup>2</sup>/year, which is below the average intensity for Norway under the CRREM scenario<sup>5</sup>. These calculations are based on the emissions factor for 2022, since updated data for 2023 will not be available until later in 2024. Even though the portfolio's energy intensity declined slightly, compared with the baseline year of 2019, the calculated emissions factor for electricity consumed increased during the period. This entailed an increase in the calculated emissions intensity, compared with that of 2019, which was 3.68 kgCO<sub>2</sub>e/m<sup>2</sup>/year. Major additional improvements in energy efficiency are still needed if we are to meet the target by 2030.

The main levers for reducing emissions in commercial real estate come from improving energy efficiency in buildings and from decarbonising the energy system of society. The latter is to a large extent beyond our customers' control, which is why our focus will primarily be to engage with customers to support them in improving their buildings' energy efficiency. At the same time, we recognise that the emissions factor is volatile, and to a large extent affected by fluctuations in electricity imported to Norway, as neighbouring countries generally have a higher emissions factor. This could result

in a higher financed emissions intensity, despite improved energy efficiency in the portfolio.

In 2024, DNB will continue to engage with customers and provide incentives through green financing. In addition, we will increase our efforts relating to advisory services and information on energy improvements, and increased importance will be attached to energy efficiency in credit risk assessments.

### Housing cooperatives

DNB's target for 2030 is to reduce physical emissions intensity in this portfolio by 50 per cent, compared with the 2019 baseline. The baseline and target include Scope 1 and 2 emissions. Due to data limitations, Scope 3 emissions are not included at this point in time. The portfolio's emissions intensity has declined to 3.6 kgCO<sub>2</sub>e/m<sup>2</sup>/year in 2023 from 3.65 in 2019.

Housing cooperatives is a sector with many of the same prerequisites, opportunities and challenges as commercial real estate, and with many similarities to the mortgage portfolio. This means that the main lever that we can control is to improve the energy efficiency of buildings. Improvements in the housing cooperatives portfolio will also have spillover effects to the related mortgage portfolio, and vice versa.

As for commercial real estate, DNB will engage with customers and provide incentives for increasing the energy efficiency of buildings. Forthcoming EU regulations on energy efficiency of buildings, market effects and technological advances are other factors that are expected to have an impact on the decarbonisation of the portfolio.

### Steel

DNB's target for 2030 is to reduce the emissions intensity of the steel portfolio by 30 per cent, compared with the 2019 baseline, and including Scope 1 and 2 emissions. Steel is a sector that will play a vital role in the climate transition. It is a high-emitting sector, but it has the potential to contribute to the decarbonisation of other sectors<sup>6</sup>. Because of this, DNB set a new emissions reduction target for the steel portfolio in 2023. DNB has a relatively limited exposure to the sector and our customers are already at the forefront of low-emission steel production. The emissions intensity of DNB's steel portfolio was 0.37 tonne CO<sub>2</sub>e/tonne steel in 2022, which is far below the reference climate scenario IEA

5 According to the CRREM Global Pathways document, the average (emissions) intensity for Norway was 4.25 kg CO<sub>2</sub>e/m<sup>2</sup> in 2023.

6 International Energy Agency (IEA) (2021), A Roadmap for the Global Energy Sector.

NZE2050<sup>7</sup>. This is slightly higher than the 2019 baseline of 0.22 tonne CO<sub>2</sub>e/tonne steel. However, we know that the portfolio's underlying companies have improved the emissions intensity of their operations, and that the portfolio's higher average intensity was due to the portfolio composition at the time of measurement.

In DNB, we will continue to support our customers in the sector by engaging in customer dialogue and by providing financing for transition activities.

### Power generation

The generation of electricity is expected to increase by 3.2 per cent annually at a global level until 2050<sup>8</sup>. Increasing the share of renewables provides an opportunity to decarbonise both the production of electricity and the sectors that are, and will become, major consumers of this electricity. DNB's power generation portfolio is based on the 1.5-degree global scenario set by SBTi, and the 2019 baseline was 29.3 kg CO<sub>2</sub>e/MWh, which is well below the performance level required by 2030 and reflects DNB's strategic decision to primarily finance renewables within this portfolio. The baseline covers Scope 1 emissions for all on-balance sheet exposure in the power generation portfolio for both financing to corporate customers and project financing. Given the low level of the baseline, we have not set an emissions reduction target, as it would limit the flexibility we need to support customers with credible transition strategies. The portfolio's emissions intensity was reduced further to 18.1 kgCO<sub>2</sub>e/MWh by year-end 2022.

In DNB, we will maintain our industry strategy of financing renewable energy and power-related infrastructure. We will continue to deliver on our ambition to increase our exposure to zero- and low-emission technologies while supporting customers with transition strategies. We will continue to finance established technologies such as hydropower, wind power, solar power and electricity transmission and district heating systems. Additionally, we will evaluate new related clean energy technologies and business models as they emerge.

### Salmon farming

The global food system accounts for a substantial part of global emissions, and salmon farming can play a part in reducing these emissions. Salmon is already a relatively

low-emission source of protein, but given a growing global population, what we eat will become increasingly important. Due to DNB's exposure towards the sector, we have decided to measure the carbon footprint of the portfolio on an annual basis. Since there is no sector-specific climate scenario available, we have chosen not to set a specific decarbonisation target for this portfolio, but we will also work to improve the emissions intensity of the portfolio through active dialogue with our customers and to support and finance initiatives that will lower emissions in the sector.

The portfolio's average emissions intensity for Scope 1 and 2 has gone from 0.81 kgCO<sub>2</sub>e/kg HOG (Head-On-Gutted) in 2019 to 0.66 in 2022. The portfolio's Scope 3 emissions have gone from 4.47 kg CO<sub>2</sub>e/kg HOG to 4.77.

We will continue to have sustainability and emissions reductions high on the agenda when in dialogue with our customers. Since 2019, DNB has granted and facilitated more than USD 22.5 billion in sustainable finance transactions, including green and sustainability-linked loans, for the sector.

### Mortgages

DNB has set a target of reducing the emissions intensity of the mortgage portfolio by 47 per cent by 2030, to 1.95 kg CO<sub>2</sub>e/m<sup>2</sup>/year, compared with the baseline year of 2019. The target covers DNB's full portfolio, it includes Scope 1 and 2 emissions, and it will be adjusted to include the Sbanken portfolio once it has been integrated<sup>9</sup>. The targets are based on recommendations from the Net-Zero Asset Owner Alliance (NZAOA) and SBTi. We have used the CRREM scenario<sup>10</sup> because it is in line with NZE2050 scenarios from SBTi and the IEA, and because it provides a procedure for estimating emissions to the various property groups<sup>11</sup> that make up the private market. CRREM is also the scenario used for external reporting.

The portfolio's emissions intensity is calculated based on the buildings' energy labelling<sup>12</sup>, national statistics for the energy mix in Norwegian homes and a location-based (Norway) emissions factor for the relevant energy sources. The calculations use a location-based emissions factor for 2022, as the emissions factor for 2023 will not be available until later in 2024. When energy certificates

7 Net Zero Emissions by 2050 Scenario from the International Energy Agency (IEA). The scenario is a normative scenario that shows a path for the energy sector towards achieving net-zero CO<sub>2</sub> emissions by 2050.

8 International Energy Agency (IEA) (2021), A Roadmap for the Global Energy Sector.

9 The emissions intensity of the Sbanken portfolio will be calculated once Sbanken is fully migrated into DNB's systems.

10 CRREM Global (<https://www.crrem.org/>).

11 CRREM provides a procedure for estimating emissions for the property types detached houses and flats.

12 Based on Enova's grading scale (<https://www.enova.no/energimerking/om-energimerkeordningen/om-energiattesten/karakterskalaen/>).

are not available, the emissions intensity of a building will be estimated using property-specific data. When property-specific data is insufficient, the building will be assigned an emission value, based on the average for the portfolio. The calculations are performed in line with Finance Norway's sector-specific guide for use of the Partnership for Carbon Accounting Financials' (PCAF's) international carbon accounting standard for the financial industry. Using the current methods, DNB has calculated an emissions intensity of 3.75 kg CO<sub>2</sub>e/m<sup>2</sup>/year for the entire mortgage portfolio for 2023, which is slightly higher than the baseline year 2019 (3.69 kg CO<sub>2</sub>e/m<sup>2</sup>/year). Compared with the baseline year, we have received better data about the buildings' actual energy labelling. This may mean that we estimate a somewhat higher energy consumption now than we did using the data available to us before. Based on the PCAF data quality scale<sup>13</sup>, we scored 3.21 in 2023, which is an improvement from 3.95 since the baseline year of 2019. This was due to access to more energy labelling of homes. In DNB, we are working continuously to improve data quality to ensure that we have the best data possible to calculate our emissions.

To achieve the goal, going forward we will actively support and encourage our customers to improve energy efficiency in their homes, but target attainment also requires considerable investment in the Norwegian housing sector. Our customers must be made aware of forthcoming regulatory requirements relating to energy efficiency, new subsidies and suitable measures they can implement to improve the energy efficiency of their homes in the most cost-efficient way. By giving our customers good advice, we can help them understand the need for and benefits of increasing the energy efficiency of their homes. To succeed in this work, it will also be important to invest in our employees' competence on this subject.

Financing the costs of energy efficiency measures is one of the greatest barriers for most homeowners, and demand for suitable financing solutions is increasing. We will accordingly attempt to achieve our net-zero target while safeguarding our commitment to financial inclusion in Norwegian society. We will also explore new partnerships in order to be able to offer customers a broader range of services and achieve closer integration with governmental support schemes.

Forthcoming regulations and market standards highlight the importance of increasing the energy efficiency of the real estate sector to achieve the global climate goals<sup>14</sup>. DNB will engage with relevant decision-makers to influence the design of sector-specific regulations, public support schemes and incentives that can motivate consumers and companies to make sustainable investments in their homes and buildings.

### Environmentally friendly transport

DNB's target for 2030 is to reduce the emissions intensity of our financing of motor vehicles by 32 per cent, compared with the 2019 baseline. Emissions have been calculated in accordance with the PCAF standard, and cover financed Scope 1 and 2 emissions. The data that is used to calculate emissions ranges from actual consumption and emissions data to national and European average factors. The emissions intensity reduction target is calculated using the Sectoral Decarbonisation Approach (SDA) tool from SBTi and the emissions scenario built into the Beyond 2°C scenario tool.

In 2023, the portfolio's emissions intensity was 58 gCO<sub>2</sub>e/km, which is a 35 per cent reduction compared with the baseline year of 2019. The decline is generally due to greater financing of emission-free vehicles. An increase in the financing of emission-free vehicles is expected in every market in which DNB is represented. At the same time, policy tools and support schemes have a bearing on the transition to emission-free vehicles.

As data quality improves in the time ahead, we will update our emissions target for motor vehicles to a 1.5-degree scenario. We will also work to encourage more customers to choose emission-free vehicles, but we will continue to offer financing of fossil vehicles to customers who cannot choose emission-free vehicles for range-related or financial reasons. The reduction in emissions intensity is also closely linked to forthcoming national and EU regulations on zero-emission vehicles.

### Reducing emissions in the investment portfolio

In line with DNB's net-zero emission ambition and the transition plan, DNB Asset Management (DAM) has set a new target that 58 per cent of the companies in DAM's portfolio must have set a science-based emissions reduction target by 2030. If the world is to achieve net

13 The PCAF scale for data quality goes from 1 to 5, with 1 as the highest possible level of data quality. The data quality affects how precisely the portfolio's emissions are calculated.

14 European Commission – "Questions and Answers on the revision of the Energy Performance of Buildings Directive" ([https://ec.europa.eu/commision/presscorner/detail/en/qanda\\_21\\_6686](https://ec.europa.eu/commision/presscorner/detail/en/qanda_21_6686)).

zero by 2050, all companies should have set such a target by 2040, according to SBTi<sup>15</sup>. The target of 58 per cent in 2030 assumes a linear development in the number of companies with such targets, based on 2022 figures. By the end of 2022, 24 per cent of companies in the portfolio had such a target, and at the end of 2023, the proportion had increased to 30 per cent<sup>16</sup>. We do not want to exclude companies with high emissions from our investment universe because we believe that the companies with the most substantial emissions are the same ones that could have the greatest influence on the green transition through good emission strategies. Active ownership will be our most important tool here.

DAM has engaged in dialogues with companies for several years to discuss climate reporting and targets, but the dialogues will become even more focused in line with our new target. In addition, we seek to vote at the annual general meetings of all Norwegian companies in our portfolio, all of the companies in which we have holdings through actively managed mutual funds and all of the annual general meetings at which shareholder proposals are presented. We see that proposals relating to the environment are to an increasing extent made at these meetings. In 2023, we voted at a total of 1 352 company meetings. Going forward, it will also be important to consider whether proposals support our ambitions, and we will encourage openness by also becoming more transparent and strengthening our climate reporting.

We are already in the process of mapping and influencing the 30 companies in the portfolio that contribute most to our emissions, and ensuring that they set targets that are realistic and science-based and reduce their emissions in accordance with these targets. Link to our information page relating to voting, which shows how DAM votes: <https://vds.issgovernance.com/vds/#/OTY1Nw==>.

In 2023, the ambition of net-zero emissions was further integrated into the company's active ownership efforts and this has also been important in the efforts to continue developing mutual funds with a sustainability profile. This work was reinforced through the transition plan, which sets ambitious emissions reduction targets. We also repeated the 2022 mapping of the emissions intensity of our portfolios and continued the work of collecting data to further improve the integration of our ambition of net-zero emissions in our investment processes. The result of the mapping is also used to choose which companies we engage in a dialogue with. This year's mapping showed

a reduction in the emissions intensity of several of the mutual funds, and for the portfolio as a whole. For more information about this, see DAM's annual report on [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports).

#### Throughout 2023, DAM also:

- Participated in the Norwegian investor cooperation for climate and diversity, together with several of the largest companies on the Oslo Stock Exchange, Oslo Børs.
- Worked to close data gaps in the mapping of the emissions intensity of the portfolio using recognised methods and tools. See the description in DAM's annual report for 2023 on [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports).
- Increased the number of mutual funds with sustainability-themed criteria in the fund mandate that ensure that investments are made in companies with a sound environmental and social profile.
- Entered into 61 dialogues with companies regarding the climate.
- Of these 61, we engaged in 26 dialogues to influence the 30 companies in the portfolio that contribute most to our emissions. We do this to help ensure that they set targets that are realistic and science-based, which in turn helps us reach our targets set in the transition plan. The targets should be approved by SBTi, but we also approve targets that meet our self-defined criteria for SBTs.
- Conducted a survey of Norwegian issuers of fixed-income funds, with emissions reduction targets as a separate topic.

#### Reducing the emissions intensity of the life insurance portfolio

Our goal is to reduce the emissions intensity of the life insurance portfolio by 55 per cent (Scope 1 and 2) by 2030, compared with the level in 2019. We use the Weighted Average Carbon Intensity (WACI) model and data from MSCI ESG Research to measure emissions intensity. Our reporting is based on listed shares and corporate bonds, as the data quality for other asset classes is poor.

In 2023, the WACI of the portfolio was 59.87 tonnes CO<sub>2</sub>e/MUSD revenue, and the emissions intensity of the portfolio was reduced by 25 per cent, compared with the 2022 level. Since the baseline year of 2019, emissions have been reduced by 44 per cent, which is well within the target of a linear reduction by 2030.

15 Science-Based Targets initiative (2022) Foundations for science-based net-zero target setting in the financial sector.

16 ©2024 MSCI ESG Research LLC. Reproduced by permission. Note, the displayed data is based upon the most recently available data at the reporting date.

The reasons for the reduction include a significant reduction in global emissions intensity and the fact that the proportion of technology companies in our portfolios increased in 2023. Such companies often have a low emissions intensity. The proportion of energy companies, which often have a high emissions intensity, was also reduced during the year. This sectoral shift in the portfolio is due to both market developments and the choice of companies in our managers' portfolios. Based on past fluctuations, we expect developments to vary greatly going forward.

We have also set a coverage target for the portfolio, based on guidance from SBTi, which means increasing the proportion of investments in shares and corporate bonds with science-based emissions reduction targets. The target is for 53 per cent of the company's AUM to have SBTs by 2030. This is calculated as a percentage of the holdings within the scope of the coverage target, which includes shares and corporate bonds. In 2023, 33 per cent of our investments had SBTs for emissions reduction.

We also aim for all of our fund managers to have net-zero targets or SBTs by 2025, and we will exercise active ownership via fund managers to influence the 15 companies in the portfolio with the most substantial emissions. Going forward, the emissions reduction target will be supported by these goals, which will serve as tools for assessing and controlling climate risk in our portfolios by following developments in emissions from our investments, and monitoring whether our work on active ownership is having the desired effect.

### Reducing the emissions intensity in DNB Næringseiendom

DNB Næringseiendom's goal is to reduce the carbon intensity of its portfolio by 35 per cent by 2030, compared with the level in 2019. The goal covers 84 per cent of the portfolio, and is based on the CRREM scenario that is consistent with the Paris Agreement, and includes Scope 1 and 2.

To achieve the goal, DNB Næringseiendom will focus on reducing energy-related emissions from operation of the properties and will carry out planned sustainable projects, where concrete energy-saving targets are defined in the project plans. This will largely be done in connection with the upgrading of properties. Each property has its own environmental targets, with measures and plans for achieving them.

DNB Næringseiendom uses a set of key figures to improve the environmental quality of the portfolio, with emphasis on reducing greenhouse gas emissions, reducing energy consumption and performing third-party certification of buildings. BREEAM<sup>17</sup> certification is important for defining the environmental standard and for contributing to continuous improvement of the buildings in the portfolio.

In 2023, we achieved carbon savings of 7.8 per cent, compared with the 2019 level. The reductions come from ordinary operation of buildings and execution of projects. In the work to achieve the goal, going forward, we will:

- Reduce the impact on climate and environment by highlighting patterns of behaviour, products, services and technical solutions that may reduce CO<sub>2</sub> emissions.
- Integrate climate and environment in our everyday operations.
- Actively manage and monitor climate risk.

### Reducing emissions from our own operations

DNB's contribution to the climate transition starts with our own operations, and in DNB we are working continuously to expand the scope of the emissions we measure and to set concrete targets for reducing these. In 2023, we set Scope 1 and 2 targets for our own operations in the lead-up to 2030. In Scope 1, we will reduce the emissions intensity of our own vehicles by 25.5 per cent by 2030, from 83.77 gCO<sub>2</sub>e/pkm in 2022 to 62.39 in 2030. In 2023, the emissions intensity was 67.45 gCO<sub>2</sub>e/pkm. In order to achieve the target, we will, among other things, replace fossil-fuel powered cars with electric cars. In Scope 2, we will reduce our energy consumption, measured in kgCO<sub>2</sub>e/m<sup>2</sup>, at our offices.

### Energy consumption at our offices

Measured in kg CO <sub>2</sub> e/m <sup>2</sup> / year	2023	2022	Change from 2022 to 2023 (per cent)	Target for 2030
EU	4.6	4.7	-2	4.4
USA	44.9	24.8	+81	18.4
Asia	54.1	51.5	+5	33.1

In 2023, there was a reduction in energy consumption per square metre in DNB's office premises in the EU compared with 2022, while there was an increase in the

17 Building Research Establishment Environmental Assessment Method.

office premises in Asia and the US. The increase was partly due to the improved quality of measured data, but the sharp increase in the US was also due to our changing the emissions source for calculations from the one used when the transition plan was drawn up. This will be corrected when the transition plan is updated. To achieve the Scope 2 goals, we are dependent on a reduction in the carbon intensity in the energy mix at each location. At the same time, we will continue to work systematically to identify and carry out energy-reducing measures in Norway and at our international locations.

### Development in measured emissions

Every year, we report our greenhouse gas emissions associated with own operations for Scope 1 and 2, and for selected categories in Scope 3, including energy consumption, travel, waste management and emissions from data centres. In 2023, our total emissions from our own operations were 7 745 tCO<sub>2</sub>e. This is an increase of about 16 per cent compared with 2022. The increased emissions are partly associated with improved quality of the reporting of energy consumption, and our having included more data in our Scope 3 emissions. The increase was also partly due to an increase in the emissions factor for air travel, even though air travel in 2023 was relatively stable, compared with 2022. For more detailed information on calculations of our emissions, see our annual carbon accounting report on [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports). The report has been prepared by an external supplier.

Since 2014, we have bought carbon credits for all direct and indirect emissions from our own operations (e.g. from air travel and waste management), in addition to guarantees of origin (GOs) for our electricity consumption. For our 2023 emissions, we bought carbon credits worth 6 413 tCO<sub>2</sub>e, in two projects certified by the Gold Standard Project.

### How we work to reduce emissions from our own operations

We have worked systematically for several years to reduce greenhouse gas emissions from our own operations, including by optimising our land use and by establishing energy monitoring systems that have resulted in the energy consumption having been reduced by 26 per cent per square metre in the period 2014–2023. We will also keep up the continuous work to reduce waste and maintain the degree of recycling, in cooperation with environmental services provider Norsk Gjenvinning. In 2023, we also established DNB's sustainable food strategy leading up to 2030 (in Norwegian only), which is intended to reduce greenhouse gas emissions associated with the serving of food. Since 2019, we have reduced the food waste per guest by 23 per cent.

We are continuing to work purposefully to reduce the footprint from own operations, and we have ongoing activities to set targets for emissions reduction in several categories in Scope 3 by 2030. The supply chain is a material source of emissions from own operations, and environment and sustainability are important topics in our work relating to purchasing. We urge our suppliers to offer more environmentally friendly alternatives, and we require various certifications, when relevant. We also collaborate with suppliers on extending the life of products once they are no longer of use to us.

Emissions in tCO <sub>2</sub> e	2023	2022	2021
Total direct emissions, Scope 1	168	186	242
Total Scope 2 (location-based)	1 408	1 626	1 914
Total Scope 2 (market-based)	210	119	118
Scope 3 emissions			
Waste	233	228	159
Business travel	5 219	3 813	1 014
Other	717	811	576
Total indirect emissions, Scope 3	6 169	4 851	1 749
<b>Total emissions, Scope 1–3</b>	<b>7 745</b>	<b>6 663</b>	<b>3 904</b>





# Biodiversity and ecosystems

## Link to the UN Sustainable Development Goals:



Across the globe, well-functioning ecosystems and biodiversity are threatened by human activity, and there is broad consensus that climate and nature are closely interlinked<sup>1</sup>. The Intergovernmental Panel on Climate Change (IPCC) and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) have said that reducing emissions is not enough – the destruction of nature must be stopped and damaged nature must be restored if we are to be able to solve the climate crisis. We influence biodiversity and ecosystems through our lending and investment activities, as well as through our own operations and purchasing. Our direct impact through our own operations is limited, but we are aware that changes are also brought about through small, local measures such as waste sorting, reduced food waste and responsible purchasing of goods and services. Our indirect impact through lending and investments is far more material, and may entail both risks and opportunities for DNB.

Access to natural resources is the key to value creation for a number of companies in our lending and investment portfolios, and reduced access to natural resources will affect these companies' viability and profitability, which in turn may affect DNB's profitability. Companies should therefore assess the risks associated with their impacts and dependencies on nature and seek to make the transition from a linear to a circular business model. Read more about how we work with circular economy on page 76.

For several years, we have raised the topic of biodiversity through ESG risk assessments, expectations and dialogue with the customers we finance and invest in. In 2022, we also adopted a position statement declaring that we will promote biodiversity and reduce natural risk. Through our participation in various initiatives, such as the

Partnership for Biodiversity Accounting Financials (PBAF) and Nature Action 100, we have also undertaken to work with biodiversity and ecosystems. Read more about which initiatives and cooperation we have entered into on page 53.

## What was done in 2023?

### Lending to corporate customers

Several of the EU's regulatory initiatives, including the EU taxonomy for sustainable activities, the Corporate Sustainability Reporting Directive (CSRD) with associated reporting standards, ESRS) and the Sustainable Finance Disclosures Regulation (SFDR) contain biodiversity elements and associated metrics. DNB takes a positive view of the fact that access to standardised and company-specific data is increasing. This will increase opportunities for assessing risk relating to biodiversity in the loan portfolio. For most of our corporate customers, the risks and opportunities relating to nature and biodiversity remain a relatively new topic. Some customers have already met nature-related requirements for a long time through regulation, licences, and emission permits, but also through various industry-specific standards that are voluntary. In April 2023, we participated in talks with several existing and potential customers at the Mineral Industry Days organised by the Norwegian Mineral Industry. Here, we were given an introduction to Towards Sustainable Mining (TSM) – a leading standard for sustainability in the mining industry. Among other things, the standard has a separate framework and a protocol for biodiversity conservation management. There is now a lack of secure access to critical minerals that are necessary for the green shift in Europe. An increased understanding of – and insight into – how nature and biodiversity can be taken into consideration in the minerals industry is a prerequisite for being able to finance extraction of promising deposits of critical minerals in Norway and the Nordic region.

The work to integrate the consideration of biodiversity and ecosystems has otherwise continued in customer dialogues in the real estate sector, the seafood industry and the food industry. We have also updated this topic in

<sup>1</sup> Norwegian Ministry of Climate and Environment (2021) Klima og natur henger sammen (Climate and nature are interconnected – in Norwegian only). (<https://www.regjeringen.no/no/tema/klima-og-miljo/naturmangfold/innsiktsartikler-naturmangfold/klima-og-natur-henger-sammen/id2722684/>).

## Our governing documents for our work with biodiversity and ecosystems

- **DNB's Code of Conduct:** DNB demonstrates corporate responsibility and contributes to sustainable economic, social and environmental development in the areas and industries in which the Group operates. DNB's corporate responsibility must be reflected in everything DNB does, including investment and financing.
- **Group policy for sustainability:** DNB undertakes to show consideration for the environment and to conduct operations that have the smallest possible negative impact on the external environment. In addition, we will work to minimise our indirect impact on the environment in our role as owner, investor, lender and purchaser.
- **Group instructions for sustainability in DNB's credit activities:** The instructions document what we require and expect of our customers. In addition to the general expectations of due diligence and measures to reduce the negative impact on nature and ecosystems as far as possible, exclusion criteria have been established for specific activities. When it comes to customers operating in industries with a large potential negative impact on climate, nature, biodiversity and water resources, it is in our interest to help these customers reduce their environmental footprint and consumption of collective goods in a responsible manner.
- **Group instructions for responsible investments:** The instructions are intended to ensure that DNB does not contribute to serious damage to the environment and that an assessment of risks and opportunities relating to the environment is integrated into the management of the investments. Our criteria for analysis and our expectations of companies we invest in, in terms of biodiversity and ecosystems, are also described in our expectation document relating to biodiversity (including deforestation), which is available on [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports).
- **DNB's Code of Conduct for business partners:** The guidelines contain requirements and expectations relating to biodiversity and ecosystems.

our ESG risk assessment tool. The tool, which is used for borrowers, is also being updated to include, among other things, a new industry-specific module for aquaculture. The module contains several questions relating to loss of biodiversity and ecosystems.

DNB has made a commitment to follow up the Equator Principles for project-related financing. This entails, among other things, that we follow strict standards and procedures to safeguard and protect nature and biodiversity for the projects we finance, and that have a considerable potential impact on biodiversity and

ecosystems. For such project financing, we will demand that thorough impact assessments are performed relating to flora and fauna, so that species that may be affected negatively are mapped. For projects where the inherent risk of this is high, we will engage an independent expert who will assess whether the risk mitigation measures proposed by the customer are satisfactory. Where this is not the case, we will require that corrective action is implemented to ensure compliance with the Equator Principles. In 2023, we participated in several meetings with the Taskforce on Nature-related Financial Disclosures (TNFD) through the Equator Principles cooperation. This



increased our understanding of how the analyses we require from our project sponsors can be adapted to the TNFD's framework, which consists of the following elements: Locate, Evaluate, Assess and Prepare. In 2023, we continued to encourage customers, when relevant, to report their impact on nature and their contributions to reducing loss of biodiversity and ecosystems to the Global Biodiversity Information Facility (GBIF).

## Investments

In 2021, our asset management company DNB Asset Management (DAM) launched an expectation document relating to biodiversity that targeted companies. When we have meetings with companies, we often ask for feedback on whether they consider the document to be relevant, as well as information about any deviations in the companies' practice. In 2023, we decided to elevate biodiversity to become a long-term focus area for active ownership. This means that it has joined the topics that we consider to be most material in relation to active ownership of the companies in DNB's investment portfolios in the years ahead.

In 2023, DAM conducted 43 dialogues focusing on biodiversity (including deforestation and land use). In 37 per cent of the dialogues, we were able to point to progress in the company's work since the last time the matter was discussed. The dialogues took place both individually and through various investor collaborations and initiatives, including continuation of the FAIRR Initiative<sup>2</sup>. The cooperation with FAIRR includes engagements on sustainable proteins, meat sourcing, and sustainable aquaculture. We also participated in a new initiative through FAIRR that covers 'Biodiversity Loss from Waste & Pollution', with pork and chicken producers as well as fertiliser companies. The focus here is on better management of manure and animal waste, and on minimising the negative impacts of nutrient pollution on biodiversity and ecosystems, as well as the effects of this on biodiversity and ecosystems.

Other examples of dialogue activities are our participation in the Investor Working Group for a Deforestation-free Automotive Industry, where we have attended meetings with major manufacturers of products for the automotive industry, in collaboration with Rainforest Foundation Norway. Rainforest Foundation Norway has provided valuable support to our work with biodiversity, and we have collaborated with them on many projects during the past year. We also participated in an investor conference with Norges Bank Investment

Management (NBIM) and Rainforest Foundation Norway to discuss how we work with biodiversity at DNB.

Several of the EU's regulatory initiatives also contain some elements of biodiversity and associated metrics. DAM takes a positive view of the increasing amount of standardised company data that is available, as we see the importance of good data when exercising active ownership. Increased reporting requirements have also resulted in us spending considerable resources on gathering and producing relevant data on companies we have invested in. We have also encouraged companies to report on the indicators that are defined in the SFDR, so that we as asset managers can use this data to integrate biodiversity into investment decisions.

## The way forward

In dialogue with investors, authorities and other stakeholders, nature is becoming an increasingly important topic. Moreover, there are a growing number of nature-related reporting requirements. Various new guidelines, tools and frameworks have been developed and completed in a short period of time. We have begun a large project relating to nature, where we are mapping our impacts and dependencies on nature through our lending and investments in material sectors, in addition to related nature risks and opportunities. This work will continue in 2024.

The mapping is based on available data and tools that show which sectors and geographical areas have the greatest dependencies and impacts on nature. The mapping phase means that we can focus our work on the areas where we face the greatest risk, and where we have the greatest opportunity to make an impact. This work provides a foundation for strategic work on selected sectors, setting relevant and measurable indicators and targets, and better enabling us to meet future requirements and expectations.

In DAM, in the time ahead we will work to define best practice in order to be able influence companies in the right direction in terms of integration of biodiversity. We will also influence companies to report on biodiversity, but obtaining good and credible data is a challenge for many. The TNFD will guide companies in this reporting, and it is therefore important to follow its work going forward. In 2023, DAM used the TNFD framework to analyse the content of portfolios and to focus its work on active ownership. We will continue this work in 2024.

<sup>2</sup> The FAIRR Initiative is a network of investors that focuses on ESG risks and opportunities in the global food sector.

# Circular economy and resource efficiency

## Link to the UN Sustainable Development Goals:



The world's natural resources are under increased pressure, and it is important for the climate, nature and the environment that resources are used far more efficiently, so that we reduce the need to extract new ones<sup>1</sup>. Several of the companies in DNB's loan and investment portfolio are dependent on natural resources, which is why efficient use of such resources is important to us. Risks linked to loss of natural resources are an important part of our ESG assessments when we consider financing companies, and we generally want companies to work to promote resource efficiency. Through our

portfolio and dialogues with companies, we have an indirect impact on circular economy and resource efficiency, and we want to support and be a driving force for more circular business models. DNB wants to have a positive influence by placing expectations on our customers and the companies we invest in, in addition to developing products and services that support the transition to a circular economy.

In order to increase our competence on circular economy and share experiences across the financial sector, in 2023 we joined the circular finance coalition initiated by the Finance Sector Union of Norway, WWF (the World Wide Fund for Nature) and Circular Norway. The circular finance coalition is a collaborative arena where participants from the financial sector share experience and competence to develop circular products, services and tools that are adapted to new EU rules and legislation, as well as climate-related and environmental goals. Through the coalition we have discussed relevant issues and have had a dialogue with stakeholders such as banks and

## What is a circular business model?

A circular business model is a form of business operations that shows consideration for the environment and natural resources. Instead of following the linear model that is based on extracting, using and discarding materials and products, a circular business model seeks to reduce waste and extend the life of materials and products, as well as to reuse and recycle them as much as possible. A circular business model can also involve offering services instead of products, such as rental, sharing or repair. The goal of a circular business model is to create value for customers, the business and society, while reducing the environmental impact and saving resources.

### Recycling

This is a broad term for processes that make it possible to reuse products and materials, to prevent them from ending up as waste.

### Upcycling

This is a term used to describe the process in which waste materials are transformed into new materials or products of higher quality or value than the original material.

1 From the website of the Norwegian Environment Agency (2023): Circular economy (in Norwegian only).

## Our governing documents for our work with circular economy and resource efficiency

- **DNB's Code of Conduct:** DNB demonstrates corporate responsibility and contributes to sustainable economic, social and environmental development in the areas and industries in which the Group operates. DNB's corporate responsibility must be reflected in everything DNB does, including investment and financing.
- **Group policy for sustainability:** DNB undertakes to show consideration for the environment and to conduct operations that have the smallest possible negative impact possible on the external environment. In addition, we will work to promote taking greater environmental responsibility and encourage the development and distribution of environmentally friendly and sustainable technology and solutions.
- **Group instructions for sustainability in DNB's credit activities:** The instructions describe what we require and expect of customers we grant credit or other facilitated financing to. In DNB, we do not grant credit to customers who contribute to serious damage to the environment, and we have committed to showing consideration for climate and the environment in all of our credit activities.
- **Group instructions for responsible investments:** The instructions are intended to ensure that DNB does not contribute to serious damage to the environment and that an assessment of risks and opportunities is integrated into the management of the investments.

companies. We have included the lessons learned from our participation in our internal work with circularity.

Our work with circular economy is based on, among other things, the Initiative for Responsible Ship Recycling (RSRS), through which DNB is committed to integrating the principles of responsible scrapping and recycling of ships in our loan agreements and other terms and conditions. Through our work with the Principles for Responsible Banking (PRB) from the United Nations Environment Program Finance Initiative (UNEP FI), we have also identified circular economy as one of the main areas in which DNB is particularly able to exercise influence through its loan portfolio.

### What was done in 2023?

#### Lending to corporate customers

When considering loans to corporate customers, we assess different aspects of the companies' handling of recycling and waste reduction. We are in dialogue with customers in relevant sectors relating to this topic in order to contribute to knowledge sharing and to encourage customers to increase or initiate necessary activities. In October 2023, DNB's green product framework was updated with defined circular activities that can be financed through green loans to support such measures.

In accordance with our RSRS commitment and our own objective to include a clause on responsible recycling of ships in loan agreements, in 2023, all new and refinanced loan agreements with collateral in ships, and all new loans with collateral in offshore ships and rigs contained a clause on responsible recycling. The inclusion of a recycling clause has been standard practice since 2018, so most loan agreements in shipping today contain such a clause. In 2025, the Hong Kong Convention (the International Convention on the Safe and Environmentally Sound Recycling of Ships) will enter into force with global effect.

In 2023, DNB became a project partner in a consortium led by Nordic Circles<sup>2</sup>, which promotes the upcycling of metal from the maritime industry to environmentally friendly building materials. The project will lead the way, as an example of how circularity can function in practice by showing the potential for value creation, reducing greenhouse gas emissions and developing new scalable production technology. DNB will contribute resources and competence for further upscaling and industrialisation..

### Investments

In our capital management company DNB Asset Management (DAM), circularity was a recurring topic in active ownership throughout 2023. It is still early days for this topic, but we expect it to become increasingly important. In company dialogues, we attempt to challenge companies to work to achieve more circular production processes, not only because it is good for the environment, but also because circular business models increase profitability. DAM is well positioned to benefit from the transition towards increased circularity across sectors, given our broad investment

universe. The Nordic region has been identified as a region in which the potential in the circular economy has been underdeveloped. DAM's Nordic investment focus in several of our mutual funds therefore makes us particularly well positioned to exploit the opportunities for value creation in this area. This is particularly relevant in industrial companies, the construction industry and companies in the consumer sector, for example, textiles and packaging. We work actively through dialogue to influence companies to integrate the principles for a circular economy in their operations, so that relevant industries can help protect assets in the form of energy, labour and materials. This will reduce the environmental impact through high resource utilisation and less waste.

### The way forward

Going forward, we will continue our work to contribute to more circular value chains among our corporate customers. A circular economy will be an important topic in our customer dialogue, and we will continue to work to increase competence among our employees. We have begun work to establish further goals for how we can have a positive impact on the circular economy through our loan portfolio.

DAM will continue the work of influencing companies towards increased circularity across industries. We will use our influential ability as a shareholder to explore the opportunities for improved resource utilisation, especially among Norwegian companies. Circularity is a key topic in the dialogue to promote more profitable, effective and sustainable companies.

<sup>2</sup> Nordic Circles is a company that has developed a completely new value chain for the upcycling of maritime metal from ships and oil rigs to standardised construction materials like beams, columns, sheet piling and pipe piles.

# Financing, advisory services and investment

The transition to a low-emission society requires major changes, and investment is required both in existing sectors to reduce emissions, and in the development of new industries and technologies that can drive the transition forwards. As a financial institution, we are able to operate and support this transition through financing, advisory services and investment relating to products and services linked to sustainable activities. DNB has set targets to:

- Finance and facilitate sustainable activities<sup>1</sup> worth NOK 1 500 billion by 2030
- Increase assets under management (AUM) in mutual funds with a sustainability profile to NOK 200 billion by 2025
- Ensure that 50 per cent of net flows of total assets goes to mutual funds with a sustainability profile in 2025

Through these targets, DNB can be a driving force for the sustainable transition and contribute to increasing the Group's positive impact on climate and environment, social conditions and corporate governance. We will help our customers to move in a more sustainable direction, in addition to reducing emissions by offering financial products and services that promote sustainable activities, solutions, investments and innovation.

## What was done in 2023?

### Financing and facilitation

#### On our way to the NOK 1 500 billion target

During 2023, we financed and facilitated sustainable activities worth a total of NOK 171 billion, well distributed between our various products and services. The criteria for sustainable activities are listed on page 81.

The volumes have been included in our sustainable finance portfolio since 1 January 2020, and count towards our goal of financing and facilitating sustainable activities worth NOK 1 500 billion by 2030. We have contributed a total of NOK 562 billion since 2020.

Compared with the figure for 2022, NOK 170 billion, we saw a marginal increase in the volumes in 2023. This was mainly driven by growth in the financing of renewable energy and environmentally friendly transport. We experienced a sharp decline in volumes in green loans for new buildings, where the market has been particularly difficult in Norway. However, financing of rehabilitation and energy efficiency measures in buildings has increased considerably.

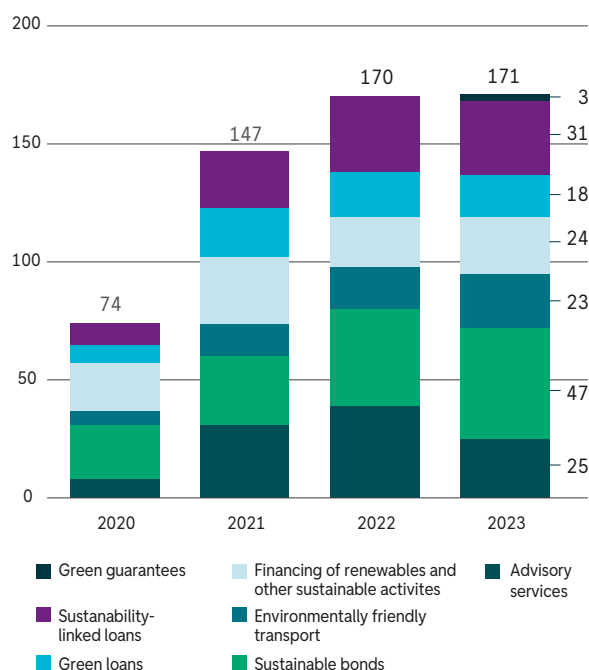


1 These activities are not based on the definition or the classification system in the EU Taxonomy Regulation.

## Further details of target attainment by product

### Finance and facilitate sustainable activities – by product

NOK billion



- **Green guarantees:** We issued 13 green guarantees worth a total of NOK 3 billion in 2023, all of which were issued to companies in the renewables sector.
- **Sustainability-linked loans:** Volumes increased somewhat from the previous year, and for 2023 we reported a total of 39 transactions, with a share of DNB loans of NOK 31 billion, compared with 37 transactions and NOK 32 billion in volumes in 2022. Sustainability-linked loans remain in high demand, but we have experienced slower volume growth, partly due to higher expectations from the bank market when setting key performance indicators and targets. Creating a link between sustainability performance and loan margin can be a powerful tool for us as a bank when it comes to incentivising our customers to change their behaviour.
- **Green loans:** We registered a record number of green loan transactions in 2023, a total of 68, amounting to NOK 18 billion. The main reason for this development was our initiative to showcase smaller green loans for financing energy efficiency measures in buildings. The total volume was lower than last year, however, mainly

explained by the construction of new buildings in Norway almost coming to a halt. Green loans for new buildings have in the past accounted for a large share of total volumes (NOK 3 billion in 2023, compared with NOK 12 billion in 2022).

- **Financing of renewables:** After a quiet first half of the year, we saw a considerable development in renewable volumes during the year, which ended at NOK 24 billion, divided between 47 transactions. The fourth quarter was the best quarter on record for financing in this sector, with particularly strong contributions from North and South America.
- **Environmentally friendly transport:** We facilitated and financed environmentally friendly transport worth NOK 23 billion in 2023. Electric passenger cars and vans accounted for 95 per cent of the volume, while the remaining volume was distributed between electric buses, lorries, construction machinery and other electric vehicles as defined in DNB's Sustainable Product Framework. Overall, we are ahead of schedule in relation to our 2030 goal to finance environmentally friendly transport worth NOK 175 billion. To achieve our goal, we need to increase the proportion of zero-emission vehicles in the portfolio, something that is supported by the trend in the shift in the Nordic markets towards zero-emission vehicles. We will also actively pursue and prioritise agreements with partners whose product portfolios and business plans are in line with our net-zero ambition.
- **Sustainable bonds:** 2023 was another active year for DNB in the sustainable bond market. We kept our market-leading position in the Norwegian sustainable bond market, and in 2023, 19 per cent of the capital we helped customers raise in global bond markets had a sustainable label (including green, social and sustainability-linked bonds).
- **Debt, equity and mergers and acquisitions (M&A):** The rise in interest rates in 2023 translated into greater capital expenses for project development, affecting the overall funding available for renewable energy ventures. Consequently, the valuation of renewable energy assets experienced a dip, posing challenges for project developers and potential investors alike. The result was a slowdown in M&A activity.

## Products and criteria for inclusion in the financing target<sup>2</sup>

Product category	Product description	Inclusion criteria <sup>2</sup>
Bonds	Green, social and sustainable bond transactions	Bonds aligned with the ICMA Green, Social and/or Sustainability Bond Principles with proceeds earmarked for investments with environmental and/or social benefits – with an external review confirming such alignment.
	Sustainability-linked bond transactions	Bonds aligned with the ICMA Sustainability-Linked Bond Principles where proceeds are for general corporate purposes, and where the financial characteristics of the transactions are linked to the issuer's realisation of sustainability performance targets – with an external review confirming such alignment.
	Bond transactions without an official sustainability label	Bonds financing renewable energy and related infrastructure, but without formal ICMA-aligned label.
Advisory services	Debt advisory mandates	Debt advisory mandates to facilitate and raise capital for i) renewable energy and related infrastructure, or ii) transactions aligned with the ICMA/LMA/LSTA <sup>3</sup> Green, Social, Sustainability and/or Sustainability-Linked Bond and Loan principles.
	Equity and M&A advisory mandates	Advisory mandates to facilitate listed/unlisted equity capital markets transactions, private placements or sales/purchases of project rights/shares, and M&A transactions, for companies primarily engaged in renewable energy and related infrastructure and services, or where the financing proceeds are specifically earmarked for such activities.
Loans	Green loans	Loans with proceeds earmarked for investments with environmental benefits aligned with DNB's Sustainable Product Framework or LMA's Green Loan Principles, and with a third-party assessment confirming such alignment. General corporate purpose loans may also qualify if a minimum of 90 per cent of the of recipient's expected income is derived from activities eligible under the Framework.
	Sustainability-linked loans (SLL)	Corporate loans aligned with the LMA/LSTA Sustainability-Linked Loan Principles where proceeds are for general corporate purposes and where the loan margin of the transaction is linked to the customer's realisation of sustainability performance targets. Only loans that are publicly branded and marketed as an SLL are eligible. Forward starts are not eligible.
	Loans without an official sustainability label	Loans issued to companies whose primary activity is renewable energy and/or related infrastructure, or where financing proceeds are specifically earmarked for such activities.
Guarantees	Green guarantees	Green guarantees for new projects/investments aligned with DNB's Sustainable Product Framework, or in renewable energy and related infrastructure.
Environmentally friendly transport	Financing provided by DNB Finans for passenger, transport and construction vehicles	Electric, hydrogen, or other passenger vehicles with zero direct emissions. Transport and construction vehicles with zero direct emissions. Vehicles used for the transport of fossil fuels are not included.
Further sustainable financing products can be included in the future in accordance with developments in the market and best practices.		

<sup>2</sup> Transactions meeting the criteria may still be excluded from the calculation on the basis of an internal review process. The criteria may be extended to cover additional sustainable activities in the future.

<sup>3</sup> ICMA: International Capital Market Association. LMA: Loan Market Association. LSTA: Loan Syndications and Trading Association.

Throughout the year we continued to expand our product offering, making sure our customers had access to relevant products and services for the investments needed in the transition to a low-carbon society. For example, we conducted a pilot project to showcase energy efficiency measures for buildings in the SME segment. We subsequently issued 33 green loans for energy efficiency measures.

Our Sustainable Product Framework, which lists activities and criteria for green financing, was also updated, and the update was carried out as a joint effort with DNB's business partner Sustainalytics. The new version is expanded in scope, and the structure, logic, and criteria have been harmonised more closely with the EU taxonomy. The Sustainable Product Framework has been published on [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports).

### Investments

In DNB Asset Management (DAM), mutual funds with a sustainability profile make an important contribution to achieving the ambition of increasing the total AUM in mutual funds of this kind to NOK 200 billion in 2025. We have also set a target that 50 per cent of net flows of total assets should be to mutual funds with a sustainability profile in 2025. To succeed in this, we must change how we work with mutual fund mandates as well as increase customers' interest in funds with a higher degree of sustainability integration.

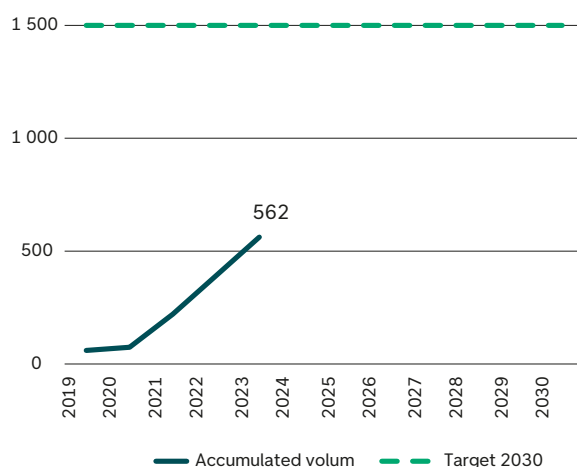
In 2023 we made several changes, and we progressed significantly towards our target compared with 2022:

- In early 2023, the equity fund DNB Global Emerging Markets changed its name to DNB Fund Brighter Future, with defined focus areas linked to the UN Sustainable Development Goals.
- We completed the fourth annual ESG integration survey for Norwegian bond issuers and increased our focus on collecting companies' sustainability data to meet more stringent reporting requirements, and on using the data as a basis for investment decisions that can contribute to the climate transition. This data is integrated into our internal ESG data that our portfolio managers use to make informed investment decisions.
- For funds registered in Luxembourg, we made changes to prospectuses to meet the new EU disclosure requirement.
- We reclassified the majority of Norwegian and Nordic fixed-income portfolios to mutual funds with a sustainability profile, with a higher degree of ESG integration and low carbon criteria. This represents a significant increase in AUM in this product category<sup>4</sup>.

At year-end 2023, total assets in mutual funds with a sustainability profile amounted to NOK 124.3 billion, out of the NOK 919 billion managed by DAM. As for the target that half of the net flow of total assets should go to mutual funds with a sustainability profile in 2025, there was a positive development in 2023 compared with

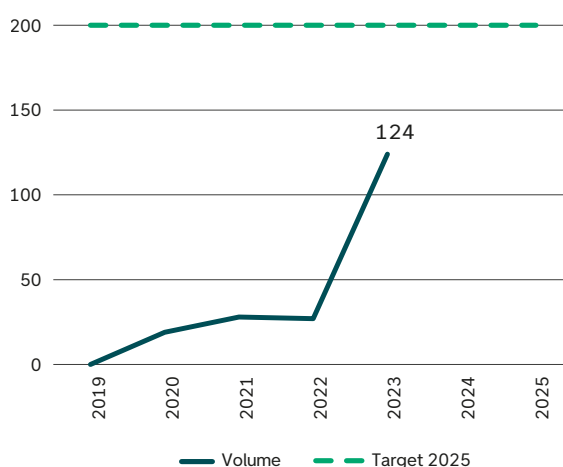
### Finance and facilitate sustainable activities

NOK billion (accumulated)



### Assets under management in mutual funds with a sustainability profile

NOK billion



<sup>4</sup> The mutual funds have been reclassified using SFDR methodology, without being certified by a statutory auditor.



### Other products

DNB offers a wide range of green loan products<sup>4</sup>, including green mortgages, green home equity credit lines and green construction loans, with price incentives for homes with an Energy Performance Certificate Rating (EPC) of A or B. In 2023, we prioritised developing more green loan products to ensure good financing schemes for a wider range of customers. This includes green fixed-rate loans, green holiday home loans and environmental loans. Environmental loans are an important tool for helping customers finance energy-saving measures in their own homes. We have continued to offer particularly favourable terms for all our green financing products to help customers make more climate-friendly choices. In 2023, we experienced a positive development in these products and can report growth from NOK 4.9 billion in 2022 to NOK 17.4 billion in 2023 in green mortgages.

### ESG share analysis

In 2023, we continued to build on our first place in Prospera's customer survey, which focused on how ESG was integrated into the share analysis in the Norwegian market in 2022 and 2021. Concrete contributions included drawing up several ESG-related sectoral reports that were distributed to a broad customer base, and making ESG-related information more specific in the share analyses. In addition, there was increased dialogue with the Nordic and European customer base, with an increase in queries relating to how ESG factors influence Nordic companies in the long term. We expect to develop our product offering by using ESG data for company analysis to an increasing extent, as ESG reporting is expanded and customers expect more information on ESG-related risks and opportunities.

### Projects financed in accordance with the Equator Principles

The Equator Principles are an international risk framework that has been developed through global cooperation between banks. The framework ensures that issues relating to environmental and social conditions are analysed and assessed and, as far as possible, minimised when we provide financing for specific purposes through project finance and project-related company loans. In 2023, we financed 11 projects in accordance with the Equator Principles, and they are now being built in Norway, Poland, Chile, Australia and the US. The projects were in sectors such as solar energy, wind power, battery storage and infrastructure (roads). We also financed our first desalination project (production of fresh water from salt water), and here DNB Markets provided project finance advisory services.

2022. The positive development was supported by the reclassification of many of the fixed income funds to the platform of low-carbon products. One example of this is DNB's Norwegian 'investment grade' fixed-income fund, which amounts to just under NOK 100 billion, which already met the criteria in the existing sustainability profile 'low carbon', and which was therefore reclassified to be covered by mutual funds with a sustainability profile. The net flow for DAM as a whole was negative in

2023, while there were weak positive net flows to mutual funds with a sustainability profile.

In DAM, sustainability is not restricted solely to our mutual funds with a sustainability profile, as all funds must adhere to the DNB Group instructions for responsible investments. However, for our mutual funds with a sustainability profile, we are working more explicitly to collect and analyse data on the potential adverse impacts

<sup>5</sup> The definition of green loans is based on the EU Taxonomy Regulation's definition of green assets.

of DAM's investments on environmental and social factors, so that these impacts can be reduced across all portfolios. Furthermore, we are practising positive selection of companies with a sustainability-aligned business model in some funds with higher degrees of ESG integration. The funds classified under Articles 8 and 9 of the SFDR (Sustainable Finance Disclosure Regulation)<sup>6</sup> will be examined carefully, and companies will be chosen through a process of positive selection based on defined environmental and social indicators for active funds, or based on an index with the same requirements for passive funds. The share of DAM's total AUM that are subject to positive screening and selection is 12.5 per cent.

## The way forward

### Financing and facilitation

In 2023, as a part of the work on DNB's transition plan, we developed and conducted a product assessment of all our financing products with a sustainability profile that aim to finance climate solutions, emissions reductions or transition activities. The climate transition product assessment process covered a number of factors to evaluate how products contribute to real-economy decarbonisation and DNB's net zero objectives, as well as to effective deployment. More details on the assessment can be found in DNB's transition plan on [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports). Going forward, we will continue our efforts to scale up our sustainable finance volume, while upholding the integrity of the products in terms of their real-economy impact and transparency. We launched the first programme for sustainability-linked supply chain financing in the Nordics in 2023, and we will continue to develop this programme in 2024, in addition to green guarantees. We are also exploring new products and advisory services to support our customers on their sustainability journeys, and are preparing to launch transition loans in the first half of 2024.

For our other products not included in the financing target, we expect increased demand for fixed-income, currencies and commodities products for managing risk in renewable energy and investments in green projects and industry. We expect to see increasing interest in power swaps for managing the power risk in a market that remains volatile, and in emission allowances for the marine industry. Furthermore, we have included sustainability advisory services in Initial Public Offering (IPO) transactions, both within share analysis and transaction execution. To proactively help our customers to meet new expectations and make the transition to a low-carbon economy, our advisory services will be of increasing importance in the time ahead.

### Investments

The goals we have set in the transition plan mean that we must develop new products, adapt mutual funds so that they can be reclassified as funds with a sustainability profile, and continue the integration of sustainability in the products we offer today. It is equally important that the customers are part of the ambition to reach these goals. They are the ones who need to select mutual funds with a sustainability profile if we are to achieve the goals in the transition plan. Through MiFID II (Markets in Financial Instruments Directive), we already ask our customers about their sustainability preferences, but we must also ensure that mutual funds with a sustainability profile are the most competitive and attractive funds for our customers.

<sup>6</sup> The EU legislation on disclosure of how sustainability advisory is handled by financial advisers. The SFDR has been implemented in Norwegian law, and is called *Offentlighetsforordningen* in Norwegian.

# The EU taxonomy for sustainable activities

## Reporting principles

The EU taxonomy is a classification system for environmentally sustainable economic activities. The purpose of the taxonomy is to steer capital towards environmentally sustainable investments. The classification is based on six environmental objectives, where the last four objectives (known as Taxo4) were not implemented in Norwegian law at year-end 2023. DNB is working towards reporting on the last four objectives from the reporting year 2024. As a credit institution, DNB is required to base its key disclosures under the taxonomy on information reported by customers and counterparties. As Norwegian non-financial companies were not required to fully report taxonomy information until the financial year 2023, DNB has experienced challenges relating to data availability and quality. The EU taxonomy is constantly evolving, and reporting for the financial year 2023 is based on information, interpretation and assumptions at the time of disclosure.

DNB's taxonomy reporting for 2023 is consolidated for DNB Bank ASA and its major subsidiaries, excluding DNB Livsforsikring AS, in accordance with the prudential scope prescribed by the Capital Requirements Regulation (EU 575/2013). The following disclosures are made in accordance with Article 8 of the EU taxonomy, as supplemented by Commission Delegated Regulation 2021/2178, annex V and VI.

## Taxonomy reporting templates

A summary of KPIs for the taxonomy reporting can be seen below. As the reporting requirements were implemented from 1 January 2023, comparable figures for 2022 are not available. The full reporting templates are published on [ir.dnb.no](https://ir.dnb.no) and [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports).

## Environmental objectives

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

In DNB, we contribute to channelling capital into sustainable activities through our offering of sustainable products. The framework for sustainable products is updated regularly to ensure that our criteria for green loans are generally harmonised with developments in best market practice and the conditions and application of the taxonomy. Read more about our framework for sustainable products on [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports).



## Summary of KPIs to be disclosed by credit institutions under Article 8 of the EU Taxonomy Regulation

As at 31 December 2023

		Total environmentally sustainable assets (NOK million)	KPI <sup>1</sup> (%)	KPI <sup>2</sup> (%)	% coverage (over total assets) <sup>3</sup>	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	137 673	n/a	n/a	83.5	35.6	16.5

		Total environmentally sustainable activities (NOK million)	KPI (%)	KPI (%)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	33 806	n/a	n/a	43.8	17.3	56.2
	Trading book <sup>4</sup>	n/a	n/a	n/a			
	Financial guarantees	0	n/a	n/a			
	Assets under management	4 110	7.2	10.7			
	Commission and fee income <sup>5</sup>	n/a	n/a	n/a			

1 Based on the turnover KPI of the counterparty.

2 Based on the Capex KPI of the counterparty, except for lending activities where the general lending turnover KPI is used.

3 Percentage of assets covered by the KPI as a share of banks' total assets.

4 For credit institutions that do not meet the conditions of Article 94(1) of Article 325 a(1) of the Capital Requirements Regulation.

5 Commission and fee income from services other than lending and AuM.

## Assumptions and data limitations in the reporting for 2023

Reporting data	Taxonomy-eligible activities	Taxonomy-aligned activities	Limitations
Non-financial undertakings	Exposures to loans and advances for non-financial undertakings is based on gross carrying amount in line with the FINREP reporting. The eligibility test is based on NACE codes.	No taxonomy-aligned activities had been reported by DNB's Norwegian counterparties at year-end 2023.	Due to lack of data available, the undertakings' activities have not been screened in line with the taxonomy. The work on implementing alignment testing and verification for the undertakings is under development (in Norway and within the EEA).
Households – of which loans collateralised by residential immovable property	<p>Eligibility is reported based on gross carrying amount. The portfolio of loans collateralised by residential immovable properties is recognised as eligible in its entirety.</p> <p>Unsecured credit/consumer finance are excluded from the total taxonomy-eligible activities for households.</p>	<p>Taxonomy-aligned activities are reported based on building code and year of construction. Properties that are among the top 15% most energy-efficient constructed before 2012, and between 2012 and 2020, are included. For properties constructed in or after 2021, the top 10% according to Net Zero Energy Buildings (NZEB) are included.</p> <p>If the year of construction was before 2012, properties with EPC-label A and B are classified as aligned. If the year of construction was between 2012 and 2020, all properties are classified as aligned if they comply with building code TEK10 and TEK17. For properties constructed in or after 2021, building code TEK17 and EPC-label A are used as verification for taxonomy alignment. Properties for which the year of construction is unknown are excluded, regardless of ECP-label.</p> <p>Our exposure to personal customers and public authorities is not required to meet the criteria set out in the EU taxonomy's Article 18 on compliance with minimum safeguards.</p>	<p>For collateral in immovable property, the latest available EPC label is used.</p> <p>The international portfolio is not included in the reporting due to lack of EPC label. We are working to increase the data quality of our international portfolio.</p> <p>The Norwegian Ministry of Finance, together with other relevant ministries, will assess which method can be used to identify which properties are among the top 15% and 30% in Norway in terms of energy efficiency.</p>
Households – of which motor vehicle loans	Taxonomy-eligible exposures include loans to zero-emission vehicles issued after 31 December 2020.	Motor vehicle loans are excluded in the reporting of taxonomy-aligned activities due to the technical screening criterion Do No Significant Harm (DNSH).	Data quality and availability is not sufficient for the assessment of compliance with the DNSH taxonomy screening criterion.
Local government financing	Exposures to local government are not reported as the purpose of the financing is unknown.	Exposures to local government are not reported as the purpose of the financing is unknown.	Local governments do not report taxonomy data.
Assets under management			Calculations for off-balance sheet exposures and assets under management are based on taxonomy data sourced from Bloomberg LP and the best available information at the time of reporting.



Reporting data	Taxonomy-eligible activities	Taxonomy-aligned activities	Limitations
KPI for turnover			The KPI for turnover is only reported for assets under management due to a lack of data from customers and third parties. We are working to implement methods for calculating and verifying the taxonomy reporting of undertakings.
KPI for Capex			The KPI for Capex is only reported for assets under management due to a lack of data from customers and third parties. We are working to implement methods for calculating and verifying the taxonomy reporting of undertakings.
Taxo4	Not reported	Not reported	We are working on implementing the final environmental objectives which were adopted in the EU in 2023 and implemented in 2024.
KPI for GAR flow			Flow is reported as new loans and advances issued in 2023. The gross carrying amount is calculated at the end of the first month after issuance. We continue to work on developing and implementing logics for the flow calculation.



*Social*

## Social conditions

Social conditions include a number of physical and non-physical factors that affect our employees, customers and suppliers, and society as a whole. Some of the factors that can be linked to this topic are: health and quality of life, equal access to resources and benefits, inclusive social and working conditions, participation, sense of belonging and security.

For DNB, the following topics have been identified as material under Social conditions:

- Human rights
- Diversity and inclusion



# Human rights

## Link to the UN Sustainable Development Goals:



DNB respects the human rights of all individuals and groups that may be affected by our business operations. Human rights are fundamental rights that apply to all people all over the world. Fundamental human rights are the rights that are defined in the internationally recognised standards for human rights that are set out in, among other documents, the UN International Covenant on Economic, Social and Cultural Rights of 1966, the UN International Covenant on Civil and Political Rights of 1966 and the ILO core conventions on fundamental principles and rights at work.

Through conventions, norms and standards, we have committed to respecting human rights. The UN Guiding Principles on Business and Human Rights (UN Guiding Principles), the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (the OECD Guidelines) and the 10 principles of the UN Global Compact are key to our work with human rights and labour rights. These commitments are based on our Group policy for sustainability, DNB's Code of Conduct for business partners and DNB's Code of Conduct, in addition to other Group instructions and personnel-related guidelines, processes and routines. Moreover, we have undertaken to comply with the Equator Principles, which clarify our responsibility to respect fundamental human rights in connection with project financing. Human rights were defined as a material topic in 2023, and in 2024, we will work with ambitions and goals relating to the topic.

Since 2022, the business sector's responsibility for human rights and labour rights has been regulated through the Norwegian Transparency Act<sup>1</sup>. Basic human rights and decent working conditions must be at the

heart of all of our business operations, both as an employer, as a supplier of banking and financial services, and as a buyer of goods and services, as well as in connection with our lending and investment activities. To read more about how we work with human rights, and to see our annual report under the Norwegian Transparency Act, visit [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports).

Through our supply chain and our credit and investment portfolios, we are exposed to sectors and countries with an increased risk of human rights violations, and through these we are therefore exposed to risk of direct or indirect human rights violations. Our internal assessment processes relating to environmental, social and governance (ESG) factors are integrated into routines and procedures to enable us to detect the risk. We have made it possible for our suppliers, business partners and other stakeholders to report negative incidents through the whistleblowing channel on our website [dnb.no](https://dnb.no). Throughout the year, we also engage with internal and external stakeholders, discussing various topics relating to human rights. Insights from these meetings are incorporated into our work in this area.

Due diligence is a key part of our work with human rights. Due diligence consists of processes implemented to identify, prevent, reduce and document our handling of any negative impacts on fundamental human rights and decent working conditions. The UN Guiding Principles and the OECD Guidelines state that responsibility for preventing and handling negative consequences for human rights includes both own operations and impact that can be directly linked to the company's activities, products and services. In DNB, due diligence must be performed within our own operations, among our business partners, in the supply chain, and in our lending and investment activities, and it must be performed in accordance with the OECD Guidelines. See the figure below.

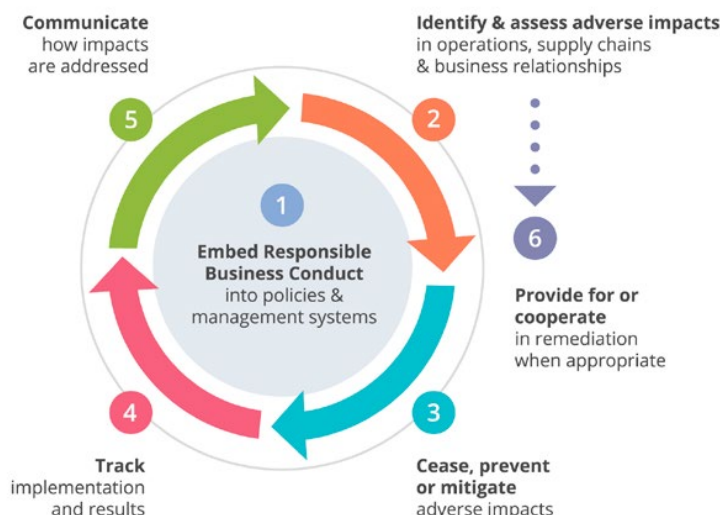
<sup>1</sup> Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (the Norwegian Transparency Act, in Norwegian only)

## Our governing documents for our work with human rights

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- **DNB's Code of Conduct:** In accordance with our Code of Conduct, DNB demonstrates corporate responsibility and contributes to sustainable economic, social and environmental development in the areas and industries in which the Group operates. DNB's corporate responsibility must be reflected in everything DNB does, including the Group's investment and financing activities.
  - **Group policy for sustainability:** DNB will map its own value chain in order to reveal the risk of actual and potential violations of human rights and labour rights that DNB may cause, contribute to or be directly associated with in its role as employer, investor, lender or purchaser.
  - **Group instructions for sustainability in DNB's credit activities:** In the instructions, we describe what we demand and expect from customers we provide credit to or for whom we facilitate capital market-based financing, in relation to human rights. The requirements and expectations are part of our ESG risk assessment process. All of DNB's customers must, within their sphere of influence, fully support and respect internationally recognised human rights and ensure that they are not involved in violations of these. Furthermore, customers must respect the eight fundamental or core conventions laid down by the ILO (International Labour Organisation). Customers must comply with applicable laws and regulations in their home country/country of domicile, in addition to applicable laws and regulations in countries where they conduct business operations. They must also act in accordance with relevant international conventions and guidelines adopted by international organisations, such as the UN and the OECD.
  - **Group instructions for responsible investments:** The instructions are intended to ensure that DNB does not contribute to the violation of human rights or labour rights, corruption, serious damage to the environment or other actions that could be regarded as unethical. They are also meant to ensure that assessments of risks and opportunities related to ESG (Environment, Social and Governance) factors are integrated in the investment management.
  - **DNB's Code of Conduct for business partners:** The Code of Conduct is based on international frameworks, and contains clear requirements in the areas of human rights and workers' rights, environmental management and ethical business conduct in own operations. It also specifies that business partners are under an obligation to comply with all legislation associated with decent working conditions and human rights in their business operations, and that they must communicate similar principles in their own supply chain.
  - **Group policy for procurement and outsourcing:** Our Group policy is intended to ensure that DNB does business with suppliers in such a way that the Group's requirements for responsible business conduct are met, and that the products and services used in DNB's operations are produced and delivered in a sustainable manner, and do not contribute to violations of human rights or of decent working conditions.
  - **Instructions for procurement and sourcing processes:** The instructions are intended to ensure that our procurement processes and purchasing do not contribute to violations of human rights or of decent working conditions. The requirements relating to responsible business conduct for suppliers must be followed up during the agreement period through dialogue, analyses and audits. As part of its work with suppliers, DNB must conduct risk-based due diligence, in line with applicable legislation, the UN Guiding Principles and the OECD Guidelines. Any breaches of these principles and guidelines that are identified must be assessed closely, and measures must be taken. Suppliers must comply with applicable legislation in the countries in which they operate.
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## The OECD model for due diligence



DNB's work relating to human rights in own operations is described in Diversity and inclusion on page 97.

information system, and customers in renewable energy and sea-based transport.

## What was done in 2023?

### Lending to corporate customers

In 2023, we continued to see an interest in human rights and labour rights among our customers. A strong driver of this has been the Transparency Act.

In our ESG risk assessment tool<sup>2</sup>, specific questions relating to human rights helped detect risks, gaps and non-compliance among some customers. These were followed up through customer dialogue, but were also the subject of discussion in specialist environments and credit committees.

In 2023, DNB held a dedicated conference on the importance of respecting human rights in the transition to a low-emission society. A sustainable shift requires that climate, the environment and human rights issues are seen in context, and that the transition is fair. The conference invited customers and other representatives of civil society to a dialogue on practical challenges and dilemmas relating to human rights in the business sector, and had contributors from the Rafto Foundation for Human Rights, the OECD's National Contact Point for Responsible Business Conduct Norway, a supplier of an

To increase competence on human rights and labour rights, as well as the Transparency Act among our account officers, we continued to put these topics on the agenda in our credit seminars. For some customers, we have also increased the knowledge of the Transparency Act at management level, at the request of the customers. Furthermore, DNB was an active participant in FUTURE-PROOF. This is a network of companies in Western Norway that was established by the Bergen Chamber of Commerce and Industry and the Rafto Foundation, where companies meet to raise their competence and share issues, dilemmas and best practices relating to human rights. DNB has benefited considerably from this in the work of integrating respect for human rights in its credit activities. In 2023, we shared a DNB-related case with the other members of the FUTURE-PROOF network.

### Investments

We manage significant assets on behalf of our customers through the management of mutual funds and active portfolios in DNB Asset Management (DAM), and through the Group's equity investments. Responsible and sustainable investment means taking ESG factors into consideration in investment management and contributing to sustainable development. Taking sustainability into account in investment decisions gives

<sup>2</sup> Read more about our ESG risk assessment tool under Management and follow-up of the sustainability ambitions on page 51.

portfolio managers better information on which to base these decisions. It also reduces risk and helps highlight the many opportunities associated with sustainable investment.

All of the DNB Group's investment activities must be in line with the Group instructions on responsible investments. The instructions are meant to ensure that in DNB, we do not contribute to violations of human rights or labour rights, corruption, serious damage to the environment, or other actions that could be regarded as unethical. Companies that act contrary to DNB's Group instructions on responsible investments and over time show no willingness to rectify the situation, may be excluded from the Group's investment portfolios. The purpose of the exclusions is to ensure that that we do not contribute to human rights violations, corruption, serious damage to the environment, or other actions which may be perceived to be unethical or not in line with DNB's guidelines. An updated list of company exclusions is available on our website [dnbam.com/en/responsible-investments/guidelines-and-exclusions](https://dnbam.com/en/responsible-investments/guidelines-and-exclusions).

DAM has developed an expectation document for companies on human rights. Our expectations call for a high level of transparency around how companies identify, assess, and manage their exposure to human rights risks and opportunities – both for the company and its supply chain. A high level of transparency ensures that DAM's asset managers have the opportunity to utilise the information in their company analyses and as input to investment decision-making.

Activities in the supply chains of companies are no longer considered separate activities, but rather as integral to understanding the impact companies and their customers are having on the locations where the companies have operations, as well as the impact they are having on people. 2023 was the first year of reporting in line with the Transparency Act, which provided a unique insight into the due diligence practices of Norwegian companies relating to their supply chains and business partners. DAM reported in line with this legislation in its 'Annual Report 2022 Responsible Investments'. Moreover, DAM engaged with several Norwegian companies in making preparations for complying with this new legislation. In the EU, the European Parliament voted in favour of the Corporate Sustainability Due Diligence Directive (CSDDD). The proposed Directive is a significant step in the direction of strengthening the due diligence and corporate

responsibility of nearly 10 000 European companies. Furthermore, it will also require member states to adopt new legislation in national assemblies. Similar legislation already exists in France and Germany, and in Norway through the Transparency Act. DAM considers this development to be highly favourable, as increased transparency and reporting helps facilitate improved working conditions in global supply chains, and also provides a better foundation for sound risk assessments.

We have also seen a rising interest in and concern for human rights and for operations in markets with an elevated risk of human rights violations. Increasing geopolitical tensions have highlighted the importance of engaging with companies on their due diligence processes relating to human rights in connection with both direct and indirect exposure to high-risk areas. In 2023, DAM engaged with 119 companies on their work on human rights in both reactive and proactive dialogues. This took the form of both individual and collaborative dialogues with Norwegian and international investors as well as engagement partners.

Several companies were excluded from our investment universe due to violations of DNB's criteria relating to human rights set out in the Group instructions on responsible investments. Many of the human rights-related exclusions in 2023 were linked to activities or sale of equipment in Myanmar, a state sanctioned by the United Nations Security Council. Five companies were excluded due to ties to the state-owned oil company Myanma Oil and Gas Enterprise (MOGE), which operates three offshore gas fields in Myanmar. MOGE's continued operation of these fields secures significant income streams that can fund the military's activities and human rights violations in Myanmar. Two further companies were excluded on the criterion of sale of weapons to states sanctioned by the UN Security Council, through the sale of weapons to the military junta in Myanmar.

### Purchasing

In 2023, DNB in Norway bought goods and services worth NOK 11.1 billion, and 124 of 4 600 suppliers represented 80 per cent of the purchasing costs. The main purchasing categories are development and operation of IT solutions, marketing and consulting services, and goods and services relating to real estate and office equipment. Among our suppliers, 87 per cent come from the following regions and countries: Nordics (73 per cent), UK (8 per cent) and US (6 per cent).

It is important that we choose suppliers that operate in accordance with our expectations and requirements, including relating to human rights. Having good suppliers makes DNB better, and it is our goal to be a customer that also contributes to their improvement.

The risk of violations of human rights or of decent working conditions is generally low for most of the services and products we buy. At the same time, it is important to point out that it is not possible to eliminate all risk, and that we therefore work continuously to assess risk and monitor suppliers more closely in order to have better control.

### Risk assessment

All suppliers that we enter into an agreement with undergo a risk assessment using DNB's Third-Party Risk Management (TPRM) system before signing the contract. The agreements are followed up and subjected to regular risk assessments during the contract period. One of the risk factors considered in supplier assessments is sustainability, including compliance with human rights. The system provides an overview of all of DNB's direct suppliers, as well as which of these are in industries and/or countries that entail a higher risk of human rights violations.

For suppliers that have higher inherent ESG-related risk, a more thorough assessment must be conducted prior to approval. This can be a matter of obtaining further information from the supplier concerned or external sources, or of making the decision to enter into a contract at a higher management level in DNB. For risk relating to social factors, suppliers must, among other things, answer concrete questions relating to policies, due diligence and how they identify, prioritise and reduce the risk of human rights violations in their own business operations. The system is continuously updated and improved to include more questions relating to sustainability, industry risk and opportunities for obtaining information about other links in the supply chain over and above our direct contracting party when this is considered more material. Among the 565 supplier assessments that were completed in 2023, 17 per cent were assessed as entailing higher inherent risk. These underwent a more thorough assessment before the final decision was made.

Suppliers with higher inherent risk of human rights violations are reassessed annually, and companies with more than moderate risk are followed up by the contract manager through different measures.

### Further examinations, risk reduction and improvement measures in the supply chain

To assess which areas have the greatest risk of violations of human rights or decent working conditions, we have mapped the goods and services we purchase, as well as the countries from which they are sourced or delivered. Furthermore, assessments are made of where in the supply chain the risk is considered to be highest. Finally, regardless of country and sector, an assessment is made as to whether DNB may have a greater responsibility for any negative impact.

As we have many suppliers, we take a risk-based approach when deciding which ones to focus on. These decisions are made based on the risk assessment performed upon entry into a contract, which identifies where the risk of violations of human rights and decent working conditions is greatest, combined with proportionality, that is, the context and the supplier's connections with DNB. Our ability to make a positive impact is linked to the scope of the agreement, the supplier's activity and the supplier's strategic importance.

If we discover that DNB has directly caused or contributed to violations of fundamental human rights or decent working conditions in our supply chain or through any of our business partners, we will implement measures or exercise our influential power, to ensure that those responsible for the violations remedy the situation. Any violations will be documented in accordance with internal processes.

### Standard and thematic requirements

We require specifically that DNB's Code of Conduct for business partners is included as an appendix in supplier contracts, and that our suppliers ensure that this requirement also applies throughout their value chain. In 2023, 89 per cent of the suppliers that were registered in DNB's contract database had committed to complying with the guidelines. This represents an 84 per cent increase from 2022. Our goal is for the document to be part of all contracts, but in some cases, for example, contracts with large international companies with many standardised customer relationships, we are unable to achieve this. We then consider whether it is acceptable to make an exception, and how the topic can best be covered in the contract, for example through the inclusion of the supplier's own ethical guidelines.

### Sustainability analysis

We use the EcoVadis<sup>3</sup> platform to assess suppliers that are deemed to entail a higher risk and for our more strategic suppliers. The result the supplier achieves in EcoVadis gives us good insight into what we should follow up with the supplier in relation to sustainability work, and the supplier's score is used actively as an evaluation criterion. The tool enables us to communicate directly with suppliers in the platform.

In 2023, we worked actively to bring several large suppliers into EcoVadis, and succeeded at this. At the end of 2023, suppliers representing 74 per cent of DNB's strategic supplier costs had a valid profile in EcoVadis, up from 63 per cent in 2022. The average score was 63.7 out of 100, up from 62 out of 100 in 2022, which is better than the average of 45 out of 100 on the platform in general. This was an improvement in both the proportion of supplier costs covered by EcoVadis and the average result, compared with the analysis from 2022.

The average score will always vary slightly, depending on which suppliers have a valid rating at the time of measurement. Furthermore, the score is often lower during the first assessment. In DNB, we encourage and expect our suppliers to achieve a score that shows that the company is working proactively and in a structured way with sustainability. The EcoVadis results are followed up through dialogue, thus allowing us to make a positive impact.

### Audits and on-site inspections

Every year, we select a small number of suppliers for on-site inspections, either in the form of large-scale audits where we consider compliance with DNB's Code of Conduct for business partners, or in the form of more thematic inspections when these are specifically required, for example as part of the 'see-to-it' duty<sup>4</sup> or an HSE inspection. In 2023, DNB, at Group level, carried out two on-site inspections of suppliers:

- A supplier that is used for delivery and recycling of electronic equipment, where the focus of the audit was compliance with DNB's Code of Conduct for business partners and relevant legislation such as the Transparency Act and environmental legislation. The audit did not detect any breaches of contract or violations of law. However, some risk factors were identified, and this led to a process with the supplier to consider various improvement measures, including measures relating to better management and follow-up of their supply chain.
- One of our largest IT partners, where the focus of the audit was compliance with DNB's Code of Conduct for business partners and relevant legislation such as the Transparency Act, as well as how the supplier works to promote increased diversity and equality. The audit did not reveal any breach of contract or violations of law, but several risks were identified. This led to a process with the supplier to consider various improvement measures in order to be able to close the audit.



<sup>3</sup> EcoVadis: Shared platform for the assessment of companies' work with sustainability, see [www.ecovadis.com](http://www.ecovadis.com)

<sup>4</sup> The 'see-to-it' duty: A statutory obligation to check that the pay and working conditions of a company's subcontractors are in line with applicable application regulations. See <https://www.arbeidstilsynet.no/regelverk/forskrifter/forskrift-om-informasjons--og-paseplikt-mv/2/6/> (in Norwegian only).

After an audit has been completed, we engage in a close dialogue with the supplier, to make sure that any deviations and suggested improvements are handled in a satisfactory manner. We find that the dialogue we have with our suppliers after audits is good, and that audits are a valuable tool for familiarising ourselves with the supplier's work and for enabling us to work together and achieve improvements and learning.

We also conducted six 'see-to-it' duty examinations of our partners in hotel and cafeteria services in 2023. No violations of pay or working conditions were detected during our examinations.

## The way forward

### Lending to corporate customers

In DNB, we will keep up the work of promoting respect for human rights in our credit activities. We will further improve our ESG risk assessment tool and establish better support for detecting risk in our customers' value chains. One of our goals for 2024 will be to integrate an information source for ESG-related country risk analysis delivered by the Economist Intelligence Unit into our risk assessment tool. In light of greater demands for due diligence in rules and legislation, as well as expectations of transparency from society in general, we will also continue to develop our tools to monitor and report on action plans for customer due diligence. We will further remain a participant in the FUTURE-PROOF network, and will attempt to exercise influence for the network to expand from Western Norway to more Norwegian regions. Human rights and labour rights will remain a priority in our in-house competence development – in Norway and internationally.

### Investments

Ensuring respect for human rights, including labour rights, will be an important topic in our engagements in 2024, as in previous years. Ensuring further integration of country risk assessments and due diligence in the supply chain will be a particular focus for 2024, as it was cemented as a key issue for both companies and legislators in 2023. Given growing regulatory pressure in Norway and other countries, it is expected that this will also be on the agenda in company dialogues, allowing DAM to advise and guide companies towards best practice. We will also seek to increase our participation in investor initiatives and monitor regulatory movements in the EU and other markets. PRI Advance, in particular, will be a key initiative to engage with further in 2024, as this is an area that did

not receive sufficient attention in the past year, due to limited capacity in the investor initiative collaborations.

### Purchasing

We will continue to exercise influence by regularly discussing sustainability in our supplier relationships. This can take the form of a review of the supplier's sustainability work or an update of material topics in the supplier relationship, such as work with equality and diversity or the supplier's general work in connection with the Transparency Act and respect for human rights. We also chose the Transparency Act and the suppliers' work relating to human rights as topics in the two audits we conducted in 2023. The audits have given us valuable insight which will better enable us to implement good procedures for the supplier portfolio in general.

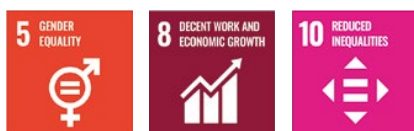
The work with responsible purchasing will continue in 2024. We will work continuously with internal training, improvement and compliance with current rules and legislation, as well as with optimisation of our risk system to ensure compliance with the Transparency Act in general, and respect for human rights in particular. We will also work to ensure that sustainable choices count more in our processes relating to the selection of suppliers, and we want to have a positive impact through our purchasing and supplier relationships.



# Diversity and inclusion

As a large financial institution, we have the opportunity to promote diversity and inclusion in our workforce, among our suppliers, the customers we finance, and society in general.

## Link to the UN Sustainable Development Goals:



that we follow relevant rules and legislation relating to diversity and inclusion, as well as the Norwegian Working Environment Act and the Norwegian Equality and Anti-Discrimination Act. We give an annual account of our equality and diversity work in accordance with the activity duty and the duty to issue a statement. The statement is available on [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports).

One of our sustainability ambitions is that we will be a driving force for diversity and inclusion. In recent years, we have put gender equality higher on the agenda both within DNB and through our products, services and procurements. We will continue this work in the time ahead, while seeking to boost our efforts to promote diversity and inclusion.

For us, diversity means everything that makes people and groups unique and different from each other. This can mean visible traits such as age, gender, ethnicity and functional ability, or invisible traits such as sexual orientation, gender identity, religion, competence, life experiences, personality and interests.

In DNB, inclusion covers initiatives and practices aimed at giving everyone the same opportunities to contribute to the organisation and to be themselves regardless of their background. Inclusion is key to realising the potential of diversity. Having a diverse and inclusive working environment pays off, and is in keeping with our ethical foundation.

As a financial services group, an important part of our inclusion work is to ensure that DNB contributes to greater financial inclusion and healthy finances for customers, including by offering responsible and innovative products and services.

Beyond complying with our governing documents (see the next page), we also work continuously to ensure





## Our governing documents for our work with diversity and inclusion

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- **DNB's Code of Conduct:** This framework reflects our values, forms the basis for our culture and is at the top of DNB's governing document hierarchy. At DNB, everyone is to be valued for their different qualities, recognised for their talent, and they should be able to be themselves. DNB does not accept any form of discrimination, whether this is on the basis of factors such as gender, age, ethnicity, religion or beliefs, disability, sexual orientation or political convictions. Moreover, DNB does not accept any form of harassment, including unwanted sexual attention. This applies in relation to customers, suppliers, colleagues and others.
  - **Group policy for sustainability:** DNB is committed to taking social responsibility, which entails striving for diversity among the Group's employees and ensuring that discrimination on the basis of factors such as ethnic origin, religion, sexual orientation, functional ability, age or gender does not occur. We support socially beneficial objectives and secure important social values in the areas and industry sectors in which the Group operates.
  - **DNB's governance principles:** Our governance principles are intended to help ensure that all employees have a common understanding of how we govern, lead and behave in DNB. We will be a driving force for diversity and inclusion through targeted and planned efforts in this area, while promoting equality among all employees and preventing discrimination. We will create a good working environment that ensures equal treatment and contributes at all times to conduct and a culture that are in line with DNB's Code of Conduct.
  - **DNB's Code of Conduct for business partners:** The purpose of the guidelines is to promote responsible business conduct and corporate responsibility in our value chain. They are based on international standards and conventions, including the OECD Guidelines for Multinational Enterprises on Responsible Conduct, the UN Global Compact and the ILO core conventions on fundamental principles and rights at work, as well as national legislation. DNB's ethical guidelines prohibit discrimination and emphasise respect for human rights. All employees are expected to be treated fairly and our business partners must work to promote gender balance, diversity and inclusion throughout their organisations. Business partners must implement DNB's requirements in their own operations, report on compliance, and cooperate with DNB in the event of a breach of the guidelines.
  - **Group instructions for attracting and employing new employees in DNB:** The Group instructions are intended to ensure that the processes are transparent and in line with applicable rules and legislation at any given time. Our selection processes will be professional and we will treat all applicants equally. We strive for diversity, we comply with national regulatory requirements, and we do not tolerate discrimination.
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## Diversity and inclusion in our own operations

We will promote a healthy and safe working environment that is free of discrimination and harassment, and we will safeguard employees' data protection, freedom of association and right to collective bargaining. DNB has collective agreements with a total of six trade unions. These help ensure proper working conditions in DNB and promote constructive dialogue between employers and employees on work-related issues.

DNB is committed to ensuring healthy and stimulating working conditions for all employees. This will be achieved through continuous and targeted HSE work based on mapping and risk assessments. To gain insight into employees' health and job satisfaction, we conduct quarterly employee surveys, and once a year this is extended to a larger mapping of the working environment. The results of the mapping are followed up in collaboration with HR and employees, as well as their representatives in the safety delegate service, and improvement measures are implemented when necessary.

DNB aims to be a workplace where everyone is treated with respect and where it is considered positive to speak up about unacceptable circumstances. All employees, hired temporary personnel and consultants are encouraged to speak up through our electronic whistleblowing channel, or to speak to their own manager, their manager's manager or the relevant specialist unit. They can also report unacceptable circumstances to the safety delegate service, employee representatives or HR. DNB's external, independent service for receiving reports can also be contacted. Employees at DNB have the right to submit anonymous notifications and can rest assured that their notification will be processed in a responsible and confidential manner. It is important that employees feel safe to report situations, and DNB will not tolerate any form of reprisals.

The systematic work with health, the environment and safety in DNB is handled by the central HR function. Incidents and accidents at work must be reported to the immediate manager, and the manager must register the incident. Any further follow-up and reporting to the public sector and private agencies will take place in collaboration between the employee, the manager and HR. Robberies, violence or threats are also considered accidents at work and must also be reported to the Group's security department.

All employees are protected from loss of income as a result of major life events, such as illness, parental leave or retirement. This protection consists of schemes that are offered in the various countries in which DNB operates, as well as corporate insurance schemes. DNB also offers four different options for employees who are identified as redundant in connection with restructuring: transfer to DNB's flexible workforce team, Flexforce, employment with Manpower with a salary guarantee, termination of employment with external career counselling, or termination of employment with severance pay.

As a major buyer of products and services, we have the opportunity to influence diversity and inclusion in our suppliers' operations. For service providers with long-term agreements or framework agreements with DNB, where labour is the main delivery, we require that they work systematically with diversity and inclusion in their own organisation. We also require that they have a gender balance target.

Diversity and inclusion is a recurring theme in our procurement processes with relevant suppliers. Our agreements include contractual key performance indicators (KPIs) linked to this, and we have follow-up meetings with suppliers at least once a year where we review developments and targets.

### What was done in 2023?

In 2023, we worked to implement our strategy for diversity and inclusion that was drawn up in 2022. The strategy describes our priority diversity areas and associated levels of ambition. In the strategy, multicultural background has been selected as a new priority area, in addition to gender. For the strategy to succeed, inclusion is highlighted as an important tool, in addition to mobilisation of the organisation, coordination, management and monitoring, and coherent communication.

The ambition of having a good gender balance (40/60) at all management levels stands firm, and in 2023, we achieved this goal at two out of four management levels, see the graph below. At the end of 2023, the average proportion of women at management levels 1–4 was 38.8 per cent, compared with 38.3 per cent in 2022. The proportion of women on the Board of Directors and in the Group Management team was 60 per cent and 42 per cent, respectively.

## Key figures regarding employee numbers<sup>1</sup>

As at 31 December 2023

	Women	Men	Total
Employees	5 229	6 099	11 328
Permanent employees	5 207	6 085	11 292
Temporary employees	22	14	36
Non-guaranteed hours employees	0	0	0
Full-time employees	4 933	5 867	10 800
Part-time employees	296	232	528

	Norway	International	Total
Employees	9 870	1 458	11 328

	Europe (incl. Norway)	Asia	North America and South America	Total
Employees	11 123	36	169	11 328
Permanent employees	11 088	35	169	11 292
Temporary employees	35	1	0	36
Non-guaranteed hours employees	0	0	0	0
Full-time employees	10 595	36	169	10 800
Part-time employees	528	0	0	528

## Gender balance at management levels 1–4

To achieve the goal of gender balance at all management levels, we are working systematically and purposefully to improve the gender balance in units in which the proportion of women is less than 40 per cent. We have introduced several measures to ensure gender balance and access to enough women with leadership talent:

- a minimum of 50 per cent female representation in in-house leadership development and talent programmes;
- a minimum of 40 per cent women candidates on succession planning lists;
- identification of the best qualified female and male candidates in recruitment processes for management positions before a final choice is made;
- diversity as one of the job assignment criteria in restructuring processes;
- a particular emphasis on achieving a better gender balance when changing the composition of management teams.

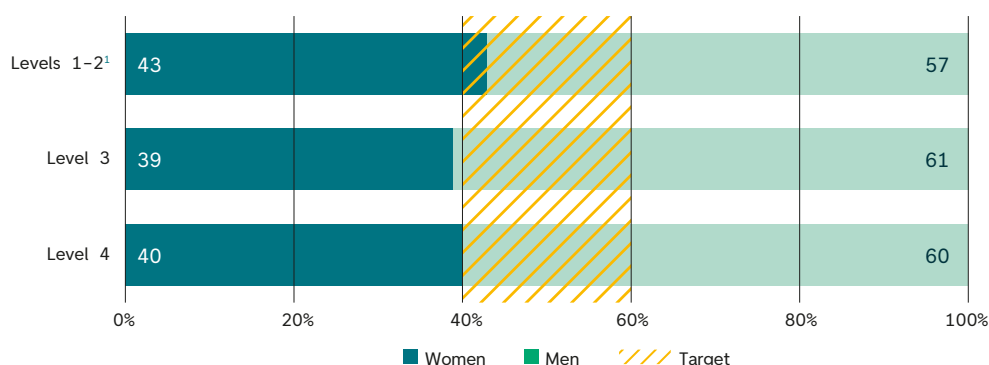
As in previous years, we celebrated International Women's Day and International Men's Day in 2023. We also continued our efforts from previous years in DNB's in-house ODA network.<sup>2</sup>

The Cultural Diversity Network continued its work by celebrating various cultural festivals. As part of the priority area in the strategy, we also showcased in-house role models with a multicultural background, and launched a mentor programme for immigrants, with a view to helping them into Norwegian working life. To inspire our multicultural employees to develop their careers further, we held seminars on diversity for management teams.

During the year, we continued to work on the topics of sexual orientation and gender identity, which included being the main sponsor of Oslo Pride in 2023. We were also the main sponsor of Bergen Pride, Regnbuedagene. We also established an LHBT+ network in Bergen, as well as network contacts in Trondheim, Riga, London and New York. To increase our competence in-house, we held talks on transgender issues, launched a 'Get answers to the questions you don't dare to ask!' campaign and produced

<sup>1</sup> The number of employees here also includes employees who are on leave or on sick leave.

<sup>2</sup> ODA network: The Nordic countries' leading network for diversity in tech.



1 In the Group Management team, the gender balance was 42/58.

several films about LHBT+ people that were posted regularly throughout the year.

In relation to mental health, we carried out training on stress and burnout in management teams, and drew up a guide to avoiding burnout. We also marked World Mental Health Day, as in previous years.

In 2023, we worked closely with trade unions and employee representatives on a number of matters, for example, adaptation for transgender people and drawing up a survey about perceived inclusion for employees with a multicultural background. In addition, we held many presentations and workshops in management teams and attended several events to increase competence on inclusion. We also conducted courses in inclusive management and developed a toolbox that all employees can use to learn more about diversity and inclusion.

We measure and follow up inclusion in DNB based on the answers to questions regarding perceived inclusion in the Group's employee survey. The goal is a result of at least 5 on a scale of 1 to 6, and at the end of 2023, the result was 5.4 among the 83 per cent of permanent employees who responded to the survey. This shows that DNB employees to a great extent feel that they are included, respected and valued for who they are, and that they feel comfortable expressing their opinions.

In 2023, we also continued our efforts to ensure compliance with the requirements in the Norwegian Equality and Anti-Discrimination Act that give employers a duty to make active efforts to promote equality and prevent discrimination (activity duty). While we developed a framework for analysis of the risk of discrimination in our central HR processes in 2022, in 2023 we continued the work of assessing DNB employees' opportunities to

combine work and family life, as well as their access to development and career opportunities and rewards. For a full account, see our 2023 report on the activity duty and duty to issue a statement on [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports).

In 2023, in the Norwegian part of DNB, women's fixed salary as a proportion of men's was 86.8 per cent, when calculating salaries without taking into consideration position level and content. This is an increase of 0.3 percentage point compared with 2022. In 2023, we mapped a new job architecture, which provided a basis for an updated report on equal pay for 2023. The report is attached to the report on the activity duty and duty to issue a statement for 2023.

In DNB we have zero tolerance for bullying and harassment, and we work systematically and purposefully to prevent and handle unwanted incidents. In our annual HSE survey, 333 employees answered 'Yes' to the question 'Have you been subjected to bullying or harassment from a customer or colleague over the past 12 months?', compared with 273 in 2022. This corresponds to 4 per cent of those who responded, with about half of the incidents occurring in connection with customer contact.

In 2023, a total of 16 cases relating to discrimination or harassment were registered and handled. Of these, 10 were reported using DNB's electronic whistleblowing channel.

In 2023, we hired 1 261 new employees, which represented a 2.2 per cent reduction compared with 2022. The Group's employee turnover was 7.6 per cent. This was somewhat lower than 2022, when the turnover was 8 per cent.

## HSE figures

	2023	2022
Number of accidents at work <sup>2</sup>	11	3
Number of work-related deaths	0	0
Sickness absence (per cent)	5.3	4.4
Number of working days lost as a result of sickness absence	100 746	85 834

## Attractive workplace and learning

Over time, DNB has worked to facilitate lifelong learning and motivate employees to engage in this kind of learning so that they can stay relevant both now and in the future, through upskilling and reskilling initiatives. At the beginning of 2023, we launched an initiative for skills enhancement and employee development through DNB University (DNBU). The goal is for DNBU to offer good learning opportunities that give added value and development for individual employees and for DNB as an organisation. The establishment of DNBU is also important for ensuring that DNB is an attractive employer and that it is known that we offer employees relevant training.

All permanent employees have access to our Motimate digital learning platform, which at the end of 2023 had more than 850 courses that had been produced in-house. Over 94.5 per cent of employees were active Motimate users. Some courses are labelled mandatory, and the completion rate for these was 95 per cent in 2023. Our employees also have access to over 16 000 learning resources via LinkedIn Learning, and in 2023 we had just over 6 500 active users of this solution. The Group's employee survey measures whether employees are satisfied with their opportunities for learning and development, and in the autumn of 2023, the average score was 5.0 (on a scale of 1–6) for the question 'I'm happy with the opportunities I have for learning and development', which is unchanged from 2022.

In a world that is continuously changing, with new competence requirements constantly arising, it is important to have an effective performance management process. Our performance dialogue process contributes to ongoing communication between employees and managers to ensure development and strong performance in accordance with DNB's strategy and goals. Among those who responded to the 2023

employee surveys, 92 per cent (with women and men equally represented) replied that they have had at least one performance dialogue, and 72 per cent of these reported that the conversations had been useful. We also offer our employees performance coaching from our certified in-house coaches.

## Purchasing

In 2023, we worked systematically on the topic of diversity and inclusion with suppliers whose main delivery is labour. This applies to 25 suppliers that deliver, among other things, consulting, legal and IT services, which accounted for around 18 per cent of DNB's supplier costs in Norway. Of these 25 suppliers, 16 have various diversity and inclusion requirements in their contracts, and 18 report regularly on concrete KPIs or targets relating to gender balance on their boards and management teams. They also report on the measures that are implemented to achieve gender balance.

Some supplier relations involve higher risk than others. In such cases, we enter into a dialogue with the supplier if we learn about incidents or challenges associated with the supplier's business operations or industry that we want to gain a better understanding of. Other examples may be that we advise our partners on how they can set up whistleblowing channels or facilitate feedback on guidelines and procedures.

During the risk assessment process, all of DNB's suppliers with higher inherent risk must state whether they have a policy or routine that includes gender balance and diversity, and describe how they work on this within their organisation. We also use the results of a sustainability analysis prepared by EcoVadis as a basis for our supplier management when relevant. We have seen positive developments among our suppliers relating to gender balance since we put this on the agenda.

<sup>2</sup> The reason for the increase is that we as of 2023 also report minor injuries that do not require medical follow-up. Previously, we have only reported injuries that needed treatment.

To ensure that diversity and inclusion are safeguarded in our collaboration with our largest strategic IT partners, we have initiated several joint activities, both for those who work from DNB's premises and for those who work from their own. The goal is to increase insight into and competence relating to each other's cultures, to create an awareness of our roles in society, and to ensure equality and build psychological safety. At the same time, we have taken steps to increase the number of female managers and motivators, including through adapted working days, skills-enhancing measures and a mentor scheme, which has also led to more women returning to work at the end of their maternity leave.

### The way forward

The diversity and inclusion strategy stands firm, and we will continue to implement it in the time ahead. Multicultural diversity is a stated priority area that will be given greater attention. An increasing proportion of Norway's population is multicultural, and this is reflected in the customer base and among our employees. In the time ahead, fully succeeding in the inclusion of people with multicultural backgrounds will be very important, as will managers' multicultural competence. To achieve this, we will work to obtain a greater understanding of perceived inclusion for this group of people.

We will continue to work to promote diversity among the participants in our management and talent development programmes. All programmes are closely evaluated and improvement measures are implemented immediately when this is necessary. All employees should be familiar with our employee development system, and more mandatory training measures will be initiated than before, targeting managers and employees alike.

We will continue to support employees' development in accordance with their needs and those of the organisation. We have gathered several of the development offerings in one place, to make it easier for each employee to find suitable options. We will continue to develop the options on offer in order to motivate employees to pursue lifelong learning.

The work with diversity and inclusion in the supply chain will continue in 2024. We will focus on selecting responsible suppliers and on having a positive influence through our purchasing. We will also assess whether the number of suppliers that are followed up in the area of diversity and inclusion should be increased, and consider the possibility of further KPIs.

## Financial inclusion of personal customers

Access to basic financial products and services is a prerequisite for being able to participate fully in society, in financial and social terms. As Norway's largest bank, we play an important role in the personal finances of many Norwegian households, thanks to our products and services. The UN Principles for Responsible Banking (PRB) initiative has developed a guide on financial inclusion and financial health that we have used as inspiration for defining how we contribute in this area, and what we can do better. Financial inclusion is a matter of access to financial products and services, and financial health is a matter of the extent to which each person finds that they are able to handle their own finances and have faith in their own financial future. The work on financial inclusion has focused particularly on more vulnerable population groups or groups with special needs. We have mapped who they are, how they are taken into account by the bank, and whether there is something we should do differently.

We have defined three areas in which we believe DNB is particularly able to contribute to financial inclusion and financial health for our personal customers:



### 1. Access to information and basic banking services

- DNB offers basic banking services to any person who wants to establish a customer relationship with the bank, as long as they meet the requirements associated with the anti-money laundering rules and legislation. A minimum requirement is being able to document one's own identity, and for some customers in especially difficult circumstances, it can be difficult to provide this. One example is refugees, and for this group DNB has adapted its routines in order to be able to help people in a particularly vulnerable situation, also when they do not have the documentation usually required for access to banking services.
- Information about our banking services must be available to as many people as possible. We are carrying out structured work to ensure that digital information complies with the universal design requirements, so that as many people as possible can use the bank's digital services. We have developed a range of adapted products and services for customers who are less digitally proficient or customers with special needs, such as people who are blind or partially sighted. This includes braille on bank cards and a talking code device. We have also maintained non-digital services, consisting of the BrevGiro (giro sent by post) and a dedicated phone number for questions regarding these services. We also offer SMS services that customers can use to gain an overview of their finances, allowing them to view their balance, pay bills and make transfers. This makes bank services more accessible for customers who are less comfortable with using digital services. We are also available for all of our customers through the customer service centre and our 51 branch offices throughout Norway.

## 2. Long-term financial security through savings and ownership of own home

We help customers plan their long-term financial security through savings for their future and for being able to buy their own home. Examples of measures:

- Use of the savings app Spare makes it easy for customers to save and gain a good overview of their savings. The app allows them to see how much pension they have accumulated and how much their employer is setting aside for them, and to easily purchase mutual funds and shares.
- DNB is a leading provider of mortgages in Norway, a country in which over 80 per cent of the population own the home they live in<sup>3</sup>. For some groups, for example, young people, who are often looking for their first home, it is particularly difficult to enter the housing market. DNB has a special focus on this group, and offers, among other things, favourable mortgage rates for young customers. Another measure is *Vennelån* (friend loans), a product which makes it easier to grant a loan to friends who want to buy a home together. The *Vennelån* product includes a draft co-ownership contract and a free advisory session with a lawyer, in partnership with the law firm Ally.
- We help customers who are struggling to keep up with payments on interest and instalments on their mortgages by looking into possible measures such as interest-only periods, extended repayment periods and other solutions that may help the customer.
- Through the #huninvesterer (#girlsinvest) campaign, we have worked since 2019 to raise women's awareness of the differences between women's and men's finances, to increase their financial literacy and to make it easier for them to take action, as we see pervasive financial disparities in Norway, with women consistently owning less than men. We work systematically to obtain and share knowledge about the barriers to financial gender equality, including in relation to investments, ownership, entrepreneurship and management. Based on the insight we gain, we highlight a new topic every year.

## 3. Better financial health through advisory services adapted to own needs

DNB offers financial advisory services through several channels: the online bank and the mobile banking app, the customer service centre, and the branch offices. Our employees regularly undergo skills enhancement in order to be good advisers. General advice on, for example, everyday finances or savings, can also be found on the DNB Nyheter (DNB News) website.



3 Facts about housing ([ssb.no/bygg-bolig-og-eiendom/faktaside/bolig](https://ssb.no/bygg-bolig-og-eiendom/faktaside/bolig)) – in Norwegian only



## What was done in 2023?

In 2023, we worked to clarify what financial inclusion and health mean for DNB, and we defined three areas in which we believe DNB is particularly well equipped to help our personal customers. These are described in the introduction above.

Most of our efforts to promote financial inclusion are ongoing, but we are also working to improve and further develop products and services to increase our personal customers' financial inclusion and financial health even more.

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### Some examples of new or strengthened measures from 2023:

- A growing number of mortgage customers contacted the customer service centre for advice on managing their mortgages. In collaboration with the customers, we found solutions such as interest-only periods, extended repayment periods and refinancing, by merging mortgages and loans or by making use of other opportunities in the Norwegian Lending Regulations.
- Through the *Ung-milliarden* (young billion) campaign, we shed light on the obstacles many young people encounter when entering the housing market. Here we made a commitment to lend at least NOK 2 billion in total to qualified first-time buyers who do not have enough equity or who cannot receive help from their parents.
- We established a dedicated team of advisers for young people who want to enter the housing market, or who are in the process of doing so, to help them succeed at realising their dream of owning their own home. The launch of the concept *Ung-samtalen* (young conversation) resulted in us talking to a record number of young people.
- We continued to work to facilitate saving: In the Spare app, we launched a personalised investment film to give customers an overview of their own investments, in addition to market updates and savings tips. Saving was also at the heart of DNB's summer campaign *jegbufrer* (I'm buffering) which was about making smart choices in everyday life and how saving even small amounts can make a difference in the long term. Despite 2023 being a challenging year in terms of inflation and high

interest rates, many of our customers continued saving. At the end of 2023, 33 per cent of our active customers saved regularly, which is in line with the previous year. 'Active customers' mean customers with deposits or loans in DNB that exceed NOK 1 000, or at least one capital transaction over the past three months. Regular saving means customers with an ongoing DNB savings scheme for saving in mutual funds and/or in a savings account.

- In the autumn of 2023, we launched a new national *#huninvesterer* campaign, where the theme was 'female role models'. The campaign was supplemented with a national tour that consisted of 30 events for over 6 000 participants. We also organised a *#huninvesterer (#girlsinvest)* campaign in Sweden for the first time. Moreover, we launched *#huninvesterer Oppstart (#girlsinvest start-up)* – a guidebook for female entrepreneurs – together with the *#huninvesterer academy*, which consists of eight digital learning modules, in order to increase competence on finances, investment and entrepreneurship.
  - We kept the *Din samtale* (Your conversation) concept, to help customers in particularly demanding situations. This is where a dedicated team helps customers who contact us, including by showing them how to set up a budget, get a better overview and giving them advice on how to handle debt.
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## The way forward

DNB's ambitions for financial inclusion are wide-ranging in the organisation, and are linked to the business strategy. In order to better gauge the effect of relevant measures, in 2024 we will continue to define KPIs associated with financial inclusion. We will draw on the insight we have gained so far, and continue to build on it, and we will consider whether there are areas or customer groups we should focus more closely on in 2024, from the perspective of financial inclusion and health.



## Corporate governance

Corporate governance includes factors that affect our ability to have sustainable business practices, as well as responsible and ethical business management. This can include a company's management structure, ethics and corporate governance, transparency, anti-corruption work, anti-money laundering measures and tax issues.

For DNB, the following topics have been identified as material under Corporate governance:

- Information security (including Data protection)
- Financial crime

# Information security

## Link to the UN Sustainable Development Goals:



In order to maintain trust and competitiveness, it is important for DNB to deliver secure, stable and user-friendly services to our customers. As a major player in Norwegian society, we play an important role in the financial infrastructure and can help maintain trust in the financial system, also during a time of geopolitical unrest. War in Europe and the Middle East, and general geopolitical turbulence, have created extra uncertainty in 2023. With a dynamic threat landscape and rapid technological advances, it is increasingly important that DNB helps maintain trust in the financial infrastructure and secures access to financial services.

The largest digital threat against DNB and the financial sector is still from threat actors whose motivation is to steal information, sabotage systems or achieve financial gain. With the war in Ukraine, however, we are seeing a shift towards threat actors that conduct cyber attacks to promote a political agenda. During the past year, we have seen that financial institutions can be affected by cyber attacks because of their important function in society. DNB is therefore also a potential target for cyber attacks from politically motivated threat actors, as we handle large amounts of sensitive and confidential information about customers, employees, business partners and society in general. A cyber attack can have serious consequences for the profitability and reputation of the Group, as well as for our customers' trust in us. Protecting information security means safeguarding information against unauthorised access, changes, deletion or loss, and ensuring that the information is available, updated and correct. Digital threats against the financial infrastructure are the Group's highest operational risk.

DNB works with information security at every level of the organisation and in all processes, also in relation to customers and suppliers. We have good guidelines

and a clear division of responsibilities relating to how information security and data protection are safeguarded in the business. Risk management processes have been established to continuously identify and follow up risk. The processes are meant to ensure compliance with internal requirements as well as with laws and regulations, and that risk is mapped and managed.

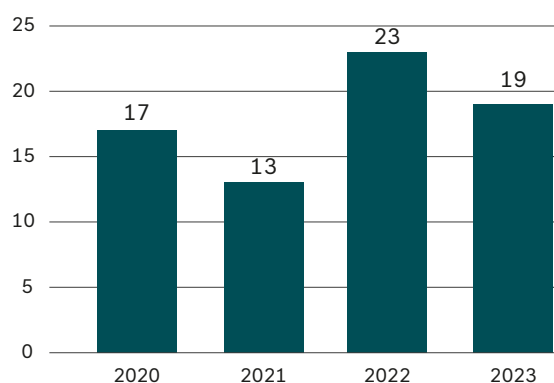
We must have sufficient expertise and capacity to achieve the appropriate security level and to carry out good security work at every level. The Group has set up its own specialist functions to ensure that it has the necessary security competence to support operational units in the performance of security work.

## What was done in 2023?

Cyber attacks have become one of the largest challenges to society in our time, and the Allianz Risk Barometer report for 2023<sup>1</sup> ranks cyber incidents and business interruption as the two main global business risks. These are risks that also DNB is working extensively with, and that can affect our information security.

Systematic efforts over a period of several years have yielded good results in terms of operational stability, which is now at a satisfactory level, and well within the Group's risk appetite. There were 19 days with significant operational incidents in 2023, a decline from 21 in 2022. Continuous work is being done to identify underlying causes, and measures are being implemented on an ongoing basis.

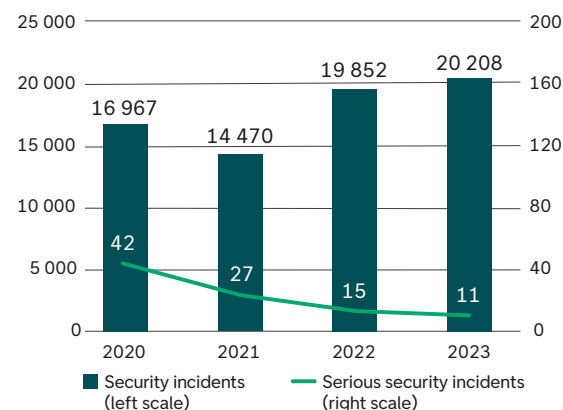
## Number of days with significant disruptions to business operations



<sup>1</sup> Allianz Risk Barometer 2023 (<https://commercial.allianz.com/content/dam/onemarketing/commercial/commercial/reports/Allianz-Risk-Barometer-2023.pdf>).

During the past few years, we have seen an increase in the number of cyber attacks, and the largest threat comes from supply chain attacks, ransomware attacks and denial-of-service attacks. In 2023, we recorded 20 208 cyber attacks and IT security incidents, which is an increase from 19 852 attacks in 2022. The number of attempted attacks and incidents that are handled is increasing every year, but we have nonetheless seen a decline in the number of incidents with the potential to cause serious harm. We believe that this is due to strengthened security at DNB, and changes in the threat landscape, as it is often cryptocurrency exchanges that are subject to digital bank robberies. None of the cyber incidents that were registered in 2023 had serious consequences for customers or the Group.

### Number of registered cyber attacks and IT security incidents



## Our governing documents for our work to promote information security

- **DNB's Code of Conduct:** Through our work, we gain access to and produce information about our customers, employees and partners. The Code of Conduct describes how we at DNB will protect this information and avoid exposing these people to unnecessary risk. The Code of Conduct also states that employees of DNB must process personal data in accordance with legal requirements and internal rules. Customers, suppliers, partners, employees and owners should have confidence in our processing of personal data and must be able to rely on us to safeguard their privacy.
- **Group policy for information technology:** The purpose of this Group policy is to establish key principles and responsibilities relating to the management and delivery of information technology in DNB.
- **Group policy for security:** This Group policy sets out roles and responsibilities relating to security work. The document does not cover the work on ensuring a safe working environment or HSE efforts. Security at DNB is a matter of ensuring our ability to avoid damage to or loss of assets as a result of undesirable, intentional actions, as well as technological, environmental or human errors or accidents.
- **Group instructions for data protection:** These Group instructions are intended to contribute to DNB complying with requirements laid down in external and internal rules and legislation in the area of privacy protection. The instructions set out basic requirements relating to DNB's processing of personal data.
- **DNB's global framework for personal data protection:** The framework establishes rules and principles for how companies in the DNB Group should comply with the requirements of the Norwegian personal data rules and legislation. The framework is intended to help companies in the DNB Group process personal data in a responsible, lawful and secure manner. Personal data must be processed in accordance with basic privacy protection considerations, Group-wide requirements, and external and internal requirements that are specific to the individual legal entities.

## Data protection

Maintaining a high level of compliance with the data protection rules and legislation is continuous work. Being open towards customers about how we process their personal data was a prioritised area throughout 2023, and information about how DNB processes personal data has now been gathered at [www.dnb.no/en/about-us/protection-of-personal-privacy.html](https://www.dnb.no/en/about-us/protection-of-personal-privacy.html).

When we develop new products and services, it is important that we integrate data protection into the technological solutions. To ensure this, we have improved our Group guidelines for data protection by design and have included examples of concrete measures. When unwanted incidents occur, they must be handled quickly and efficiently. We have a low threshold for reporting personal data security breaches, and in 2023 we sent 114 non-compliance reports to data protection authorities.

DNB was not issued any orders or non-compliance fees by the Norwegian Data Protection Authority in 2023.

We see a growing interest in the use of artificial intelligence in every sector of society, especially generative artificial intelligence. Generative artificial intelligence can provide new opportunities, but we also have a responsibility to ensure that the technology is used in a secure and good way. To contribute to this, we have drawn up guidelines for employees' use of external tools that use generative artificial intelligence.

Transparency is critical in order for our customers to trust us, and we are working continuously to provide information about our processing of personal data, also in DNB's digital channels. At DNB, we aim to ensure that our processing of personal data is secure, transparent and understandable. In order to protect the data of our customers and employees effectively, we will therefore keep up our good, continuous work to ensure that DNB complies with the rules and legislation in this area.

The ability to detect and manage cyber security incidents before they have an impact on our operational stability continues to be a key priority area. In 2023, we focused particularly on strengthening our ability to detect incidents using advanced tools and with a threat- and risk-based approach. When handling cyber security incidents, we see that our suppliers play an increasingly important role and that attacks against third parties are becoming a larger part of the threat landscape. We conduct regular drills on managing cyber incidents and general incident management at every level within our organisation. We also carry out these types of drills together with other players in the financial industry and other actors with critical infrastructure.

Our employees' knowledge of security is important in terms of ensuring the safety of our customers and employees. All new employees are therefore required to complete basic training on information security. In addition, all employees are also required to complete

mandatory training every year. By the end of 2023, a total of 97 per cent of all employees had completed the basic training on information security, and 87 per cent had taken the mandatory courses. This is an improvement on the 2022 figures and is considered a good completion rate.

In 2023, we continued building on the training and awareness-raising initiatives that we launched in 2022. We also expanded the training to new groups of employees. After having had a strong focus on increasing competence on cyber security in the technology environments, in 2023 we expanded the training and skills-building measures to the rest of the organisation, with a particular focus on training managers.

We are doing targeted work to improve cyber security by identifying measures that may help reduce the cyber risk and increase our maturity relating to security. This work is set out in our three-year cyber security roadmap. A new

external survey of our security maturity was carried out in 2023, showing an increase compared with the same survey in 2021, and that we are now at an acceptable level. Our score is also higher than that of comparable financial institutions.

### The road ahead

In 2024, we will continue our work of safeguarding the information security of the Group by protecting information from unauthorised access, change, deletion or loss, and ensuring that the necessary information is available, updated and correct.

Our ability to adapt continues to be an important quality in a world of geopolitical instability, ongoing digitalisation and a challenging threat landscape where new actors with other agendas and greater resources represent a new threat. We must therefore continue to build and maintain our digital resilience. In order to maintain secure and stable operations, we must keep up the work relating to the automation of solutions and vulnerability remediation, as well as the use of data analysis and artificial intelligence. Artificial intelligence will be a focus area in 2024, through the use of new technology. This will increase our resilience in the face of the threat landscape, and will help increase the information security, effectiveness and quality of our processes, products and services.

The risk of cyber attacks remains a significant threat to society and may have major societal consequences, resulting in a more challenging regulatory landscape, nationally and internationally. In 2024, DNB will work on the implementation of new rules and legislation for digital operational resilience<sup>2</sup>. We will also continue to have a strong focus on security and compliance as a natural part of our processes, products and services.

We will increase awareness and knowledge of information security among our employees. In addition to general skills enhancement measures for all employees, we will keep devising and implementing specific measures targeted at different roles and areas of responsibility.



<sup>2</sup> The Digital Operational Resilience Act (DORA) - Regulation (EU) 2022/2554.

# Financial crime

## Link to the UN Sustainable Development Goals:



Financial crime, which includes fraud, money laundering and corruption, is a serious societal problem, a threat to our welfare system, and it also undermines a healthy business sector. As Norway's largest bank and an important player in the financial system, DNB plays a material role in limiting financial losses for society, our customers and us as a company. With the rapid digitalisation of society, cyber crime is an increasing threat for us as a financial institution, in that criminals are constantly developing new forms of digital fraud, for example.

We will help prevent and detect money laundering and terrorist financing by continuing to develop our transaction monitoring and KYC processes<sup>1</sup>, as well as by having good internal control. We have deployed considerable resources in our anti-money laundering efforts, and work is continuously being done to improve compliance with the anti-money laundering rules and legislation, as well as to adapt to new changes and to manage the risk of money laundering.

In DNB, we have zero tolerance for corruption and are working to identify, assess and manage corruption risk associated with employees, customers, third parties and other relevant business relationships. All employees must have adequate competence on the corruption rules and legislation, be familiar with DNB's zero tolerance approach to corruption, and carry out a mandatory course to update their knowledge of our Code of Conduct every year.

Each unit in the Group is responsible for compliance with the rules and legislation relating to anti-money laundering and sanctions, as well as other relevant rules and legislation concerning financial crime in its own area of responsibility. Failure to comply with rules and legislation may result in loss of reputation, financial losses and administrative reactions, such as orders to rectify the

situation, administrative sanctions and, in the worst case, loss of the licence. All employees are required to update themselves annually on current governance principles for anti-corruption and money laundering. This is one of the measures we use to minimise the risk of financial losses for DNB, our customers and other business associates.

Raising awareness and competence building are also important from a societal perspective. We contribute to this by giving presentations in various forums and by organising webinars for customers on an ongoing basis on security culture and good payment routines. We also publish advice and recommendations, an annual report on DNB's threat assessment, and other reports on DNB's website, so that they are available to everyone.

## What was done in 2023?

In 2023, we experienced a continued increase in fraud attempts, and further development of the methods used in 2022. Many players are continuing to carry out large, automated phishing attacks on our customers. The attacks vary from small attacks of fairly low quality to large, targeted and automated campaigns. Investment fraud continues to cause substantial losses for our customers, and the victims are often manipulated by criminals to withhold information requested by the bank in its attempt to stop or detect the frauds.

In the spring of 2023, we discovered a new method of fraud, known as 'safe account fraud'. The method involves victims being contacted by someone claiming to be from the bank or the police, informing them that someone has gained access to their account, and that they must move their money to a safe account. These cases are particularly demanding, as the criminals say that this is part of an ongoing police investigation, and that the victims must therefore not tell the bank that they have called. Cases of safe account fraud share many similarities with phishing cases, but the customers are tricked into transferring the money themselves to the criminals (social manipulation).

1 Know Your Customer.



## Our governing documents for our work to combat financial crime

- **DNB's Code of Conduct:** The Code of Conduct states that we will work actively to prevent and detect money laundering and terrorist financing by following established rules and internal procedures for anti-money laundering and anti-terrorist financing. DNB has zero tolerance for all forms of corruption, and will act in an open, transparent and accountable manner. In DNB, we will actively prevent and detect corruption.
- **DNB's Global Anti-Corruption Framework:** The framework provides guidance for how the Group is to meet basic requirements and standards in the area, and is intended to help ensure a uniform, consistent approach to anti-corruption efforts in the Group. DNB's Global Anti-Corruption Framework is intended to serve as a guide to the operationalisation of prevailing legislation, preparatory works, and relevant guidelines.
- **DNB's Global AML Framework:** This framework is designed to help us prevent and detect money laundering and terrorist financing. The aim is to ensure that the Group complies with basic requirements and standards in this area, and to help ensure a consistent approach in the Group, both in Norway and internationally.
- **DNB's Global Sanctions Framework:** The purpose of this framework is to ensure that DNB complies with national and international legislation related to sanctions and export control, and to contribute to the uniform implementation of compliance work in the Group. The framework provides guidance on sanctions regimes we must comply with and describes the elements of DNB's Group-wide Sanctions Compliance Programme.

### Digital fraud

	2023	2022
Number of cases against customers	9 723	9 343
Number of customers affected	5 010	4 625
Number of cases we handled	13 056	12 671
Number of cases we reported	38	28
Total value of attempted fraud against customers and the Group that was stopped (NOK million)	1 543	1 067

In 2023, there was a strong focus on improvement measures to prevent financial crime. Among other things, the risk classification method was strengthened

by adopting an updated Group-wide model. In addition, further development of electronic monitoring was given high priority; this is work we will continue in the time ahead. We are continuously evaluating new technological solutions, and started using advanced network analyses in 2023 so as to more easily uncover organised financial crime and corruption, among other things. In the work to combat financial crime, we are also using machine learning to both develop rules for the electronic monitoring and to improve the rules and prioritisation of alerts in the electronic monitoring system.

The coercive fine of NOK 50 000 per working day that was imposed on DNB on 1 September 2022 for not having complied with an order to verify the identities of the entire

customer base was dropped on 24 April 2023. Updating customer information is ongoing work, and we are working on this continuously to be able to understand and manage the money laundering risk we face.

In 2023, DNB sent a total of 2 563 reports to the Financial Intelligence Unit in Økokrim (the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime) due to suspicions of money laundering or terrorist financing. A single case can include a number of customer relationships and transactions, and in total we investigated 5 012 matters.

Having the right competence at an adequate level is of central importance to successfully detecting financial crime. All permanent employees and all Board members are therefore required to take annual courses on combatting money laundering, terrorist financing and corruption, as well as on international sanctions, and on the prohibition against disclosure. At the end of 2023, 94 per cent of employees and all of the Board members had completed training on financial crime. Training over and above the basic course level is based on the individual employee's responsibilities, roles and function in the organisation.

### Affiliation with special interest organisations

In general, DNB does not use third parties in direct external stakeholder dialogue, either in Norway or internationally. The exception is membership in special interest organisations that can speak on behalf of, for example, industries. Cooperation and knowledge-sharing between banks and the public sector are vital in the fight against financial crime. DNB participates with other financial institutions in several cooperation initiatives, for example the meeting place for public-private cooperation on anti-money laundering and counter-terrorist financing, OPS AT (*Offentlig Privat Samarbeid – anti-hvitvasking og -terrorfinansiering*).

DNB's stakeholder work aims to give us an increased understanding of society's expectations of us, to create understanding of our role in society, and to share knowledge about the financial sector. We will disseminate knowledge and contribute to the sustainable transition nationally and internationally. We will also try to achieve the best framework conditions and to position DNB as an interesting dialogue partner, both in the industry, in relation to the authorities, and with regard to other stakeholders in society. Through transparent and effective documentation of our work relating to the authorities and stakeholders, we ensure compliance with the rules and legislation associated with lobbying. DNB is a member of the Transparency Register of the European Commission, the European

Parliament and the Council of the European Union. In connection with our membership, we have also signed the EU Transparency Register's Code of Conduct.

In 2023, a DNB employee participated, as a representative of Finance Norway, in the Securities Law Committee's work on, among other things, the report on the EU's Corporate Sustainability Reporting Directive (CSRD), Finance Norway's position on the Energy Performance of Buildings Directive (EPBD) and Finance Norway's work on green property and energy efficiency. In total, DNB paid NOK 30.1 million for membership in the industry organisations Finance Norway, the Norwegian Savings Banks Association and the Association of Norwegian Finance Houses.

### Membership fees in industry organisations

	2023	2022
Paid (NOK million)	30.1	23.9

### The way forward

The fight against financial crime, money laundering and terrorist financing will continue at full force in 2024. DNB's improvement efforts in the area of anti-money laundering are structured well, and are designed to ensure shared priorities and joint progress. In 2024, we will continue the work of further developing our Group-wide risk classification method and strengthening the electronic monitoring. In addition, we will proceed with the work of standardising routines and processes associated with customer due diligence, which is an important premise for adequate quality and for a risk-based approach to the anti-money laundering work. We are continuously considering adopting new technology that could support the AML work to improve and simplify the work of combatting financial crime, for the benefit of customers and society.



## Feature article:

## Responsible tax practices and our tax contribution

A company's tax contribution is an important part of its corporate responsibility, and DNB contributes considerable amounts of tax every year. In 2023, our total tax contribution was NOK 13 139 million. In line with our overarching goals and values, we have responsible tax practices that safeguard the Group's interests and balance them against the needs of customers, shareholders, employees, and society in general. Our approach to tax is based on our overarching values and ethical principles (Code of Conduct), and we have a global tax strategy. Read more about the tax strategy and our tax contribution in the document DNB's Tax Contribution 2023 on [dnb.no/sustainability-reports](https://dnb.no/sustainability-reports).

### Responsible tax practices

We are exposed to tax risk due to our complex business model and because the Group has operations in many countries. We define tax risk as both risk of misapplication of the tax rules in connection with DNB's tax contributions, which in turn leads to the wrong tax expense, and tax-related matters associated with DNB's customers and other third parties that result in sanctions from the tax authorities or reputational loss for DNB. The risk is governed within the Group's risk management framework, and in the same way as other types of risk the Group is exposed to (read more about risk management in The Board of Directors' report on corporate governance on page 35). The tax risk is governed according to the model with three lines of defence:

- **The first line of defence** includes all of the Group's operative functions (business areas and staff and support units). All of the Group's operative functions have a local tax function. These in turn are supported by Group Tax, which consists of employees with a combination of tax, legal and accounting expertise. Group Tax identifies and handles tax risk based on appropriate guidelines, standards and tools.
- **The second line of defence** consists of the risk management function and the compliance function. The functions must be involved in and contribute to assessing risk when introducing new strategies, organisational changes and other changes in the operations, provided that such changes in the operations are considered to be material.

- **The third line of defence** is Group Audit, which assists the Board in ensuring that all material elements of the Group's internal control, including risk management and compliance, are of satisfactory quality.

Our responsible approach to tax involves having low tax risk and being transparent about our tax affairs. This entails, among other things, that we are transparent with the tax authorities in all of the countries in which we have operations. It is our aim to provide sufficient and clear information in the tax return and in our answers to the tax authorities' queries. Tax matters must be handled professionally and efficiently in accordance with DNB's values. In Norway, we have regular meetings with the tax authorities to discuss their queries and any material questions relating to our tax matters. Their feedback and audits are used to reduce our tax risk.

In addition to the Norwegian Tax Administration performing controls in different areas, our statutory auditor reviews our tax expense, and our internal audit function carries out audits of specific tax areas.

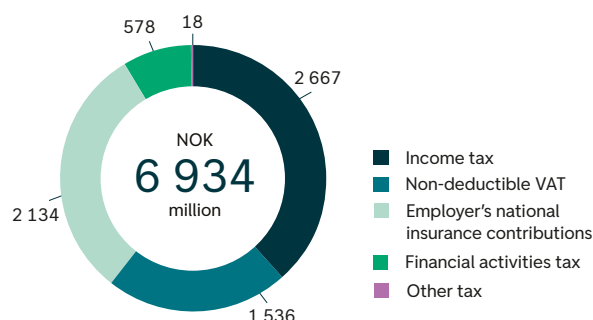
We aim to follow tax rules and international conventions in every country in which we operate, and seek to act in accordance with the purpose of the rules. DNB will not facilitate or otherwise contribute to tax evasion or aggressive tax planning for customers that would have a negative effect on society. An important part of our compliance relating to tax is to monitor and implement regulatory changes in the area of tax, and we work continuously to take a systematic approach to this.

All of the products we offer undergo a comprehensive approval procedure where tax risk is one of the factors assessed. We also consider tax risk associated with our relations with third-party suppliers.

The Board monitors tax issues and tax risk through the Audit Committee and the Risk Management Committee. These committees receive regular reports and updates on material tax risk, tax disputes and developments in tax policy.

We have a Tax Control Framework (TCF), which contributes to the ongoing efforts to implement the tax strategy in the organisation. The purpose of the TCF is to help DNB meet the expectation of effective handling of tax cases.

### How much tax did the DNB Group pay in 2023?



Taxes paid constitute a cost for the Group and include:

#### Income tax

The Group pays tax on income generated in the individual countries in which the respective entities are resident for tax purposes or have operations. The tax is calculated based on the country's tax rules. Paid income tax is actual tax paid during the year regardless of which fiscal year the tax applies to.

#### Non-deductible value added tax (VAT)

DNB pays VAT on purchases of goods and services. The Group is only allowed partial deductions for input VAT, which means that a large part of the VAT constitutes a cost for the Group. The amount includes all non-deductible input VAT on the purchase of goods and services.

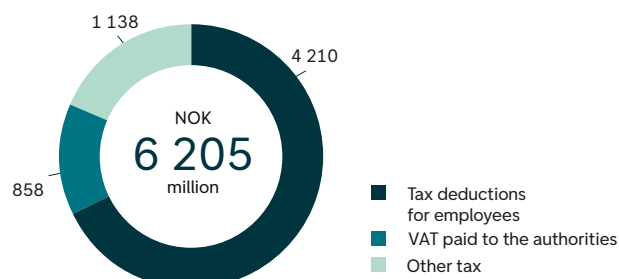
#### Employer's national insurance contributions

As an employer, DNB is obliged to pay employer's national insurance contributions and other social security contributions based on the employees' salaries and other remunerations.

#### Financial activities tax

The financial activities tax is an additional tax imposed on companies within the financial services sector. This tax consists of two elements: an increased income tax rate for financial institutions (3 percentage points), and an additional tax for employers in the financial services industry, based on the payroll of the companies (5 percentage points).

### How much tax did the DNB Group collect on behalf of the authorities in 2023?



#### Other tax

This may, for example, be withholding tax on interest and dividends paid to countries where the Group's customers or investors are resident for tax purposes, and which DNB cannot subtract from other tax.

In addition to taxes paid by the Group itself, DNB collects the following tax on behalf of the authorities through its operations:

#### Tax deductions for employees

In many countries, employers are required to withhold taxes and other social security contributions when paying salaries to employees.

#### VAT paid to the authorities

DNB must report and collect VAT on the purchase and sale of taxable goods and services. In addition, DNB calculates and pays VAT on purchases of goods and services from abroad. Net collected tax after deduction of tax on the Group's purchases of goods and services is reported and paid to the local tax authorities in the individual countries.

#### Other tax

This may, for example, be withholding tax deducted from interest and dividend payments and collected on behalf of the authorities.