

# Second-Party Opinion

## DNB Bank ASA Green Finance Framework



### Evaluation Summary

Sustainalytics is of the opinion that the DNB Bank ASA Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Green Residential Buildings, Clean Transportation and Renewable Energy – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9 and 11.



**PROJECT EVALUATION AND SELECTION** DNB's internal process in evaluating and selecting eligible loans is overseen by the Green Finance Committee. Relevant business units identify potentially eligible green loans for the committee's approval. DNB has a dedicated ESG risk assessment and mitigation process that is applicable to all allocation decisions made under the Framework. Sustainalytics considers the project selection process and risk management to be in line with market practice.



**MANAGEMENT OF PROCEEDS** DNB's Treasury team is responsible for overseeing the management of proceeds. The allocation will be tracked via DNB's existing internal systems using a portfolio approach. Selected projects for financing will be part of a Green Loan Portfolio. DNB will strive to achieve a level of allocation that matches or exceeds the balance of net proceeds. Unallocated proceeds will be held in DNB's treasury liquidity portfolio, in cash or other short-term liquid instruments. DNB intends to allocate the proceeds at issuance. This is in line with market practice.



**REPORTING** DNB commits to report on the allocation and impact of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the size of the green loan portfolio, the total amount of proceeds allocated, the balance of unallocated proceeds and the share of new financing versus refinancing. In addition, DNB commits to report on relevant impact metrics. Sustainalytics views DNB's allocation and impact reporting as aligned with market practice.

### EU Taxonomy

Sustainalytics has assessed DNB Bank ASA's Green Finance Framework for alignment with the EU Taxonomy. Sustainalytics mapped the eligibility criteria in the Framework's three categories to 10 activities in the EU Taxonomy. Sustainalytics is of the opinion that the criteria defined in the Framework's three use of proceeds categories are aligned with the applicable technical screening criteria (SC) for substantial contribution to an environmental objective of the EU Taxonomy and 23 of the Do No Significant Harm (DNSH) criteria. The Framework criteria were assessed as partially aligned with 12 of the DNSH criteria. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

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**Evaluation Date** October 16, 2023

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**Issuer Location** Oslo, Norway

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## Introduction

DNB Bank ASA (“DNB” or the “Bank”) is a Norwegian financial services group headquartered in Oslo, Norway. The Bank offers financial services such as loans, savings, advisory services, insurance and pension products to retail and corporate customers. DNB is one of the largest financial services groups in the Nordic region, with a total asset base of NOK 3.2 trillion (USD 3 trillion) as of December 2022.<sup>1</sup>

DNB has developed the DNB Bank ASA Green Finance Framework (the “Framework”), under which it intends to issue green finance instruments, such as green covered bonds (issued by DNB’s subsidiary DNB Boligkreditt AS), green senior bonds and green commercial papers, and use the proceeds to finance or refinance, in whole or in part, loans, credits and investments under its green loan portfolio. Projects under the Green Loan Portfolio are expected to provide an environmental impact by improving buildings’ energy performance, providing additional renewable power capacity and fostering clean transportation. The Framework defines eligibility criteria in three areas:

1. Green Residential Buildings
2. Clean Transportation
3. Renewable Energy

DNB engaged Sustainalytics to review the DNB Bank ASA Green Finance Framework, dated September 2023, and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).<sup>2</sup> The Framework has been published in a separate document.<sup>3</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>4</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The Use of Proceeds criteria alignment with the EU Taxonomy Climate Delegated Act; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.14, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of DNB’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. DNB representatives have confirmed (1) they understand it is the sole responsibility of DNB to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and DNB.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market

<sup>1</sup> DNB Group, “fourth quarter report 2022”, at: <https://www.ir.dnb.no/sites/default/files/pr/202302089020-2.pdf?ts=1685005526>

<sup>2</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-100621.pdf>

<sup>3</sup> The DNB Bank ASA Green Finance Framework is available on DNB Bank ASA’s website at: <https://www.ir.dnb.no/funding-and-rating/green-bond-framework>

<sup>4</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon 24 (twenty-four) months following the evaluation date herein, DNB is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that DNB has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the DNB Bank ASA Green Finance Framework

Sustainalytics is of the opinion that the DNB Bank ASA Green Finance Framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible categories – Green Residential Buildings, Clean Transportation and Renewable Energy – are aligned with those recognized by the GBP. Sustainalytics notes that eligible loans in these categories will provide meaningful environmental contributions and support the transition towards a low-carbon economy.
  - DNB has not defined a look-back period for refinancing as financing under the Framework is limited to financial assets under the Bank's Green Loan Portfolio. In case financial assets are allocated to opex, Sustainalytics considers it good practice to define a look-back period of three years for refinancing.
  - Sustainalytics notes that DNB may provide general corporate purpose loans to companies where 90% of the actual or expected activities comply with the eligibility criteria in the Framework, which may be measured not only from companies' revenues but also from other financial indicators such as EBITDA or other expenditures. Sustainalytics believes that, while project and activity-based lending generally results in more direct environmental and social benefits and ensures compliance with the criteria in the Framework of the issuer, the financing of pure play companies is a commonly accepted approach, which is likely to generate positive impacts. Nevertheless, Sustainalytics considers using indicators other than revenue to be a deviation from what it considers good practice and encourages DNB to provide transparent reporting on which indicators they will use to determine the pure play companies.
  - Under the Green Residential Buildings category, DNB may finance loans, credits and investments for the acquisition and ownership of new and existing residential buildings in Norway, meeting the following criteria:
    - Buildings built after 31 December 2020 with a primary energy demand at least 10% lower than the nearly zero-energy building (NZEB) requirements.<sup>5,6</sup>
    - Buildings built before 31 December 2020 that comply with the Norwegian codes of 2010 (TEK10) or 2017 (TEK17). Sustainalytics notes that these criteria are consistent with the Climate Bond Initiative (CBI) standards for low-carbon residential buildings<sup>7</sup>

<sup>5</sup> European Commission, "Nearly zero-energy buildings", at: [https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings\\_en](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings_en)

<sup>6</sup> Government of Norway, "Rettleiing om utrekning av primærenergibehov i bygningar og energirammer for nesten nullenergibygningar", (2023), at: <https://www.regjeringen.no/no/aktuelt/rettleiing-om-utrekning-av-primarenergibehov-i-bygningar-og-energirammer-for-nesten-nullenergibygningar/id2961158/>

<sup>7</sup> Climate Bond Initiative, "Location Specific Criteria for Residential Buildings & Calculator", at: <https://www.climatebonds.net/standard/buildings/residential/calculator>

- and considers this criterion to be consistent with market practice in Norway for selecting buildings that fall in the top 15% based on primary energy demand.
- Sustainalytics views the investments under this category to be aligned with market practice.
  - Under the Clean Transportation category, DNB plans to finance loans, credits and investments for the development, manufacture, retrofit and purchase of zero-direct (tailpipe) CO<sub>2</sub> emissions vehicles. The vehicles may include fully electric, hydrogen fuel cell, or other zero-direct (tailpipe) CO<sub>2</sub> emissions vehicles for passenger or freight transportation on road and water ways. The investments may also include supporting infrastructure such as electric vehicle charging stations and hydrogen fuelling stations. Sustainalytics views these investments to be aligned with market practice.
  - Under the Renewable Energy category, DNB intends to finance loans, credits and investments in specific projects, assets or pure play companies.<sup>8</sup> The financing may also include the construction, installation, operation and maintenance of solar, wind and hydropower projects, transmission and storage of energy from renewable sources, and manufacturing of related technologies.<sup>9</sup>
    - Hydropower facilities are limited to: i) run-of-river plants without an artificial reservoir; ii) facilities with a power density of electricity generation above 5 W/m<sup>2</sup>; or iii) facilities with life cycle emissions lower than 100 gCO<sub>2</sub>e/kW. Considering the longevity of hydropower assets, newly constructed facilities effectively lock in energy generation for a very extended period. Sustainalytics encourages DNB to favour newly constructed projects with emissions intensities below the 50 gCO<sub>2</sub>e/kWh threshold.
    - Electricity transmission activities and assets include the development of new and the improvement of existing transmission systems to integrate renewable energy into the existing grid, meeting at least one of the following criteria: i) the system is the interconnected European system and its subordinate systems<sup>10</sup>; ii) more than 67% of newly enabled generation assets comply with the 100 gCO<sub>2</sub>e/kWh life cycle threshold over a rolling five-year period; or iii) the grid's average emissions factor is less than 100 gCO<sub>2</sub>e/kWh, over a rolling five-year period. The investments may also include direct connections or expansion of direct connections of renewable energy sources. Sustainalytics views these criteria to be aligned with market practice.
    - Storage technologies, such as pumped hydropower storage. Sustainalytics considers these technologies as aligned with market practice.
  - Project Evaluation and Selection:
    - DNB's internal process in evaluating and selecting eligible loans, credits and investments is overseen by its Green Finance Committee (GFC), which comprises members from DNB Treasury, DNB Personal Banking/DNB Boligkreditt, Corporate Banking, the Sustainability & Public Affairs Department and Group Credit Risk Management.
    - DNB will select eligible green residential buildings based on information from the official land register, constituting data on the building year and energy performance certificate label for all residential buildings. Loans secured by mortgages on eligible green residential buildings will be selected as eligible green loans, credits and investments under the Framework.
    - The environmental and social risks associated with the eligible green projects are addressed through the implementation of DNB's internal policies. The GFC ascertains that the selected projects comply with DNB's internal environmental and social requirements and external frameworks, such as the Equator Principles.
    - Based on the established process for project evaluation and selection and the presence of adequate environmental and social risk management policies, Sustainalytics considers this process to be in line with market practice.
  - Management of Proceeds:

<sup>8</sup> Pure play companies include companies with 90% or more of actual and expected activities related to renewable energy meeting the criteria defined under the Framework, measured on the basis of revenue, overall expenditures or other indicators as determined by DNB.

<sup>9</sup> DNB has confirmed to Sustainalytics that bond proceeds will be used to finance manufacturing facilities exclusively dedicated to the manufacture of components or supply chain for renewables, including for onshore solar and wind, marine renewables, hydropower and geothermal.

<sup>10</sup> Sustainalytics considers the expansion and maintenance of resilient grids to broadly to be supportive of positive environmental outcomes and recognizes DNB's intent to align with the EU Taxonomy while noting that the financing may support transmission of carbon-intensive energy when allocated to interconnected European systems without additional emissions intensity thresholds

- DNB's Treasury team is responsible for overseeing the management of proceeds. The allocation will be tracked through DNB's existing internal systems using a portfolio approach. Selected projects will be part of a Green Loan Portfolio. DNB will strive to achieve a level of allocation that matches or exceeds the balance of net proceeds. Unallocated proceeds will be held in DNB's treasury liquidity portfolio, in cash or other short-term liquid instruments. Sustainalytics notes that DNB will manage the net proceeds from the issuance through a portfolio approach. Sustainalytics considers it to be a good practice to ensure continuous allocation and that as the underlying eligible loans in the pool are amortized or removed for any reason, the pool will be replenished such that the value of outstanding eligible loans remains equal to or greater than the net proceeds. DNB has committed to such continuous allocation, until bond maturity.
- Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - DNB commits to report on the allocation of proceeds, aligning with the portfolio approach, on its website on an annual basis until full allocation.
  - The allocation report will include the size of the Green Loan Portfolio, the total amount of proceeds allocated, the balance of unallocated proceeds and the share of financing versus refinancing. DNB intends to obtain a report on the allocation of bond proceeds to eligible assets from DNB's external auditor or other external party.
  - DNB commits to report on relevant impact metrics,<sup>11</sup> such as estimated annual GHG emissions compared to the baseline (in tCO<sub>2</sub>e) and estimated energy consumption compared to the baseline (in KWh). For a complete list of impact indicators, please refer to Appendix 4.
  - Based on the annual allocation and impact reporting commitments, Sustainalytics considers this process to be in line with market practice.

#### Alignment with Green Bond Principles 2021

Sustainalytics has determined that the DNB Bank ASA Green Finance Framework aligns with the four core components of the GBP. For detailed information, please refer to Appendix 4: Green Bond/Green Bond Programme External Review Form.

#### Alignment with the EU Taxonomy

Sustainalytics has assessed each of the Framework's eligible green use of proceeds criteria against the relevant criteria in the EU Taxonomy and determined their alignment with each of the Taxonomy's three sets of requirements. The results of this assessment are as follows:

1. Substantial Contribution to an Environmental Objective of the EU Taxonomy
  - The criteria in the three eligible categories defined in the Framework were mapped to 10 activities of the EU Taxonomy. At the time of the assessment, the criteria in all three categories align with the applicable SC criteria of the EU Taxonomy.
2. Do No Significant Harm (DNSH) Criteria
  - A total of 35 DNSH criteria apply to the activities mapped to the Framework. The criteria in the three eligible categories were assessed as aligned with 23 of the applicable DNSH criteria and partially aligned with 12 DNSH criteria.
3. Minimum Safeguards
  - Based on a consideration of the policies and management systems applicable to Framework criteria, as well as the regulatory context in which financing will occur, Sustainalytics is of the opinion that the EU Taxonomy's Minimum Safeguards requirements will be met.
  - For Sustainalytics' assessment of alignment with the Minimum Safeguard see Section 2 below.

Table 1 provides an overview of the alignment of the Framework with the applicable SC criteria and DNSH criteria of the EU Taxonomy.

**Table 1: Summary of Alignment of Framework Criteria with the EU Taxonomy**

Framework Criterion	Alignment with	Alignment per EU Environmental Objective
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<sup>11</sup> DNB intends to engage with an external technical consultants to provide impact metric calculations on the eligible Green Loan Portfolio.

	Taxonomy Criteria							
	SC	DNSH	Mitigation	Adaptation	Water	Circular Economy	Pollution	Eco-systems
Manufacture of renewable energy power plants	■	□		■	■	□	□	■
Photovoltaic energy projects	■	□		■	-	□	-	■
Onshore and offshore wind energy projects	■	□		■	□	□	-	□
Hydropower projects	■	□		■	□	-	-	■
Transmission and distribution of electricity	■	□		■	-	□	□	■
Energy storage systems	■	□		■	■	□	-	■
Transport by motorbikes, passenger cars and light commercial vehicles	■	□		■	-	■	□	-
Freight transport services by road	■	□		■	-	■	□	-
Infrastructure related to zero emissions transportation	■	■		■	■	■	■	■
New or existing residential buildings	■	■		■	-	-	-	-

Legend	
Aligned	■
Partially aligned	□
Not aligned	☒
No applicable DNSH criteria for this Objective and/or Activity	-
Grey shading indicates the primary EU Environmental Objective	

## Section 2: Sustainability Performance of DNB

### Contribution to DNB's sustainable ambitions

DNB's sustainability ambitions focus on three priority areas: i) finance the climate transition and drive sustainable value creation, ii) improve diversity and inclusion, and iii) combat financial crime and contribute to a safe digital economy.<sup>12</sup>

The Bank has set an overarching target of achieving net zero emissions across its lending and investment portfolios by 2050. In 2023, DNB launched its dedicated transition plan which outlines the steps DNB will need to take in achieving net-zero emissions ensuring its targets are science-based and aligned with the ambitions of the Paris Agreement.

For its lending portfolios DNB commits to the following sector-specific CO<sub>2</sub> emissions intensity targets between 2019 and 2030: i) reduce the emissions intensity related to energy consumption across its commercial real estate portfolio by 29%; ii) reduce 18% in committed lending amount in oil and gas sector; iii)

<sup>12</sup> DNB, "Sustainability Factbook", (2022), at: [https://www.dnb.no/portalfront/nedlast/no/om-oss/aarsrapport/en\\_2022/Sustainability\\_Factbook\\_2022.pdf](https://www.dnb.no/portalfront/nedlast/no/om-oss/aarsrapport/en_2022/Sustainability_Factbook_2022.pdf)

reduce the emissions intensity for the shipping portfolio by 33%; iv) reduce the emissions intensity for the motor vehicle portfolio by 32%; and a v) reduce the emissions intensity related to energy consumption of the Bank's home mortgage portfolio by 47%.<sup>13</sup> Moreover, DNB commits to financing and facilitating sustainable activities in renewable energy, energy efficiency and low-carbon emissions solutions, worth NOK 1.5 trillion (USD 140.24 billion) by 2030.<sup>14</sup>

As part of its achievements, DNB has contributed a total of NOK 457 billion (USD 43.1 billion) to the financing and facilitating of sustainable activities, accounting for a 107% increase by the end of the second quarter of 2023 compared to end of 2021.<sup>15</sup> DNB's total assets in mutual funds with a sustainability profile amounted to NOK 110.5 billion (USD 10.4 billion) by the end of the second quarter of 2023.<sup>16</sup> Overall, DNB participated in 51 sustainable bond transactions, accounting for a total of NOK 41 billion (USD 3.83 billion), a 40% increase compared to 2021.<sup>17</sup>

To analyze climate risks in the loan and asset management activities, DNB participate in a number of climate risk pilot projects and working groups, including scenario analyses under the auspices of UNEP FI. Since 2020, the Bank reports on results from climate-related stress tests in line with the TCFD frameworks in its annual reports. Furthermore, DNB was one of the founding signatories of the United Nations Principles for Responsible Banking in 2019.<sup>18</sup>

Sustainalytics is of the opinion that the Framework is aligned with DNB's overall corporate strategy and sustainability ambitions and will further DNB's sustainability commitments to providing financing for the above-mentioned activities.

#### **Approach to managing environmental and social risks associated with the projects**

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues related to environmental impacts from construction projects, and worker health and safety, although DNB is not directly involved in the development of the individual projects and assets financed.

Sustainalytics is of the opinion that DNB is able to manage or mitigate potential risks through the implementation of the following:

- DNB has implemented a group standard that emphasizes the incorporation of sustainability considerations into its risk assessments for all credit extensions.<sup>19</sup> The group standard outlines roles, responsibilities and processes to ensure no credit is extended to borrowers and activities that violate human and labour rights, involve corruption, or cause serious environmental harm or other unethical actions.
- The Bank has a process in place to conduct ESG risk assessments for all corporate loans above NOK 8 million (USD 750,000) and a special ESG risk assessment tool<sup>20</sup> for its credit commitments above NOK 50 million (USD 4.7 million).<sup>21</sup> As part of this assessment large customers are assessed with regards to biodiversity, including their commitments to mitigate and reduce their impacts on biodiversity. In case the level of ESG risk is assessed to be high, the borrowers are required to have established action plans to mitigate material ESG risks.
- DNB follows guidelines set out in accordance with multiple international conventions, including the UN Global Compact, the UN Environment Programme Finance Initiative's, Principles for Responsible Banking, the OECD's Guidelines for Multinational Companies, the UN Guiding Principles on Business and Human Rights, the Global Reporting Initiative, the Equator Principles and the Responsible Ship Recycling Standard. Adoption of these guidelines implies that DNB's credit policy incorporates

<sup>13</sup> DNB Bank ASA Green Finance Framework, at: <https://www.ir.dnb.no/funding-and-rating/green-bond-framework>

<sup>14</sup> DNB, "DNB's sustainable ambitions", at: [https://www.dnb.no/portalfont/nedlast/en/about-us/corporate-responsibility/DNBs\\_sustainable\\_ambitions.pdf](https://www.dnb.no/portalfont/nedlast/en/about-us/corporate-responsibility/DNBs_sustainable_ambitions.pdf)

<sup>15</sup> DNB, "Factbook Second Quarter 2023", at: <https://www.ir.dnb.no/sites/default/files/pr/202307122268-3.pdf?ts=1692390326>

<sup>16</sup> Ibid.

<sup>17</sup> DNB, "Sustainability Factbook", (2022), at: [https://www.dnb.no/portalfont/nedlast/no/om-oss/aarsrapport/en\\_2022/Sustainability\\_Factbook\\_2022.pdf](https://www.dnb.no/portalfont/nedlast/no/om-oss/aarsrapport/en_2022/Sustainability_Factbook_2022.pdf)

<sup>18</sup> DNB, "Annual Report 2022: Responsible Investments", at: [https://s3.eu-north-1.amazonaws.com/dnb-asset-management/DNB-AM-Annual-Report-on-Responsible-Investments-2022\\_2023-05-30-085908\\_mfhd.pdf](https://s3.eu-north-1.amazonaws.com/dnb-asset-management/DNB-AM-Annual-Report-on-Responsible-Investments-2022_2023-05-30-085908_mfhd.pdf)

<sup>19</sup> DNB, "Sustainability in DNB ASA's credit activities – Group standard", at: [https://www.dnb.no/portalfont/nedlast/no/om-oss/samfunnsansvar/2022/Sustainability\\_DNB\\_ASAs\\_credit\\_activities\\_Group\\_standard.pdf](https://www.dnb.no/portalfont/nedlast/no/om-oss/samfunnsansvar/2022/Sustainability_DNB_ASAs_credit_activities_Group_standard.pdf)

<sup>20</sup> DNB, "CSR/ESG risk assessment tool", at: [https://www.dnb.no/portalfont/nedlast/no/om-oss/samfunnsansvar/2020/CR-ESG\\_risk\\_assessment\\_tool\\_-\\_Credit\\_activities\\_002.pdf](https://www.dnb.no/portalfont/nedlast/no/om-oss/samfunnsansvar/2020/CR-ESG_risk_assessment_tool_-_Credit_activities_002.pdf)

<sup>21</sup> Ibid

safeguards to address several ESG-related risks involving issues such as human rights, labour rights, the environment, corruption, carbon sensitivity, tax, employee relations, responsible investments and social risk.<sup>22</sup>

- DNB's environmental management system is certified to ISO 14001, and DNB's ESG-related risk management forms part of the annual ISO 14001 audit conducted by a third party. In addition, DNB reports on climate-related stress tests and risk management in line with the TCFD framework.<sup>23</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that DNB has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

#### **Alignment with the EU Taxonomy's Minimum Safeguards**

The EU Taxonomy recommends that companies have policies aligned with international and regional guidelines and regulations pertaining to human rights and labour rights, and combating bribery and corruption. Specifically, activities should be carried out in alignment with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Additionally, companies should be in compliance with the International Labour Organization's (ILO) Declaration on Fundamental Rights and Principles at Work.

#### **Human and Labour Rights**

DNB has implemented the following policies and procedures regarding human rights:

- DNB's Sustainability – Group policy<sup>24</sup> outlines DNB's commitment to respecting internationally recognized human rights, including those laid down in the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights and the ILO core conventions.
- As part of DNB's statement of continued support from the UN Global Compact (UNGC), DNB is formally committed to supporting the ten principles of the UNGC.
- DNB's Code of Conduct for Business Partners is based on OECD Guidelines for Multinational Enterprises, UN Global Compact, UN Guiding Principles on Business and Human Rights and the ILO Core Conventions: Child Labour (C138, C182); Forced Labour (CO29, C105); Discrimination (C100, C111); Freedom of Association (CO87, C098).
- Furthermore, DNB is a member of the Equator Principles Financial Institutions (EPFIs). By adopting the Equator Principles, DNB ensures that the projects it finances are developed in a socially responsible way accompanied by robust environmental management practices.<sup>25</sup>

Based on the work of its research services and its ESG Risk Rating assessment, Sustainalytics evaluated the performance of DNB in the area of human and labour rights, and has not detected involvement in any relevant controversies which would suggest that the above policies are not adequate in addressing key risks.

Sustainalytics is of the opinion that these measures appropriately safeguard minimum standards on human and labour rights in relation to the activities of the Framework.

#### **Anti-bribery and anti-corruption**

DNB has implemented the following policies and procedures aimed at ensuring anti-bribery and anti-corruption:

- DNB's Code of Conduct<sup>26</sup> outlines the Bank's governance principles and overall ethics framework. DNB's Code of Conduct policy addresses anticorruption and bribery-related issues, whistleblowing, conflicts of interest, and anti-money laundering among others. The Bank has adopted zero tolerance for all forms of corruption and works toward ensuring the prevention and detection of potential corruption, money laundering and compliance with applicable regulations. Furthermore, DNB has a dedicated anti-corruption guide<sup>27</sup> developed which outlines relevant regulations, highlighting the importance of integrity and accountability related to corruption and bribery. DNB has implemented

<sup>22</sup> DNB, "Support to Global Initiatives", (2022), at: [https://www.dnb.no/portalfront/nedlast/no/om-oss/aarsrapport/en\\_2022/Support\\_to\\_global\\_initiatives\\_2022.pdf](https://www.dnb.no/portalfront/nedlast/no/om-oss/aarsrapport/en_2022/Support_to_global_initiatives_2022.pdf)

<sup>23</sup> DNB Group, "Annual report 2022: Responsible Investments", at: [https://s3.eu-north-1.amazonaws.com/dnb-asset-management/DNB-AM-Annual-Report-on-Responsible-Investments-2022\\_2023-05-30-085908\\_mfhd.pdf](https://s3.eu-north-1.amazonaws.com/dnb-asset-management/DNB-AM-Annual-Report-on-Responsible-Investments-2022_2023-05-30-085908_mfhd.pdf)

<sup>24</sup> DNB, Sustainability – Group policy, at: [https://www.dnb.no/portalfront/nedlast/no/om-oss/samfunnsansvar/2022/dnb\\_group\\_policy\\_sustainability\\_2022.pdf](https://www.dnb.no/portalfront/nedlast/no/om-oss/samfunnsansvar/2022/dnb_group_policy_sustainability_2022.pdf)

<sup>25</sup> EPFI, "DNB", at: <https://equator-principles.com/report/dnb-2020/>

<sup>26</sup> DNB, Code of Conduct, at: <https://www.dnb.no/portalfront/nedlast/no/om-oss/vedlegg/code-of-conduct-en.pdf>

<sup>27</sup> DNB, Anti-Corruption Guide, at: <https://www.dnb.no/portalfront/nedlast/en/about-us/corporate-responsibility/anti-corruption-guide.pdf>



training measures to strengthen its approach and employee awareness in the areas of anti-money laundering and anti-corruption.

Based on the work of its research services and its ESG Risk Rating assessment, Sustainalytics evaluated the performance of DNB in the area of anti-bribery and anti-corruption rights, and has not detected involvement in any relevant controversies which would suggest that the above policies are not adequate in addressing key risks.

Sustainalytics is of the opinion that these measures appropriately safeguard anti-bribery and anti-corruption in relation to the activities of the Framework.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that DNB policies, guidelines and commitments are sufficient to demonstrate that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.<sup>28</sup>

### Section 3: Impact of Use of Proceeds

All use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

#### Importance of financing green residential buildings in Norway

Norway has the second-highest annual electricity consumption per capita in the world at 23.5 MWh.<sup>29</sup> The buildings sector is the country's largest energy consumer, accounting for 32% of Norway's energy consumption in 2021.<sup>30</sup> Additionally, the buildings sector contributed 370 ktCO<sub>2e</sub> or approximately 1% of Norwegian emissions, with space heating accounting for 53% of all energy demand.<sup>31</sup> Furthermore, energy demand for appliances and lighting in both residential and commercial buildings is expected to grow by approximately 33% between 2021 and 2050.<sup>32</sup>

Under its 2017 Climate Change Act, Norway set an ambition to achieve net zero by 2050.<sup>33</sup> In 2020, Norway updated its Nationally Determined Contribution with enhanced targets for reducing emissions to 55% below 1990 levels by 2030.<sup>34</sup> Specific to the buildings sector, Norway aims to reduce energy use in existing buildings by 10 TWh by 2030 compared to 2015.<sup>35</sup> To realize its climate objectives for this sector, the Norwegian government banned the installation of fossil fuel-based heating systems in 2016 and prohibited the use of oil in heating buildings since 2020 and has required energy performance certificates since 2010.<sup>36</sup> Norway's building regulations, last updated in 2017, require buildings undergoing renovations and new buildings to have a maximum total net energy requirement level<sup>37</sup> and meet energy requirements for individual building components, such as windows, doors and walls.<sup>38</sup>

In 2023, Norway announced its NZEB definitions as part of a guidance that clarifies which primary energy factors are relevant when calculating energy needs and the energy framework for nearly zero-energy buildings, measured in primary energy.<sup>39</sup>

Sustainalytics is of the opinion that DNB's financing activities for the construction of green residential buildings will support Norway in meeting its climate-related goals.

#### Importance of financing renewable energy

To keep the global temperature increase below 2°C in line with the Paris Agreement, 65-70% of worldwide primary energy demand would need to be met by low-carbon energy sources by 2050, according to the

<sup>28</sup> Sustainalytics notes that as per the EU Taxonomy Report on Minimum Safeguards banks do not have to enquire households on minimum safeguards when providing mortgages or other types of financing.

<sup>29</sup> Norsk Industri, "Energy Transition Norway 2022", at: [https://www.norskindustri.no/siteassets/dokumenter/rapporter-og-brosjyrer/energy-transition-norway/2022/energy-transition-norway-2022\\_web.pdf](https://www.norskindustri.no/siteassets/dokumenter/rapporter-og-brosjyrer/energy-transition-norway/2022/energy-transition-norway-2022_web.pdf)

<sup>30</sup> Ibid.

<sup>31</sup> Ibid.

<sup>32</sup> Ibid.

<sup>33</sup> Government of Norway, "Climate Change Act", (2017), at: <https://www.regjeringen.no/en/dokumenter/climate-change-act/id2593351/>

<sup>34</sup> Climate Action Tracker, "CAT Climate Target Update Tracker: Norway", (2020), at: <https://climateactiontracker.org/climate-target-update-tracker/norway/>

<sup>35</sup> IEA, "Norway 2022: Energy Policy Review", at: <https://iea.blob.core.windows.net/assets/de28c6a6-8240-41d9-9082-a5dd65d9f3eb/NORWAY2022.pdf>

<sup>36</sup> IEA, "Norway 2022: Executive summary", at: <https://www.iea.org/reports/norway-2022/executive-summary>

<sup>37</sup> IEA, "Norway 2022: Energy Policy Review", at: <https://iea.blob.core.windows.net/assets/de28c6a6-8240-41d9-9082-a5dd65d9f3eb/NORWAY2022.pdf>

<sup>38</sup> Ibid.

<sup>39</sup> Government of Norway, "Rettleiing om utrekning av primærenergibehov i bygningar og energirammer for nesten nullenergibygningar", (2023), at: <https://www.regjeringen.no/no/aktuelt/rettleiing-om-utrekning-av-primarenergibehov-i-bygningar-og-energirammer-for-nesten-nullenergibygningar/id2961158/>

International Energy Agency and the International Renewable Energy Agency.<sup>40,41</sup> Although renewable energy has experienced strong growth worldwide, reaching one-fourth of global electricity generation in 2019,<sup>42</sup> the rate of deployment must be ramped up to meet international targets. Renewables are expected to lead to a reduction in energy-related GHG emissions of approximately 70% by 2050 and 90% with the support of advanced energy efficiency and electrification technologies.<sup>43</sup>

At the end of 2022, the global renewable energy generation capacity amounted to 3.37 GW,<sup>44</sup> with the expectation of the capacity to increase by almost 2.40 GW between 2022 and 2027.<sup>45</sup> Hydropower accounted for the largest share of the global renewable electricity generation, with a capacity of 4,334 TWh, followed by wind with a capacity of 2,105 TWh and solar with 1,323 TWh.<sup>46</sup>

Based on the above, Sustainalytics is of the opinion that DNB's financing of renewable energy projects will contribute to the global renewable energy transition.

<sup>40</sup> IRENA, "Global Renewables Outlook", at: <https://www.irena.org/Digital-Report/World-Energy-Transitions-Outlook-2022>

<sup>41</sup> UNFCCC, "The Paris Agreement", at: <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

<sup>42</sup> IEA, "Global Energy Review 2020", at: <https://www.iea.org/reports/global-energy-review-2020/renewables>

<sup>43</sup> Ibid.

<sup>44</sup> IRENA, "Record Growth In Renewables Achieved Despite Energy Crisis", (2023), at: <https://www.irena.org/News/pressreleases/2023/Mar/Record-9-point-6-Percentage-Growth-in-Renewables-Achieved-Despite-Energy-Crisis#:~:text=Abu%20Dhabi%2C%20United%20Arab%20Emirates,year%20was%20produced%20by%20renewables>

<sup>45</sup> IEA, "Renewable electricity", (2022), at: <https://www.iea.org/reports/renewables-2022/renewable-electricity>

<sup>46</sup> Our World in Data, "Renewable Energy", at: <https://ourworldindata.org/renewable-energy>

## Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The bonds issued under the DNB Bank ASA Green Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Residential Buildings	9. Industry Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

## Conclusion

DNB has developed the DNB Bank ASA Green Finance Framework under which it intends to issue green finance instruments, such as green covered bonds (issued by DNB's subsidiary DNB Boligkreditt AS), green senior bonds and green commercial papers to finance or refinance, in whole or in part, loans, credits and investments under its Green Loan Portfolio. Sustainalytics considers that the projects included in the Green Loan Portfolio are expected to provide a positive environmental impact by improving buildings' energy performance, providing additional renewable power capacity and fostering clean transportation.

The Framework outlines a process for tracking, allocating and managing proceeds and makes commitments to report on their allocation and impact. Sustainalytics believes that the Framework is aligned with the overall sustainability ambitions of the Bank and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7, 9 and 11. Additionally, Sustainalytics is of the opinion that DNB has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Sustainalytics has assessed the DNB Bank ASA Green Finance Framework for alignment with the EU Taxonomy. The criteria defined in the Framework's three use of proceeds categories map to 10 EU Taxonomy activities. Sustainalytics is of the opinion that the Framework's eligibility criteria are aligned with the applicable SC criteria and 23 of the DNSH criteria; the activities mapped were assessed as partially aligned with 12 of the DNSH criteria. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Based on the above, Sustainalytics is confident that DNB is well positioned to issue green bonds and loans that the DNB Bank ASA Green Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

## Appendix 1: Approach to Assessing Alignment with the EU Taxonomy

Sustainalytics has assessed each of the eligible green use of proceeds criteria in the Framework against the criteria for the relevant activity in the EU Taxonomy. This appendix describes Sustainalytics' process and presents the outcome of its assessment of alignment with the Taxonomy's applicable technical screening criteria for substantial contribution (SC) to an environmental objective of the EU Taxonomy and the applicable "do no significant harm" (DNSH) criteria. Sustainalytics' assessment involves two steps:

### 1. Mapping Framework Criteria to Activities in the EU Taxonomy

The initial step in Sustainalytics' assessment process involves mapping each criterion in the Framework to a relevant and applicable activity in the EU Taxonomy. Note that each Framework criterion may be relevant and applicable to more than one activity in the EU Taxonomy and vice versa. Sustainalytics recognizes that some Framework criteria relate to projects that do not map well to a specific activity in the EU Taxonomy. In such cases, Sustainalytics has mapped to the activity that is most relevant with respect to the primary environmental objective established in the EU Taxonomy.

In some cases, the Framework criteria cannot be mapped to an activity in the EU Taxonomy, as some activities are not yet covered by the EU Taxonomy. In other cases, some categories which are traditionally included in green bonds and loans may not be associated with a specific EU Taxonomy activity. While recognizing that financing projects in these areas may still have environmental benefits, Sustainalytics has not assessed these criteria for alignment.

Table 2 below displays Sustainalytics' mapping process for this report.

### 2. Determining Alignment with EU Taxonomy Criteria

The second step in Sustainalytics' process is to determine the alignment of each criterion with relevant criteria in the EU Taxonomy. Alignment with the SC criteria and the DNSH criteria is usually based on the specific criteria contained in the issuer's Framework and may in many cases (especially DNSH criteria) also be based on management systems and processes or regulatory compliance. To assess alignment with the EU Taxonomy's Minimum Safeguards Sustainalytics has conducted an assessment of policies, management systems and processes applicable to the use of proceeds criteria, including the regulatory context in the geographical location of activities and projects. (See Section 2, above.)

In cases where the Framework criteria describe projects which are intended to advance EU environmental objectives other than Climate Mitigation or Climate Adaptation, the Taxonomy does not include relevant technical screening criteria. In these cases, Sustainalytics has assessed the activity for alignment with the DNSH criteria across all objectives.

Sustainalytics' detailed assessment of alignment is provided in Appendix 3

Table 2: Framework mapping table

Framework Category	Framework Criterion (Eligible Use of Proceeds)	EU Taxonomy Activity	Corresponding NACE Code	Environmental Objective	Refer to Table
Renewable Energy	Manufacture of renewable energy power plants	3.1 Manufacture of renewable energy technologies	C25, C27, C28	Mitigation	Table 3
Renewable Energy	Photovoltaic energy projects	4.1 Electricity generation using solar photovoltaic technology	D35.11, F42.22	Mitigation	Table 4
Renewable Energy	Onshore and offshore wind energy projects	4.3 Electricity generation from wind power	D35.11, F42.22	Mitigation	Table 5
Renewable Energy	Hydropower projects	4.5 Electricity generation from hydropower	D35.11, F42.22	Mitigation	Table 6
Renewable Energy	Transmission systems	4.9 Transmission and distribution of electricity	D35.12 and D35.13	Mitigation	Table 7

Renewable Energy	Energy storage systems	4.10 Storage of electricity	No dedicated NACE code	Mitigation	Table 8
Clean Transportation	Development, manufacture, retrofit and purchase of zero emissions vehicles, public and mass transportation	6.5 Transport by motorbikes, passenger cars and light commercial vehicles	H49.32, H49.39, N77.11	Mitigation	Table 9
Clean Transportation	Development, manufacture, retrofit and purchase of zero emissions vehicles, public and mass transportation	6.6. Freight transport services by road	H49.4.1, H53.10, H53.20 and N77.12	Mitigation	Table 10
Clean Transportation	Infrastructure related to zero emissions transportation	6.15 Infrastructure enabling low-carbon road transport and public transport	F42.11, F42.13, F71.1, F21.20	Mitigation	Table 11
Green Buildings	New or existing residential buildings	7.7 Acquisition and ownership of buildings	L68	Mitigation	Table 12

## Appendix 2: Comprehensive EU Taxonomy Alignment Assessment

The tables below provide a detailed assessment of the alignment of the Framework criteria with the technical screening criteria for substantial contribution to an environmental objective and the DNSH for each relevant EU Taxonomy activity.

Table 3

<b>Framework Activity assessed</b>		Renewable Energy	
<b>EU Taxonomy Activity</b>		3.1. Manufacture of renewable energy technologies	
<b>Associated NACE Codes</b>		C25, C27 and C28	
<b>SC Criteria</b>		<b>Alignment</b>	
Mitigation	The economic activity manufactures renewable energy technologies.	Eligible by default.	Aligned
<b>DNSH Criteria</b>		<b>Alignment</b>	
Climate change adaptation	Please refer to the assessment set out in Appendix 3, Table 13.		Aligned
Sustainable use and protection of water and marine resources	<p>The activity complies with the criteria set out in Appendix B to this Annex:</p> <p>Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed with the aim of achieving good water status and good ecological potential as defined in Article 2, points (22) and (23), of Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC of the European Parliament and of the Council and a water use and protection management plan, developed thereunder for the potentially affected water body or bodies, in consultation with relevant stakeholders.</p> <p>Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU of the European Parliament and of the Council and includes an assessment of the impact on water in accordance with Directive 2000/60/EC, no additional assessment of impact on water is required, provided the risks identified have been addressed.</p>	<p>For all corporate lending above NOK 8 million, an ESG risk evaluation is obligatory as per the requirements outlined in DNB's corporate banking credit manual. The risk evaluation covers mapping of ESG risk exposure and whether mitigation measures are satisfactory. For corporate lending above NOK 50 million, an ESG assessment tool is utilized to facilitate the ESG risk assessment. This tool incorporates elements from DNB's expectations documents regarding sustainable oceans and responsible water management, providing a comprehensive approach to evaluating ESG risks.</p> <p><u>EU</u> The EU Water Framework Directive (2000/60/EC) mandates that all Member States safeguard and enhance water quality across all bodies of water to attain good ecological status. All projects financed under the Framework in the EU are expected to comply with the criteria set out in Appendix B and applicable pursuant to the Directive given national transposition of the Directive into national legislation.<sup>47</sup></p> <p><u>Norway</u> Through the European Economic Area (EEA) Agreement, Norway adheres to a significant portion of EU legislation including the Water Framework Directive (2000/60/EC),<sup>48</sup> Drinking water Directive</p>	Aligned

<sup>47</sup> EUR Lex, "National transposition measures communicated by the Member States concerning: Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy", at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32000L0060>

<sup>48</sup> Norwegian Water Resources and Energy Directorate, "The Water Framework Directive / Water Regulations", at: <https://www.nve.no/vann-og-vassdrag/vassdragsforvaltning/vanndirektivet-vannforskrifter/>

		<p>(98/83/EC), Council Directive 91/271/EEC concerning urban waste-water treatment and Council Directive 91/676/EEC concerning nitrate pollution from agricultural sources.</p> <p><u>UK</u> The Water Framework Directive (2000/60/EC) has been retained in UK law.<sup>49</sup> The Directive has been implemented by The Water Environment (Water Framework Directive) (England and Wales) Regulations 2017 in England and Wales, The Water Environment (Water Framework Directive) Regulations (Northern Ireland) 2017 in Northern Ireland and the Water Environment and Water Services (Scotland) Act 2003.</p> <p><u>Australia, Chile, Panama, Uruguay and USA</u> As a signatory to the Equator Principles, DNB is committed to assessing all transactions within the scope of these principles for compliance. An Environmental and Social Impact Assessment will be carried out for projects falling under categories A and B. This assessment will focus on specific physical elements, aspects, and facilities that are anticipated to result in notable environmental or social impacts. Additionally, the financing documentation includes covenants requiring adherence to all relevant environmental and social laws, regulations, and permits of the host country in all material respects.<sup>50</sup></p> <p>For transactions outside the OECD or those with a high exposure to human rights risks globally, DNB will require clients to comply with the IFC’s Performance Standards and relevant World Bank EHS guidelines.</p> <p>Based on compliance with relevant EU Directives, Equator Principles, international guidelines and DNB’s internal processes Sustainalytics expects activities to comply with the EU Taxonomy criteria ensuring degradation risks related to preserving water quality and avoiding water stress are identified and addressed.</p>	
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<sup>49</sup> EUR Lex, “National transposition measures communicated by the Member States concerning: Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy”, at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32000L0060>

<sup>50</sup> Equator Principles: <https://equator-principles.com/about-the-equator-principles/>

<p>Transition to a circular economy</p>	<p>The activity assesses the availability of and, where feasible, adopts techniques that support:</p> <ul style="list-style-type: none"> <li>a) reuse and use of secondary raw materials and re-used components in products manufactured;</li> <li>b) design for high durability, recyclability, easy disassembly and adaptability of products manufactured;</li> <li>c) waste management that prioritizes recycling over disposal, in the manufacturing process;</li> <li>d) information on and traceability of substances of concern throughout the lifecycle of the manufactured products.</li> </ul>	<p>DNB has dedicated ESG guidelines for companies in the renewable industry as part of which DNB expects industry players to have an active and responsible approach for sustainable procurement and end of life material recycling.</p> <p><u>EU</u> In the European Union, EU directives on Waste (2008/98/EC) and Waste Electrical and Electronic equipment (2012/19/EU)<sup>51</sup> will be applicable.</p> <p><u>Norway</u> In Norway, power production is regulated by the Norwegian Water Resources and Energy Directorate (NVE), with a strong emphasis on environmental preservation. Moreover, Norway implemented Waste Regulations in 1999 to effectively manage waste electrical and electronic equipment (WEEE), focusing on recycling and proper treatment of waste.<sup>52</sup></p> <p><u>UK</u> In the UK, the Waste Electrical and Electronic Equipment (WEEE) Regulations aim to reduce waste to landfill and incineration by encouraging the recovery, reuse, and recycling of electronic equipment. The regulations require manufacturers and distributors of electronic equipment to finance or set up systems for the collection, treatment, recovery, and environmentally sound disposal of WEEE. The regulations cover waste such as wind turbines (Category 6: electrical and electronic tools) and solar panels (Category 14).<sup>53</sup></p> <p><u>Australia, Chile, Panama, Uruguay and USA</u> As a signatory to the Equator Principles, DNB is committed to assessing all transactions within the scope of these principles for compliance. Additionally, the financing documentation includes covenants requiring adherence to all relevant environmental and social laws, regulations, and permits of the host country in all material respects.<sup>54</sup></p> <p>For transactions outside the OECD or those with a high exposure to human rights risks globally, DNB will require clients to comply with</p>	<p>Partially Aligned</p>
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<sup>51</sup> EUR Lex, "Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE) (recast) Text with EEA relevance", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32012L0019>

<sup>52</sup> Norwegian Environment Agency, "Waste Regulations", at: <https://www.environmentagency.no/legislation/waste-regulations/>

<sup>53</sup> Government of UK, "Regulations: Waste Electrical and Electronic Equipment (WEEE)", at: <https://www.gov.uk/guidance/regulations-waste-electrical-and-electronic-equipment>

<sup>54</sup> Equator Principles: <https://equator-principles.com/about-the-equator-principles/>



		<p>the IFC's Performance Standards and relevant World Bank EHS guidelines.</p> <p>Sustainalytics notes that in line with national legislation in EU countries, Norway and the UK, the DNSH criteria as outlined in the EU Taxonomy are fulfilled. For projects outside of these jurisdictions, the local legislation may not fulfil the requirements of the EU Taxonomy criteria. Based on the above, Sustainalytics has assessed this activity as partially aligned with the EU Taxonomy criteria.</p>	
<p>Pollution prevention and control</p>	<p>The activity complies with the criteria set out in Appendix C to this Annex:</p> <p>The activity does not lead to the manufacture, placing on the market or use of:</p> <p>(a) substances, whether on their own, in mixtures or in articles, listed in Annexes I or II to Regulation (EU) 2019/1021 of the European Parliament and of the Council, except in the case of substances present as an unintentional trace contaminant;</p> <p>(b) mercury and mercury compounds, their mixtures and mercury-added products as defined in Article 2 of Regulation (EU) 2017/852 of the European Parliament and of the Council;</p> <p>(c) substances, whether on their own, in mixture or in articles, listed in Annexes I or II to Regulation (EC) No 1005/2009 of the European Parliament and of the Council;</p> <p>(d) substances, whether on their own, in mixtures or in an articles, listed in Annex II to Directive 2011/65/EU of the European Parliament and of the Council, except where there is full compliance with Article 4(1) of that Directive;</p> <p>(e) substances, whether on their own, in mixtures or in an article, listed in Annex XVII to Regulation (EC) 1907/2006 of the European Parliament and of the Council, except where there is full compliance with the conditions specified in that Annex;</p> <p>(f) substances, whether on their own, in mixtures or in an article, meeting the criteria laid down in Article 57 of Regulation (EC) 1907/2006 and identified in accordance with Article 59(1) of that Regulation, except where their use has been proven to be essential for the society;</p> <p>(g) other substances, whether on their own, in mixtures or in an article, that meet the criteria laid down in Article 57 of Regulation (EC) 1907/2006, except where their use has been proven to be essential for the society.</p>	<p>DNB utilizes a risk-based approach that considers material ESG issues, encompassing climate, environment, social conditions, and governance. In compliance with the Bank's corporate banking credit manual, an ESG risk evaluation is mandatory for all corporate lending exceeding NOK 8 million. This evaluation involves mapping the ESG risk exposure and assessing the adequacy of mitigation measures. For corporate lending surpassing 50 NOK million, an ESG assessment tool is utilized to aid in the ESG risk evaluation. In cases where significant gaps are identified, DNB will require the implementation of a corrective action plan to address these concerns.</p> <p>For transactions outside the OECD or those with a high exposure to human rights risks globally, DNB will require clients to comply with the IFC's Performance Standards and relevant World Bank EHS guidelines.</p> <p><u>EU</u> In the European Union, EU regulations 2019/1021, 2017/852, 1005/2009 and 1907/2006 are applicable to ensure the activity does not lead to the manufacture, placing on the market or use of health and environmentally hazardous chemicals.</p> <p><u>Norway</u> Norway has regulations to restrict the use of hazardous chemicals and other products. These regulations cover a range of substances, including persistent organic pollutants, mercury, and ozone-depleting substances. Norway's regulations incorporate key EU regulations, such as 2019/1021, 2017/852, 1005/2009, and 1907/2006, with specific modifications.</p>	<p>Partially Aligned</p>

		<p><u>UK</u> In the UK, the following regulatory requirements are in place to ensure the appropriate use of specific hazardous chemicals, mercury, and ozone-depleting substances, aiming to protect both human health and the environment. These regulations include the Persistent Organic Pollutants Regulations (2007), the Control of Mercury (Enforcement) Regulations (2017), the Ozone-Depleting Substances Regulations (2015), and the EU REACH Regulation.</p> <p><u>Australia, Chile, Panama, Uruguay and USA</u> As a signatory to the Equator Principles, DNB is committed to assessing all transactions within the scope of these principles for compliance. An Environmental and Social Impact Assessment will be carried out for projects falling under categories A and B. This assessment will focus on specific physical elements, aspects, and facilities that are anticipated to result in notable environmental or social impacts. Additionally, the financing documentation includes covenants requiring adherence to all relevant environmental and social laws, regulations, and permits of the host country in all material respects.<sup>55</sup></p> <p>For transactions outside the OECD or those with a high exposure to human rights risks globally, DNB will require clients to comply with the IFC's Performance Standards and relevant World Bank EHS guidelines.</p> <p>Sustainalytics notes that in line with national legislations in EU countries, Norway and the UK, the DNSH criteria as outlined in the EU Taxonomy are fulfilled. For projects outside of these jurisdictions, the local legislation may not fulfil the requirements of the EU Taxonomy criteria. Based on the above, Sustainalytics has assessed this activity as partially aligned with the EU Taxonomy criteria.</p>	
<p>Protection and restoration of biodiversity and ecosystems</p>	<p>Please refer to the assessment set out in Appendix 3, Table 14.</p>		<p>Aligned</p>

<sup>55</sup> Equator Principles: <https://equator-principles.com/about-the-equator-principles/>

Table 4

<b>Framework Activity assessed</b>		Renewable Energy	
<b>EU Taxonomy Activity</b>		4.1. Electricity generation using solar photovoltaic technology	
<b>Associated NACE Codes</b>		D35.11 and F42.22	
<b>SC Criteria</b>		<b>Alignment</b>	
Mitigation	The activity generates electricity using solar PV technology.	Eligible by default.	Aligned
<b>DNSH Criteria</b>		<b>Alignment</b>	
Climate change adaptation	Please refer to the assessment set out in Appendix 3, Table 13.		Aligned
Transition to a circular economy	The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	<p>DNB has dedicated ESG guidelines for companies in the renewable industry as part of which DNB expects industry players to have an active and responsible approach for sustainable procurement and end of life material recycling.</p> <p><u>EU</u> In the European Union, EU directives on Waste (2008/98/EC) and Waste Electrical and Electronic equipment (2012/19/EU)<sup>56</sup> will be applicable.</p> <p><u>Norway</u> In Norway, power production is regulated by the Norwegian Water Resources and Energy Directorate (NVE), with a strong emphasis on environmental preservation. Moreover, Norway implemented Waste Regulations in 1999 to effectively manage waste electrical and electronic equipment (WEEE), focusing on recycling and proper treatment of waste.<sup>57</sup></p> <p><u>UK</u> In the UK, the Waste Electrical and Electronic Equipment (WEEE) Regulations aim to reduce waste to landfill and incineration by encouraging the recovery, reuse, and recycling of electronic equipment. The regulations require manufacturers and distributors of electronic equipment to finance or set up systems for the collection, treatment, recovery, and environmentally sound</p>	Partially Aligned

<sup>56</sup> EUR Lex, "Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE) (recast) Text with EEA relevance", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32012L0019>

<sup>57</sup> Norwegian Environment Agency, "Waste Regulations", at: <https://www.environmentagency.no/legislation/waste-regulations/>

		<p>disposal of WEEE. The regulations cover waste such as wind turbines (Category 6: electrical and electronic tools) and solar panels (Category 14).</p> <p><u>Australia, Chile, Panama, Uruguay and USA</u> As a signatory to the Equator Principles, DNB is committed to assessing all transactions within the scope of these principles for compliance. Additionally, the financing documentation includes covenants requiring adherence to all relevant environmental and social laws, regulations, and permits of the host country in all material respects.<sup>58</sup></p> <p>For transactions outside the OECD or those with a high exposure to human rights risks globally, DNB will require clients to comply with the IFC's Performance Standards and relevant World Bank EHS Guidelines.</p> <p>Sustainalytics notes that in line with national legislation in EU countries, Norway and the UK, the DNSH criteria as outlined in the EU Taxonomy are fulfilled. For projects outside of these jurisdictions, the local legislation may not fulfil the requirements of the EU Taxonomy criteria. Based on the above, Sustainalytics has assessed this activity as partially aligned with the EU Taxonomy criteria.</p>	
Protection and restoration of biodiversity and ecosystems	Please refer to the assessment set out in Appendix 3, Table 14.		Aligned

Table 5

<b>Framework Activity assessed</b>	Renewable Energy		
<b>EU Taxonomy Activity</b>	4.3. Electricity generation from wind power		
<b>Associated NACE Codes</b>	D35.11 and F42.22		
	<b>SC Criteria</b>	<b>Alignment</b>	
Mitigation	The activity generates electricity from wind power.	Eligible by default.	Aligned

<sup>58</sup> Equator Principles: <https://equator-principles.com/about-the-equator-principles/>

DNSH Criteria		Alignment	
Climate change adaptation	Please refer to the assessment set out in Appendix 3, Table 13.		Aligned
Sustainable use and protection of water and marine resources	In case of construction of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC of the European Parliament and of the Council <sup>59</sup> , requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive’s Descriptor 11 (Noise/Energy), laid down in Annex I to that Directive, and as set out in Commission Decision (EU) 2017/848 <sup>60</sup> in relation to the relevant criteria and methodological standards for that descriptor.	<p>For all corporate lending above NOK 8 million, an ESG risk evaluation is obligatory as per the requirements outlined in DNB’s corporate banking credit manual. The risk evaluation covers mapping of ESG risk exposure and whether mitigation measures are satisfactory. For corporate lending above NOK 50 million, an ESG assessment tool is utilized to facilitate the ESG risk assessment. This tool incorporates elements from DNB’s expectations documents regarding sustainable oceans and responsible water management, providing a comprehensive approach to evaluating ESG risks.</p> <p><u>EU</u> For all member states of the European Union, the Marine Strategy Framework Directive (2008/56/EC) can be assumed to be transposed into national regulation.<sup>61</sup></p> <p><u>Norway</u> Norway has established comprehensive marine environmental policies and regulations based on the ecosystem approach.<sup>62</sup> Offshore renewable energy projects in Norway are subject to a comprehensive impact assessment that covers the project’s physical characteristics, environmental impacts, and societal impacts. The assessment must be based on relevant and available information, describing measures planned to mitigate material negative environmental impacts.</p> <p><u>UK</u> In the UK, the EU Directive 2008/56/EC has been incorporated into domestic law through the Marine Strategy Regulations. These regulations mandate the UK to undertake essential measures to attain or uphold Good Environmental Status.<sup>63</sup></p>	Partially Aligned

<sup>59</sup> Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive) (OJ L 164, 25.6.2008, p. 19).

<sup>60</sup> Commission Decision (EU) 2017/848 of 17 May 2017 laying down criteria and methodological standards on good environmental status of marine waters and specifications and standardised methods for monitoring and assessment, and repealing Decision 2010/477/EU (OJ L 125, 18.5.2017, p. 43).

<sup>61</sup> EUR Lex, “National transposition measures communicated by the Member States concerning: Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy”, at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32000L0060>

<sup>62</sup> Norwegian Ministry of Petroleum and Energy, “Adoption of regulations to the offshore energy act”, at: <https://www.regjeringen.no/contentassets/aaac5c76aec242f09112ffdcabd6c64/royal-decree-offshore-energy-regulation-june-2020.pdf>

<sup>63</sup> Legislation Government UK, “The Marine Strategy Regulations 2010”, at: <https://www.legislation.gov.uk/uksi/2010/1627/contents/made>

		<p><u>Australia, Chile, Panama, Uruguay and USA</u> As a signatory to the Equator Principles, DNB is committed to assessing all transactions within the scope of these principles for compliance. Additionally, the financing documentation includes covenants requiring adherence to all relevant environmental and social laws, regulations, and permits of the host country in all material respects.<sup>64</sup></p> <p>For transactions outside the OECD or those with a high exposure to human rights risks globally, DNB will require clients to comply with the IFC's Performance Standards and relevant World Bank EHS Guidelines.</p> <p>Sustainalytics notes that in line with national legislation in EU countries, Norway and the UK, the DNSH criteria as outlined in the EU Taxonomy are fulfilled. For projects outside of these jurisdictions, the local legislation may not fulfil the requirements of the EU Taxonomy criteria. Based on the above, Sustainalytics has assessed this activity as partially aligned with the EU Taxonomy criteria.</p>	
<p>Transition to a circular economy</p>	<p>The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.</p>	<p>DNB has dedicated ESG guidelines for companies in the renewable industry as part of which DNB expects industry players to have an active and responsible approach for sustainable procurement and end of life material recycling.</p> <p><u>EU</u> In the European Union, EU directives on Waste (2008/98/EC) and Waste Electrical and Electronic equipment (2012/19/EU) will be applicable.</p> <p><u>Norway</u> In Norway, power production is regulated by the Norwegian Water Resources and Energy Directorate (NVE), with a strong emphasis on environmental preservation. Moreover, Norway implemented Waste Regulations in 1999 to effectively manage waste electrical and electronic equipment (WEEE), focusing on recycling and proper treatment of waste.<sup>65</sup></p> <p><u>UK</u> In the UK, the Waste Electrical and Electronic Equipment (WEEE) Regulations aim to reduce waste to landfill and incineration by encouraging the recovery, reuse, and recycling of electronic</p>	<p>Partially Aligned</p>

<sup>64</sup> Equator Principles: <https://equator-principles.com/about-the-equator-principles/>

<sup>65</sup> Norwegian Environment Agency, "Waste Regulations", at: <https://www.environmentagency.no/legislation/waste-regulations/>

		<p>equipment. The regulations require manufacturers and distributors of electronic equipment to finance or set up systems for the collection, treatment, recovery, and environmentally sound disposal of WEEE. The regulations cover waste such as wind turbines (Category 6: electrical and electronic tools) and solar panels (Category 14).<sup>66</sup></p> <p><u>Australia, Chile, Panama, Uruguay and USA</u> As a signatory to the Equator Principles, DNB is committed to assessing all transactions within the scope of these principles for compliance. Additionally, the financing documentation includes covenants requiring adherence to all relevant environmental and social laws, regulations, and permits of the host country in all material respects.<sup>67</sup></p> <p>For transactions outside the OECD or those with a high exposure to human rights risks globally, DNB will require clients to comply with the IFC's Performance Standards and relevant World Bank EHS Guidelines.</p> <p>Sustainalytics notes that in line with national legislation in EU countries, Norway and the UK, the DNSH criteria as outlined in the EU Taxonomy are fulfilled. For projects outside of these jurisdictions, the local legislation may not fulfil the requirements of the EU Taxonomy criteria. Based on the above, Sustainalytics has assessed this activity as partially aligned with the EU Taxonomy criteria.</p>	
<p>Protection and restoration of biodiversity and ecosystems</p>	<p>The activity complies with the criteria set out in Appendix D to this Annex.</p> <p>In case of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptors 1 (biodiversity) and 6 (seabed integrity), laid down in Annex I to that Directive, and as set out in Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for those descriptors.</p>	<p>Please refer to the assessment set out in Appendix 3, Table 14.</p> <p><u>EU</u> For all member states of the European Union, the Marine Strategy Framework Directive (2008/56/EC) can be assumed to be transposed into national regulation.<sup>68</sup></p> <p><u>Norway</u> Norway has developed the basis for an integrated marine environmental policy based on the ecosystem approach.<sup>69</sup> Offshore renewable energy projects in Norway are subject to a</p>	<p>Partially Aligned</p>

<sup>67</sup> Equator Principles: <https://equator-principles.com/about-the-equator-principles/>

<sup>68</sup> EUR Lex, "National transposition measures communicated by the Member States concerning: Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy", at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32000L0060>

<sup>69</sup> Norwegian Ministry of Petroleum and Energy, "Adoption of regulations to the offshore energy act", at: <https://www.regjeringen.no/contentassets/aaac5c76aec242f09112ffdceabd6c64/royal-decree-offshore-energy-regulation-june-2020.pdf>

		<p>comprehensive impact assessment that covers the project's physical characteristics, environmental impacts, and societal impacts. The assessment must be based on relevant and available information, describing measures planned to mitigate material negative environmental impacts.</p> <p><u>UK</u> The EU Directive 2008/56/EC was transposed into the UK law under the Marine Strategy Regulations,<sup>70</sup> which requires the UK to take the necessary measures to achieve or maintain good environmental status.</p> <p><u>Australia, Chile, Panama, Uruguay and USA</u> As a signatory to the Equator Principles, DNB is committed to assessing all transactions within the scope of these principles for compliance. An Environmental and Social Impact Assessment will be carried out for projects falling under categories A and B. This assessment will focus on specific physical elements, aspects, and facilities that are anticipated to result in notable environmental or social impacts. Additionally, the financing documentation includes covenants requiring adherence to all relevant environmental and social laws, regulations, and permits of the host country in all material respects.<sup>71</sup></p> <p>For transactions outside the OECD or those with a high exposure to human rights risks globally, DNB will require clients to comply with the IFC's Performance Standards and relevant World Bank EHS Guidelines.</p> <p>Sustainalytics notes that in line with national legislation in EU countries, Norway and the UK, the DNSH criteria as outlined in the EU Taxonomy are fulfilled. For projects outside of these jurisdictions, the local legislation may not fulfil the requirements of the EU Taxonomy criteria. Based on the above, Sustainalytics has assessed this activity as partially aligned with the EU Taxonomy criteria.</p>	
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Table 6

<sup>70</sup> Legislation Government UK, "The Marine Strategy Regulations 2010", at: <https://www.legislation.gov.uk/uksi/2010/1627/contents/made>

<sup>71</sup> Equator Principles: <https://equator-principles.com/about-the-equator-principles/>



<b>Framework Activity assessed</b>		Renewable Energy	
<b>EU Taxonomy Activity</b>		4.5. Electricity generation from hydropower	
<b>Associated NACE Codes</b>		D35.11 and F42.22	
<b>SC Criteria</b>		<b>Alignment</b>	
Mitigation	<p>The activity complies with either of the following criteria:</p> <ul style="list-style-type: none"> <li>a) the electricity generation facility is a run-of-river plant and does not have an artificial reservoir;</li> <li>b) the power density of the electricity generation facility is above 5W/m<sup>2</sup>;</li> <li>c) the life-cycle GHG emissions from the generation of electricity from hydropower, are lower than 100gCO<sub>2</sub>e/kWh. The life-cycle GHG emissions are calculated using Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018<sup>72</sup>, ISO 14064-1:2018<sup>73</sup> or the G-res tool. Quantified life-cycle GHG emissions are verified by an independent third party.</li> </ul>	<p>The Framework specifies financing towards hydropower plants that: a) are run-of-river plants without an artificial reservoir; b) have a power density greater than 5 W/m<sup>2</sup>; or c) have life cycle emissions below 100 gCO<sub>2</sub>e/kWh.</p> <p>Furthermore, DNB has confirmed to Sustainalytics that quantified life cycle GHG emissions will be verified by an independent third party.</p>	Aligned
<b>DNSH Criteria</b>		<b>Alignment</b>	
Climate change adaptation	Please refer to the assessment set out in Appendix 3, Table 13.		Aligned
Sustainable use and protection of water and marine resources	<p>1. The activity complies with the provisions of Directive 2000/60/EC, in particular with all the requirements laid down in Article 4 of the Directive.</p> <p>2. For operation of existing hydropower plants, including refurbishment activities to enhance renewable energy or energy storage potential, the activity complies with the following criteria:</p> <p>2.1. In accordance with Directive 2000/60/EC and in particular Articles 4 and 11 of that Directive, all technically feasible and ecologically relevant mitigation measures have been implemented to reduce adverse impacts on water as well as on protected habitats and species directly dependent on water.</p> <p>2.2. Measures include, where relevant and depending on the ecosystems naturally present in the affected water bodies:</p>	<p>DNB utilizes a risk-based approach that considers material ESG issues, encompassing climate, environment, social conditions, and governance. In compliance with the Bank's corporate banking credit manual, an ESG risk evaluation is mandatory for all corporate lending exceeding NOK 8 million. This evaluation involves mapping the ESG risk exposure and assessing the adequacy of mitigation measures. For corporate lending surpassing 50 NOK million, an ESG assessment tool is utilized to aid in the ESG risk evaluation. In cases where significant gaps are identified, DNB will require the implementation of a corrective action plan to address these concerns.</p> <p><u>EU</u> The EU Water Framework Directive (2000/60/EC) requires all Member States to protect and improve water quality in all for the</p>	Partially Aligned

<sup>72</sup> ISO standard 14067:2018, Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification (version of [adoption date]: <https://www.iso.org/standard/71206.html>).

<sup>73</sup> ISO standard 14064-1:2018, Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals (version of [adoption date]: <https://www.iso.org/standard/66453.html>).

	<p>a) measures to ensure downstream and upstream fish migration (such as fish friendly turbines, fish guidance structures, state of-the-art fully functional fish passes, measures to stop or minimise operation and discharges during migration or spawning);</p> <p>b) measures to ensure minimum ecological flow (including mitigation of rapid, short-term variations in flow or hydropeaking operations) and sediment flow;</p> <p>c) measures to protect or enhance habitats.</p> <p>2.3. The effectiveness of those measures is monitored in the context of the authorisation or permit setting out the conditions aimed at achieving good status or potential of the affected water body.</p> <p>3. For construction of new hydropower plants, the activity complies with the following criteria:</p> <p>3.1. In accordance with Article 4 of Directive 2000/60/EC and in particular paragraph 7 of that Article, prior to construction, an impact assessment of the project is carried out to assess all its potential impacts on the status of water bodies within the same river basin and on protected habitats and species directly dependent on water, considering in particular migration corridors, free-flowing rivers or ecosystems close to undisturbed conditions.</p> <p>The assessment is based on recent, comprehensive and accurate data, including monitoring data on biological quality elements that are specifically sensitive to hydromorphological alterations, and on the expected status of the water body as a result of the new activities, as compared to its current one.</p> <p>It assesses in particular the cumulated impacts of this new project with other existing or planned infrastructure in the river basin.</p>	<p>achievement of good ecological status by 2015 or, at the latest, by 2027. All projects included in the Framework will be compliant with the Directive given national transposition of the Directive into national legislation.<sup>74</sup></p> <p><u>Norway</u> Through the European Economic Area (EEA) Agreement, Norway adheres to a large part of the EU legislation including the Water Framework Directive 2000/60/EC (WFD),<sup>75</sup> Drinking water Directive 98/83/EC (and successor), Council Directive 91/271/EEC concerning urban waste-water treatment and Council Directive 91/676/EEC concerning nitrate pollution from agricultural sources.</p> <p><u>UK</u> The Water Framework Directive (WFD) 2000/60/EC has been retained in UK law following the UK's exit from Europe.<sup>76</sup> The WFD has been implemented by The Water Environment (Water Framework Directive) (England and Wales) Regulations 2017 in England and Wales, The Water Environment (Water Framework Directive) Regulations (Northern Ireland) 2017 in Northern Ireland and the Water Environment and Water Services (Scotland) Act 2003. The directive requires all member states to protect and improve water quality in all waters so that a good ecological status is achieved by 2015 or, at the latest, by 2027. It applies to rivers, lakes, groundwater, and transitional coastal waters. The directive also requires that management plans be prepared on a river basin basis and specifies a structured method for developing these plans.</p> <p><u>Australia, Chile, Panama, Uruguay and USA</u> As a signatory to the Equator Principles, DNB is committed to assessing all transactions within the scope of these principles for compliance. An Environmental and Social Impact Assessment will be carried out for projects falling under categories A and B. This assessment will focus on specific physical elements, aspects, and facilities that are anticipated to result in notable environmental or social impacts. Additionally, the financing documentation includes covenants requiring adherence to all relevant environmental and social laws, regulations, and permits of the host country in all material respects.<sup>77</sup></p>	
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<sup>74</sup> EUR Lex, "National transposition measures communicated by the Member States concerning: Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy", at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32000L0060>

<sup>75</sup> Norwegian Water Resources and Energy Directorate, "The Water Framework Directive / Water Regulations", at: <https://www.nve.no/vann-og-vassdrag/vassdragsforvaltning/vandirektivet-vannforskriften/>

<sup>76</sup> EUR Lex, "National transposition measures communicated by the Member States concerning: Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy", at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32000L0060>

<sup>77</sup> Equator Principles: <https://equator-principles.com/about-the-equator-principles/>

	<p>3.2. On the basis of that impact assessment, it has been established that the plant is conceived, by design and location and by mitigation measures, so that it complies with one of the following requirements:</p> <ul style="list-style-type: none"> <li>a) the plant does not entail any deterioration nor compromises the achievement of good status or potential of the specific water body it relates to;</li> <li>b) where the plant risks to deteriorate or compromise the achievement of good status/potential of the specific water body it relates to, such deterioration is not significant, and is justified by a detailed cost-benefit assessment demonstrating both of the following:             <ul style="list-style-type: none"> <li>i) the reasons of overriding public interest or the fact that benefits expected from the planned hydropower plant outweigh the costs from deteriorating the status of water that are accruing to the environment and to society;</li> <li>ii) the fact that the overriding public interest or the benefits expected from the plant cannot, for reasons of technical feasibility or disproportionate cost, be achieved by alternative means that would lead to a better environmental outcome (such as refurbishing of existing hydropower plants or use of technologies not disrupting river continuity).</li> </ul> </li> </ul> <p>3.3. All technically feasible and ecologically relevant mitigation measures are implemented to reduce adverse impacts on water as well as on protected habitats and species directly dependent on water. Mitigation measures include, where relevant and depending on the ecosystems naturally present in the affected water bodies:</p> <ul style="list-style-type: none"> <li>a) measures to ensure downstream and upstream fish migration (such as fish friendly turbines, fish guidance structures, state-of-the-art fully functional fish passes, measures to stop or minimise operation and discharges during migration or spawning);</li> <li>b) measures to ensure minimum ecological flow (including mitigation of rapid, short-term variations in flow or hydropeaking operations)</li> </ul>	<p>For transactions outside the OECD or those with a high exposure to human rights risks globally, DNB will require clients to comply with the IFC's Performance Standards and relevant World Bank EHS guidelines.</p> <p>In the context of the EU, UK and Norway, all EU Taxonomy criteria are fulfilled. In Australia, Chile, Panama, Uruguay and USA, the EU Taxonomy criteria are partially fulfilled. Based on this, Sustainalytics has assessed this activity as partially aligned.</p>	
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	<p>and sediment flow;</p> <p>c) measures to protect or enhance habitats. The effectiveness of those measures is monitored in the context of the authorisation or permit setting out the conditions aimed at achieving good status or potential of the affected water body.</p> <p>3.4. The plant does not permanently compromise the achievement of good status/potential in any of the water bodies in the same river basin district.</p> <p>3.5. In addition to the mitigation measures referred to above, and where relevant, compensatory measures are implemented to ensure that the project does not increase the fragmentation of water bodies in the same river basin district. This is achieved by restoring continuity within the same river basin district to an extent that compensates the disruption of continuity, which the planned hydropower plant may cause. Compensation starts prior to the execution of the project.</p>		
<p>Protection and restoration of biodiversity and ecosystems</p>	<p>Please refer to the assessment set out in Appendix 3, Table 14.</p>		<p>Aligned</p>

Table 7

<b>Framework Activity assessed</b>		Renewable Energy	
<b>EU Taxonomy Activity</b>		4.9. Transmission and distribution of electricity	
<b>Associated NACE Codes</b>		D35.12 and D35.13	
<b>SC Criteria</b>		<b>Alignment</b>	
<p>Mitigation</p>	<p>The activity complies with one of the following criteria:</p> <p>1. The transmission and distribution infrastructure or equipment is in an electricity system that complies with at least one of the following criteria:</p> <p>a) the system is the interconnected European system, i.e. the interconnected control areas of Member States, Norway,</p>	<p>The Framework specifies financing towards transmission and distribution infrastructure in an electricity system that complies with at least one of the following criteria:</p> <p>a) The system is the interconnected European system, and its subordinate systems, or</p>	<p>Aligned</p>

	<p>Switzerland and the United Kingdom, and its subordinated systems;</p> <ul style="list-style-type: none"> <li>b) more than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100 gCO<sub>2</sub>e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period;</li> <li>c) the average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100 gCO<sub>2</sub>e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period;</li> </ul> <p>Infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100 gCO<sub>2</sub>e/kWh measured on a life cycle basis is not compliant.</p> <p>Installation of metering infrastructure that does not meet the requirements of smart metering systems of Article 20 of Directive (EU) 2019/944 is not compliant.</p> <p>2. The activity is one of the following:</p> <ul style="list-style-type: none"> <li>a) construction and operation of direct connection, or expansion of existing direct connection, of low carbon electricity generation below the threshold of 100 gCO<sub>2</sub>e/kWh measured on a life cycle basis to a substation or network;</li> <li>b) construction and operation of electric vehicle (EV) charging stations and supporting electric infrastructure for the electrification of transport, subject to compliance with the technical screening criteria under the transport Section of this Annex;</li> <li>c) installation of transmission and distribution transformers that comply with the Tier 2 (1 July 2021) requirements set out in Annex I to the Commission Regulation (EU) No 548/2014(178) and, for medium power transformers with highest voltage for equipment not exceeding 36 kV, with AAA0 level requirements on no-load losses set out in standard EN 50588-1(179).</li> <li>d) construction/installation and operation of equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation;</li> <li>e) installation of equipment to increase the controllability and observability of the electricity system and to enable the development and integration of renewable energy sources, including:</li> </ul>	<ul style="list-style-type: none"> <li>b) more than 67% of newly enabled generation assets comply with the 100gCO<sub>2</sub>e/kWh life cycle threshold (over a rolling 5-year period), or</li> <li>c) the grid's average emissions factor is less than 100gCO<sub>2</sub>e/kWh (over a rolling 5-year period)</li> <li>d) direct connections, or expansion of existing direct connections of renewable energy sources</li> </ul>	
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	<p>f) sensors and measurement tools (including meteorological sensors for forecasting renewable production);</p> <p>g) communication and control (including advanced software and control rooms, automation of substations or feeders, and voltage control capabilities to adapt to more decentralised renewable infeed).</p> <p>h) installation of equipment such as, but not limited to future smart metering systems or those replacing smart metering systems in line with Article 19(6) of Directive (EU) 2019/944 of the European Parliament and of the Council(180), which meet the requirements of Article 20 of Directive (EU) 2019/944, able to carry information to users for remotely acting on consumption, including customer data hubs;</p> <p>i) construction/installation of equipment to allow for exchange of specifically renewable electricity between users;</p> <p>j) construction and operation of interconnectors between transmission systems, provided that one of the systems is compliant.</p> <p>For the purposes of this Section, the following specifications apply:</p> <p>a) the rolling five-year period used in determining compliance with the thresholds is based on five consecutive historical years, including the year for which the most recent data are available;</p> <p>b) a 'system' means the power control area of the transmission or distribution network where the infrastructure or equipment is installed;</p> <p>c) transmission systems may include generation capacity connected to subordinated distribution systems;</p> <p>d) distribution systems subordinated to a transmission system that is deemed to be on a trajectory to full decarbonisation may also be deemed to be on a trajectory to full decarbonisation;</p> <p>e) to determine compliance, it is possible to consider a system covering multiple control areas which are interconnected and with significant energy exchanges between them, in which case the weighted average emissions factor across all included control areas is used, and individual subordinated transmission or distribution systems within that system is not required to demonstrate compliance separately;</p> <p>f) it is possible for a system to become non-compliant after having previously been compliant. In systems that become non-compliant, no new transmission and distribution activities are compliant from that moment onward, until the system complies again with the threshold (except for those activities that are always compliant, see above). Activities in subordinated</p>		
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	<p>systems may still be compliant, where those subordinated systems meet the criteria of this Section;</p> <p>g) a direct connection or expansion of an existing direct connection to production plants includes infrastructure that is indispensable to carry the associated electricity from the power generating facility to a substation or to the network..</p>		
<b>DNSH Criteria</b>		<b>Alignment</b>	
Climate change adaptation	Please refer to the assessment set out in Appendix 3, Table 13.		Aligned
Transition to a circular economy	A waste management plan is in place and ensures maximal reuse or recycling at end of life in accordance with the waste hierarchy, including through contractual agreements with waste management partners, reflection in financial projections or official project documentation.	<p>DNB expects its customers to have an active and responsible approach to sustainable procurement and end-of life recycling of materials. Further, DNB expects industry players to follow best practice and strive to avoid landfilling. This is documented in DNB's internal ESG guidelines for the renewable industry. Moreover, DNB has confirmed to Sustainalytics that all new developments must have an environmental impact assessment verified by an independent third party.</p> <p><u>EU</u> In the European Union, EU directives on Waste (2008/98/EC) and Waste Electrical and Electronic equipment (2012/19/EU) will be applicable.</p> <p><u>Norway</u> In Norway, power production is overseen by Norwegian Water Resources and Energy Directorate (NVE) which emphasizes on preserving the environment. Further Norway has implemented a regulatory system for managing waste electrical and electronic equipment (WEEE) in 1999 called the regulations on recycling and treatment of waste (Waste Regulations).<sup>78</sup></p> <p><u>UK</u> In UK, the Waste Electrical &amp; Electronic Equipment (WEEE) regulation is aimed at reducing the waste to landfill and incineration by encouraging recovery, reuse, and recycle.<sup>79</sup> The regulation requires manufacturer and distributors of electronic equipment to finance or setup system for collection, treatment, recovery and environmentally sound disposal of WEEE. The regulation covers waste such wind turbines (Category 6 i.e., electrical and electronic tools) and solar panels (Category 14).</p>	Partially aligned

<sup>78</sup> Norwegian Environment Agency, "Waste Regulations", at: <https://www.environmentagency.no/legislation/waste-regulations/>

<sup>79</sup> Government of UK, "Regulations: Waste Electrical and Electronic Equipment (WEEE)", at: <https://www.gov.uk/guidance/regulations-waste-electrical-and-electronic-equipment>

		<p><u>Australia, Chile, Panama, Uruguay and USA</u> As a signatory to the Equator Principles, DNB is committed to assessing all transactions within the scope of these principles for compliance. An Environmental and Social Impact Assessment will be carried out for projects falling under categories A and B. This assessment will focus on specific physical elements, aspects, and facilities that are anticipated to result in notable environmental or social impacts. Additionally, the financing documentation includes covenants requiring adherence to all relevant environmental and social laws, regulations, and permits of the host country in all material respects.</p> <p>For transactions outside the OECD or those with a high exposure to human rights risks globally, DNB will require clients to comply with the IFC's Performance Standards and relevant World Bank EHS Guidelines.</p> <p>Sustainalytics notes that in line with national legislation in EU countries, Norway and the UK, the DNSH criteria as outlined in the EU Taxonomy are fulfilled. However, in the context of projects outside of these jurisdictions, the DNSH criteria are not fulfilled by local legislation.</p>	
<p>Pollution prevention</p>	<p>Overground high voltage lines:</p> <ul style="list-style-type: none"> <li>a) for construction site activities, activities follow the principles of the IFC General Environmental, Health, and Safety Guidelines.</li> <li>b) activities respect applicable norms and regulations to limit impact of electromagnetic radiation on human health, including for activities carried out in the Union, the Council recommendation on the limitation of exposure of the general public to electromagnetic fields (0 Hz to 300 GHz) and for activities carried out in third countries, the 1998 Guidelines of International Commission on Non-Ionizing Radiation Protection (ICNIRP).</li> </ul> <p>Activities do not use PCBs polychlorinated biphenyls.</p>	<ul style="list-style-type: none"> <li>a) For construction site activities, DNB has communicated to Sustainalytics that EU countries, Norway and the UK follow according Environmental, Health and Safety (EHS) laws. For transactions within the scope of the Equator Principles and outside the OECD or those with a high exposure to human rights risks, DNB will require clients to comply with the IFC's Performance Standards and relevant world Bank EHS guidelines.</li> <li>b) <u>EU</u> Sustainalytics notes that while most European countries have regulations in place to safeguard the health of workers and the general public from exposure to electromagnetic fields, not all national regulations align with the recommendation on the limitation of exposure of the general public to electromagnetic fields the parameters (1999/519/EC).</li> <li><u>Norway</u></li> </ul>	<p>Partially aligned</p>



		<p>In the Norwegian context, the Norwegian Radiation and Nuclear Safety Authority has issued regulations based on the recommendations from the ICNIRP. The limit value for magnetic fields from the power grid in Norway is 200 microtesla (<math>\mu\text{T}</math>) for the population. When no national guidelines or limit values regarding optical radiation and electromagnetic field exits, the last updated version of Guidelines on limited exposure to non-ionising radiation from the International Commission on Non-Ionizing Radiation Protection will be applicable which provides guidance with respect to exposure limitation, taking into account the prevailing practical circumstances.</p> <p>DNB has confirmed to Sustainalytics that PCBs are banned from Norway.</p> <p><u>Australia</u></p> <p>In the context of Australia, no official government regulation or guidelines for exposure of the general population to EMF with frequencies lower than 3 kilohertz are currently in place. The Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) has stated that the ICNIRP low frequency guidelines are consistent with its interpretation of the scientific basis for the protection of the general public from exposure to low frequency EMF. The grid operators have a 'prudent avoidance' policy to take reasonable steps to limit field exposures from new facilities (overhead power lines, underground cables and substations) at no cost or very low cost while not unduly compromising other issues such as worker safety, site availability, reliability and environmental impact.</p> <p><u>Switzerland</u></p> <p>In the context of Switzerland, an Ordinance relating to Protection from Non-Ionising Radiation has been in force since 2000. Exposure limits identical to the reference levels in the EU recommendation apply to all areas accessible to the public. A stricter, precautionary limit on magnetic flux density of 1% of the reference level in the EU recommendation applies at places of sensitive use (for example apartments, schools, children's playgrounds) to the following classes of installations, unless the owner can prove that all technically possible and economically acceptable measures to reduce exposure have been taken: new high voltage power lines (overhead and cables); significant modification of existing high</p>	
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		<p>voltage power lines; existing and new transformers and substations. For existing high voltage power lines, the phase order has to be optimised when the precautionary limit on magnetic flux density is exceeded.</p> <p><u>United States</u>                  In the context of the United States, no federal legislation is in force. In some states (Colorado, Connecticut, Hawaii, Maryland, Ohio), variations on the 'prudent avoidance' principle have been adopted. This means that exposure of the public to EMF of 60 hertz must be limited at reasonable cost. In other states, fixed limits for the electric or magnetic field of power lines are set, varying from 20% to 240% of the reference level in the EU recommendation (Florida, Minnesota, Montana, New Jersey, New York, Oregon).</p> <p>Given the partial fulfilment of criteria listed under b) Sustainalytics considers the overall activity to be partially aligned with the EU Taxonomy criteria.</p>	
Protection and restoration of biodiversity and ecosystems	The activity complies with the criteria set out in Appendix D to this Annex.	Please refer to the assessment set out in Appendix 3, Table 14.	Aligned

Table 8

<b>Framework Activity assessed</b>	Renewable Energy		
<b>EU Taxonomy Activity</b>	4.10. Storage of electricity		
<b>Associated NACE Code</b>	No associated code		
	<b>SC Criteria</b>	<b>Alignment</b>	
Mitigation	<p>The activity is the construction and operation of electricity storage including pumped hydropower storage.</p> <p>Where the activity includes chemical energy storage, the medium of storage (such as hydrogen or ammonia) complies with the criteria for manufacturing of the corresponding product specified in Sections 3.7 to 3.17 of the Annex I. In case of using hydrogen as electricity storage, where hydrogen meets the technical screening criteria specified in</p>	<p>The Framework includes financing of energy storage systems including pumped hydropower storage.</p> <p>DNB has confirmed that activities related to the construction and operation of electricity storage do not include the use of ammonia or hydrogen.</p>	Aligned

	Section 3.10 of the Annex I of the Climate Delegated Act, re-electrification of hydrogen is also considered part of the activity.		
<b>DNSH Criteria</b>		<b>Alignment</b>	
Climate change adaptation	Please refer to the assessment set out in Appendix 3, Table 13.		Aligned
Sustainable use and protection of water and marine resources	<p>In case of pumped hydropower storage not connected to a river body, the activity complies with the criteria set out in Appendix B to the Annex I:</p> <p>In case of pumped hydropower storage connected to a river body, the activity complies with the criteria for DNSH to sustainable use and protection of water and marine resources specified in Section 4.5 of the Climate Delegated Act (Electricity production from hydropower).</p>	<p>For all corporate lending above NOK 8 million, an ESG risk evaluation is obligatory as per the requirements outlined in DNB's corporate banking credit manual. The risk evaluation covers mapping of ESG risk exposure and whether mitigation measures are satisfactory. For corporate lending above NOK 50 million, an ESG assessment tool is utilized to facilitate the ESG risk assessment. This tool incorporates elements from 'NB's expectations documents regarding sustainable oceans and responsible water management, providing a comprehensive approach to evaluating ESG risks.</p> <p><u>EU</u> The EU Water Framework Directive (2000/60/EC) mandates that all Member States safeguard and enhance water quality across all bodies of water to attain good ecological status. All projects financed under the Framework in the EU are expected to comply with the criteria set out in Appendix B and applicable pursuant to the Directive given national transposition of the Directive into national legislation.<sup>80</sup></p> <p><u>Norway</u> Through the European Economic Area (EEA) Agreement, Norway adheres to a significant portion of EU legislation including the Water Framework Directive (2000/60/EC),<sup>81</sup> Drinking water Directive (98/83/EC), Council Directive 91/271/EEC concerning urban wastewater treatment and Council Directive 91/676/EEC concerning nitrate pollution from agricultural sources.</p> <p><u>UK</u> The Water Framework Directive (2000/60/EC) has been retained in UK law.<sup>82</sup> The Directive has been implemented by The Water Environment (Water Framework Directive) (England and Wales) Regulations 2017 in England and Wales, The Water Environment</p>	Aligned

<sup>80</sup> EUR Lex, "National transposition measures communicated by the Member States concerning: Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy", at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32000L0060>

<sup>81</sup> Norwegian Water Resources and Energy Directorate, "The Water Framework Directive / Water Regulations", at: <https://www.nve.no/vann-og-vassdrag/vassdragsforvaltning/vanndirektivet-vannforskrifter/>

<sup>82</sup> EUR Lex, "National transposition measures communicated by the Member States concerning: Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy", at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32000L0060>

		<p>(Water Framework Directive) Regulations (Northern Ireland) 2017 in Northern Ireland and the Water Environment and Water Services (Scotland) Act 2003.</p> <p><u>Australia, Chile, Panama, Uruguay and USA</u> As a signatory to the Equator Principles, DNB is committed to assessing all transactions within the scope of these principles for compliance. Additionally, the financing documentation includes covenants requiring adherence to all relevant environmental and social laws, regulations, and permits of the host country in all material respects.<sup>83</sup></p> <p>For transactions outside the OECD or those with a high exposure to human rights risks globally, DNB will require clients to comply with the IFC's Performance Standards and relevant World Bank EHS guidelines.</p> <p>Based on compliance with relevant EU Directives, Equator Principles, international guidelines and DNB's internal processes Sustainability expects activities to comply with the EU Taxonomy criteria, ensuring degradation risks related to preserving water quality and avoiding water stress are identified and addressed.</p>	
<p>Transition to a circular economy</p>	<p>A waste management plan is in place and ensures maximal reuse or recycling at end of life in accordance with the waste hierarchy, including through contractual agreements with waste management partners, reflection in financial projections or official project documentation.</p>	<p>DNB expects its customers to have an active and responsible approach to sustainable procurement and end-of life recycling of materials. Further, DNB expects industry players to follow best practice and strive to avoid landfilling. This is documented in DNB's internal ESG guidelines for the renewable industry.</p> <p><u>UK</u> In UK, the Waste Electrical &amp; Electronic Equipment (WEEE) regulation is aimed at reducing the waste to landfill and incineration by encouraging recovery, reuse, and recycle.<sup>84</sup> The regulation requires manufacturer and distributors of electronic equipment to finance or setup system for collection, treatment, recovery and environmentally sound disposal of WEEE. The regulation covers waste such wind turbines (Category 6 i.e., electrical and electronic tools) and solar panels (Category 14).</p> <p><u>Norway</u> In Norway, power production is overseen by Norwegian Water Resources and Energy Directorate (NVE) which emphasizes on preserving the environment. Further Norway has implemented a</p>	<p>Partially Aligned</p>

<sup>83</sup> Equator Principles: <https://equator-principles.com/about-the-equator-principles/>

<sup>84</sup> Government of UK, "Regulations: Waste Electrical and Electronic Equipment (WEEE)", at: <https://www.gov.uk/guidance/regulations-waste-electrical-and-electronic-equipment>

		<p>regulatory system for managing waste electrical and electronic equipment (WEEE) in 1999 called the regulations on recycling and treatment of waste (Waste Regulations).<sup>85</sup></p> <p><u>EU</u> In the European Union, EU directives on Waste (2008/98/EC) and Waste Electrical and Electronic equipment (2012/19/EU) will be applicable.</p> <p><u>Australia, Chile, Panama, Uruguay and USA</u> DNB follows internal ESG risk mitigation processes described in the General Questions tab and adopted the Equator Principles.</p> <p>Sustainalytics notes that in line with national legislation in EU countries, Norway and the UK, the DNSH criteria as outlined in the EU Taxonomy are fulfilled. However, in the context of projects outside of these jurisdictions, the DNSH criteria are not fulfilled by local legislation.</p>	
Protection and restoration of biodiversity and ecosystems	Please refer to the assessment set out in Appendix 3, Table 14.		Aligned

Table 9

<b>Framework Activity assessed</b>	Clean Transportation		
<b>EU Taxonomy Activity</b>	6.5. Transport by motorbikes, passenger cars and light commercial vehicles		
<b>Associated NACE Codes</b>	H49.32, H49.39 and N77.11		
	<b>SC Criteria</b>	<b>Alignment</b>	
Mitigation	<p>The activity complies with the following criteria:</p> <p>a) for vehicles of category M1 and N1, both falling under the scope of Regulation (EC) No 715/2007:</p>	The Framework includes the financing of electric, hydrogen or otherwise zero direct (tailpipe) CO <sub>2</sub> emissions vehicles for the transportation of passengers or freight which is aligned with the EU Taxonomy SC.	Aligned

<sup>85</sup> Norwegian Environment Agency, "Waste Regulations", at: <https://www.environmentagency.no/legislation/waste-regulations/>

	<ul style="list-style-type: none"> <li>i) until 31 December 2025, specific emissions of CO<sub>2</sub>, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, are lower than 50gCO<sub>2</sub>/km (low-and zero-emission light-duty vehicles);</li> <li>ii) from 1 January 2026, specific emissions of CO<sub>2</sub>, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, are zero.</li> </ul> <p>b) for vehicles of category L, the tailpipe CO<sub>2</sub> emissions equal to 0g CO<sub>2</sub>e/km calculated in accordance with the emission test laid down in Regulation (EU) 168/2013.</p>		
<b>DNSH Criteria</b>		<b>Alignment</b>	
Climate change adaptation	Please refer to the assessment set out in Appendix 3, Table 13.		Aligned
Transition to a circular economy	<p>Vehicles of categories M1 and N1 are both of the following:</p> <ul style="list-style-type: none"> <li>a) reusable or recyclable to a minimum of 85% by weight;</li> <li>b) reusable or recoverable to a minimum of 95% by weight.<sup>86</sup></li> </ul> <p>Measures are in place to manage waste both in the use phase (maintenance) and the end-of-life of the fleet, including through reuse and recycling of batteries and electronics (in particular critical raw materials therein), in accordance with the waste hierarchy.</p>	<p><u>EU</u> For all member states of the European Union, Directive 2000/53/EC and Directive 2005/64/EC can be assumed to be transposed into national legislation.</p> <p><u>Norway</u> As a party to the “Agreement on the European Economic Area” (EEA), Norway must also comply with EU regulation 2016/1628. Directive 2000/53/EC of the European Parliament and of the Council of 18 September 2000 on end-of life vehicles - Commission Statements has been incorporated into the EEA Agreement and in force.</p> <p>Directive 2005/64/EC of the European Parliament and of the Council of 26 October 2005 on the type-approval of motor vehicles with regard to their reusability, recyclability and recoverability and amending Council Directive 70/156/EEC has been incorporated into the EEA Agreement and in force.</p> <p>The End-of-Life Vehicles (ELV) Directive (EU Directive 2000/53/EC) requires countries to implement measures to ensure that no later than 1 January 2015, for all end-of life vehicles, the reuse and recovery shall be increased to a minimum of 95 % by an average weight per vehicle and year. Within the same time limit, the re-use and recycling shall be increased to a minimum of 85 % by an average weight per vehicle and year.</p>	Aligned

<sup>86</sup> As set out in Annex I of Directive 2005/64/EC of the European Parliament and of the Council of 26 October 2005 on the type-approval of motor vehicles with regard to their reusability, recyclability and recoverability and amending Council Directive 70/156/EEC (OJ L 310, 25.11.2005, p. 10).

		DNB has confirmed to Sustainalytics that financed projects under this activity will take place in Norway and the EU. Based on compliance with relevant EU Directives Sustainalytics has assessed this activity as aligned.	
Pollution prevention and control	<p>a) Vehicles comply with the requirements of the most recent applicable stage of the Euro 6 light-duty emission type-approval<sup>87</sup> set out in accordance with Regulation (EC) No. 715/2007.</p> <p>b) Vehicles comply with the emission thresholds for clean light-duty vehicles set out in Table 2 of the Annex I to Directive 2009/33/EC of the European Parliament and of the Council.<sup>88</sup></p> <p>c) For road vehicles of categories M and N, tyres comply with external rolling noise requirements in the highest populated class and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the two highest populated classes as set out in Regulation (EU) 2020/740 and as can be verified from the European Product Registry for Energy Labelling (EPREL).</p> <p>d) Vehicles comply with Regulation (EU) No 540/2014 of the European Parliament and of the Council.<sup>89</sup></p>	<p><u>EU</u> For all member states of the European Union, Regulation (EC) No. 715/2007 and Regulation (EU) No 540/2014 can be assumed to be transposed into national legislation.</p> <p><u>Norway</u> Norwegian emission regulations are aligned to EC No. 715/2007 and Table 2 of the Annex to Directive 2009/33/EC. Regulation (EU) 2020/740 related to tires is implemented in Norway.</p> <p>While noting the implementation of EPREL in Norway, relevant regulations do not stipulate compliance with external rolling noise requirements in the highest populated class and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the two highest populated classes. Based on the above Sustainalytics has determined the activity to be partially aligned with the EU Taxonomy criteria.</p>	Partially aligned

Table 10

<b>Framework Activity assessed</b>	Clean Transportation		
<b>EU Taxonomy Activity</b>	6.6. Freight transport services by road		
<b>Associated NACE Codes</b>	H49.4.1, H53.10, H53.20 and N77.12		
<b>SC Criteria</b>		<b>Alignment</b>	
Mitigation	<p>The activity complies with the following criteria:</p> <p>(a) vehicles of category N1 have zero direct (tailpipe) CO<sub>2</sub> emissions;</p> <p>(b) vehicles of category N2 and N3 with a technically permissible maximum laden mass not exceeding 7,5 tonnes are 'zero-emission heavy-duty vehicles' as defined in Article 3, point (11), of Regulation (EU) 2019/1242;</p>	<p>The Framework includes the financing of electric, hydrogen or otherwise zero direct (tailpipe) CO<sub>2</sub> emissions vehicles for the transportation of passengers or freight which is aligned with the EU Taxonomy SC.</p> <p>DNB has confirmed to Sustainalytics that vehicles are not dedicated to the transport of fossil fuels.</p>	Aligned

<sup>87</sup> Commission Regulation (EU) 2018/1832 of 5 November 2018 amending Directive 2007/46/EC of the European Parliament and of the Council, Commission Regulation (EC) No 692/2008 and Commission Regulation (EU) 2017/1151 for the purpose of improving the emission type approval tests and procedures for light passenger and commercial vehicles, including those for in-service conformity and real-driving emissions and introducing devices for monitoring the consumption of fuel and electric energy (OJ L 301, 27.11.2018, p. 1).

<sup>88</sup> Directive 2009/33/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of clean and energy-efficient road transport vehicles (OJ L 120, 15.5.2009, p. 5).

<sup>89</sup> Regulation (EU) No 540/2014 of the European Parliament and of the Council of 16 April 2014 on the sound level of motor vehicles and of replacement silencing systems, and amending Directive 2007/46/EC and repealing Directive 70/157/EEC (OJ L 158, 27.5.2014, p. 131).

	<p>(c) vehicles of category N2 and N3 with a technically permissible maximum laden mass exceeding 7,5 tonnes are one of the following:                  (i) 'zero-emission heavy-duty vehicles', as defined in Article 3, point (11), of Regulation (EU) 2019/1242;                  (ii) where technologically and economically not feasible to comply with the criterion in point (i), 'low-emission heavy-duty vehicles' as defined in Article 3, point (12), of that Regulation.</p> <p>The vehicles are not dedicated to the transport of fossil fuels</p>		
<b>DNSH Criteria</b>		<b>Alignment</b>	
Climate change adaptation	Please refer to the assessment set out in Appendix 3, Table 14.		Aligned
Transition to a circular economy	<p>Vehicles of categories M1 and N1 are both of the following:                  c) reusable or recyclable to a minimum of 85% by weight;                  d) reusable or recoverable to a minimum of 95% by weight.<sup>90</sup></p> <p>Measures are in place to manage waste both in the use phase (maintenance) and the end-of-life of the fleet, including through reuse and recycling of batteries and electronics (in particular critical raw materials therein), in accordance with the waste hierarchy.</p>	<p><u>EU</u>                  For all member states of the European Union, Directive 2000/53/EC and Directive 2005/64/EC can be assumed to be transposed into national legislation</p> <p><u>Norway</u>                  As a party to the "Agreement on the European Economic Area" (EEA), Norway must also comply with EU regulation 2016/1628. Directive 2000/53/EC of the European Parliament and of the Council of 18 September 2000 on end-of life vehicles - Commission Statements has been incorporated into the EEA Agreement and in force.</p> <p>Directive 2005/64/EC of the European Parliament and of the Council of 26 October 2005 on the type-approval of motor vehicles with regard to their reusability, recyclability and recoverability and amending Council Directive 70/156/EEC has been incorporated into the EEA Agreement and in force.</p> <p>The End-of-Life Vehicles (ELV) Directive (EU Directive 2000/53/EC) requires countries to implement measures to ensure that no later than 1 January 2015, for all end-of life vehicles, the reuse and recovery shall be increased to a minimum of 95 % by an average weight per vehicle and year. Within the same time limit, the re-use and recycling shall be increased to a minimum of 85 % by an average weight per vehicle and year.</p> <p>DNB has confirmed to Sustainalytics that financed projects under this activity will take place in Norway and the EU. Based on</p>	Aligned

<sup>90</sup> As set out in Annex I of Directive 2005/64/EC of the European Parliament and of the Council of 26 October 2005 on the type-approval of motor vehicles with regard to their reusability, recyclability and recoverability and amending Council Directive 70/156/EEC (OJ L 310, 25.11.2005, p. 10).



		compliance with relevant EU Directives Sustainalytics has assessed this activity as aligned.	
Pollution prevention and control	<p>e) Vehicles comply with the requirements of the most recent applicable stage of the Euro 6 light-duty emission type-approval<sup>91</sup> set out in accordance with Regulation (EC) No. 715/2007.</p> <p>f) Vehicles comply with the emission thresholds for clean light-duty vehicles set out in Table 2 of the Annex I to Directive 2009/33/EC of the European Parliament and of the Council.<sup>92</sup></p> <p>g) For road vehicles of categories M and N, tyres comply with external rolling noise requirements in the highest populated class and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the two highest populated classes as set out in Regulation (EU) 2020/740 and as can be verified from the European Product Registry for Energy Labelling (EPREL).</p> <p>h) Vehicles comply with Regulation (EU) No 540/2014 of the European Parliament and of the Council.<sup>93</sup></p>	<p><u>EU</u> For all member states of the European Union, Regulation (EC) No. 715/2007 and Regulation (EU) No 540/2014 can be assumed to be transposed into national legislation.</p> <p><u>Norway</u> Norwegian emission regulations are aligned to EC No. 715/2007 and Table 2 of the Annex to Directive 2009/33/EC. Regulation (EU) 2020/740 related to tires is implemented in Norway.</p> <p>While noting the implementation of EPREL in Norway, relevant regulations do not stipulate compliance with external rolling noise requirements in the highest populated class and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the two highest populated classes. Based on the above Sustainalytics has determined the activity to be partially aligned with the EU Taxonomy criteria.</p>	Partially aligned

Table 11

<b>Framework Activity assessed</b>	Clean Transportation
<b>EU Taxonomy Activity</b>	6.15. Infrastructure enabling low-carbon road transport and public transport
<b>Associated NACE Codes</b>	F42.11, F42.13, F71.1 and F71.20
<b>SC Criteria</b>	
Mitigation	<p>1. The activity complies with one or more of the following criteria:</p> <p>(a) the infrastructure is dedicated to the operation of vehicles with zero tailpipe CO<sub>2</sub> emissions: electric charging points, electricity grid connection upgrades, hydrogen fuelling stations or electric road systems (ERS);</p>
	<p style="text-align: center;"><b>Alignment</b></p> <p>The Framework includes infrastructure related zero carbon public and mass transportation such as EV charging stations, hydrogen fuelling stations which fulfil these criteria.</p>
	Aligned

<sup>91</sup> Commission Regulation (EU) 2018/1832 of 5 November 2018 amending Directive 2007/46/EC of the European Parliament and of the Council, Commission Regulation (EC) No 692/2008 and Commission Regulation (EU) 2017/1151 for the purpose of improving the emission type approval tests and procedures for light passenger and commercial vehicles, including those for in-service conformity and real-driving emissions and introducing devices for monitoring the consumption of fuel and electric energy (OJ L 301, 27.11.2018, p. 1).

<sup>92</sup> Directive 2009/33/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of clean and energy-efficient road transport vehicles (OJ L 120, 15.5.2009, p. 5).

<sup>93</sup> Regulation (EU) No 540/2014 of the European Parliament and of the Council of 16 April 2014 on the sound level of motor vehicles and of replacement silencing systems, and amending Directive 2007/46/EC and repealing Directive 70/157/EEC (OJ L 158, 27.5.2014, p. 131).

	<p>(b) the infrastructure and installations are dedicated to transshipping freight between the modes: terminal infrastructure and superstructures for loading, unloading and transshipment of goods;</p> <p>(c) the infrastructure and installations are dedicated to urban and suburban public passenger transport, including associated signalling systems for metro, tram and rail systems.</p> <p>2. The infrastructure is not dedicated to the transport or storage of fossil fuels.</p>		
<b>DNSh Criteria</b>		<b>Alignment</b>	
Climate change adaptation	Please refer to the assessment set out in Appendix 3, Table 13.		Aligned
Sustainable use and protection of water and marine resources	The activity complies with the criteria set out in Appendix B to this Annex.	<p>For all corporate lending above NOK 8 million, an ESG risk evaluation is obligatory as per the requirements outlined in DNB's corporate banking credit manual. The risk evaluation covers mapping of ESG risk exposure and whether mitigation measures are satisfactory. For corporate lending above NOK 50 million, an ESG assessment tool is utilized to facilitate the ESG risk assessment. This tool incorporates elements from DNB's expectations documents regarding sustainable oceans and responsible water management, providing a comprehensive approach to evaluating ESG risks.</p> <p>As a signatory to the Equator Principles, DNB is committed to assessing all transactions within the scope of these principles for compliance. An Environmental and Social Impact Assessment will be carried out for projects falling under categories A and B. This assessment will focus on specific physical elements, aspects, and facilities that are anticipated to result in notable environmental or social impacts. Additionally, the financing documentation includes covenants requiring adherence to all relevant environmental and social laws, regulations, and permits of the host country in all material respects.<sup>94</sup></p> <p><u>EU</u> The EU Water Framework Directive (2000/60/EC) mandates that all Member States safeguard and enhance water quality across all bodies of water to attain good ecological status. All projects</p>	Aligned

<sup>94</sup> Equator Principles: <https://equator-principles.com/about-the-equator-principles/>

		<p>financed under the Framework in the EU are expected to comply with the criteria set out in Appendix B and applicable pursuant to the Directive, given national transposition of the Directive into national legislation.<sup>95</sup></p> <p><u>Norway</u> Through the European Economic Area (EEA) Agreement, Norway adheres to a significant portion of EU legislation including the Water Framework Directive (2000/60/EC),<sup>96</sup> Drinking water Directive (98/83/EC), Council Directive 91/271/EEC concerning urban waste-water treatment and Council Directive 91/676/EEC concerning nitrate pollution from agricultural sources.</p> <p>DNB has confirmed to Sustainalytics that financed projects under this activity will take place in Norway and the EU. Based on compliance with relevant EU Directives, Equator Principles, international guidelines and DNB’s internal processes Sustainalytics expects activities to comply with the EU Taxonomy criteria ensuring degradation risks related to preserving water quality and avoiding water stress are identified and addressed.</p>	
<p>Transition to a circular economy</p>	<p>At least 70 % (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material defined in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol.<sup>97</sup></p> <p>Operators limit waste generation in processes related construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.</p>	<p><u>EU</u> For all member states of the European Union, the Directive 2018/851 can be assumed to be transposed into national regulation.</p> <p>Directive 2008/98/EC outlines that by 2020, the preparing for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, of nonhazardous construction and demolition waste excluding naturally occurring material defined in category 17 05 04 in the list of waste shall be increased to a minimum of 70 % by weight.</p> <p><u>Norway</u> Norway’s waste regulation is compliant with the Directive of the European Parliament and of the Council (EU) 2018/851 amending Directive 2008/98/EC on waste.</p> <p>DNB has confirmed to Sustainalytics that financed projects under this activity will take place in Norway and the EU. Sustainalytics notes compliance with relevant EU Directives and Norway’s target</p>	<p>Aligned</p>

<sup>95</sup> EUR Lex, “National transposition measures communicated by the Member States concerning: Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy”, at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32000L0060>

<sup>96</sup> Norwegian Water Resources and Energy Directorate, “The Water Framework Directive / Water Regulations”, at: <https://www.nve.no/vann-og-vassdrag/vassdragsforvaltning/vanndirektivet-vannforskriften/>

<sup>97</sup> EU Construction and Demolition Waste Protocol (version of [adoption date]: [https://ec.europa.eu/growth/content/eu-construction-and-demolition-waste-protocol-0\\_en](https://ec.europa.eu/growth/content/eu-construction-and-demolition-waste-protocol-0_en)).

		specific to waste recycling. Based on the above, Sustainalytics has assessed this activity as aligned with the EU Taxonomy criteria.	
Pollution prevention and control	<p>Where relevant, noise and vibrations from use of infrastructure are mitigated by introducing open trenches, wall barriers or other measures and comply with Directive 2002/49/EC.</p> <p>Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.</p>	<p><u>EU</u> For all member states of the European Union, the Directive 2002/49/ EC can be assumed to be transposed into national regulation.</p> <p><u>Norway</u> Under the European Economic Area (EEA) Agreement, Norway follows a significant portion of EU legislation, including Directive 2002/49/EC of the European Parliament concerning the assessment and management of external noise.</p> <p>Based on compliance with relevant EU Directives Sustainalytics has assessed this activity as aligned with the EU Taxonomy criteria.</p>	Aligned
Protection and restoration of biodiversity and ecosystems	<p>The activity complies with the criteria set out in Appendix D to the Annex I.</p> <p>Where relevant, maintenance of vegetation along road transport infrastructure ensures that invasive species do not spread.</p> <p>Mitigation measures have been implemented to avoid wildlife collisions.</p>	<p>Please refer to the assessment set out in Appendix 3, Table 14.</p> <p>DNB's loan documentation contains provisions which impose corporate customers to be in compliance with applicable laws and regulations.</p> <p><u>Norway</u> Norway has implemented a Nature Diversity Act. The purpose of this Act is to protect biological, geological and landscape diversity and ecological processes through conservation and sustainable use, and in such a way that the environment provides a basis for human activity, culture, health and well-being, now and in the future.</p> <p>DNB has confirmed to Sustainalytics that financed projects under this activity will take place in Norway. Based on compliance with relevant EU Directives and Norwegian laws, Sustainalytics has assessed this activity as aligned.</p>	Aligned

Table 12

<b>Framework Activity assessed</b>	Green Buildings
<b>EU Taxonomy Activity</b>	7.7. Acquisition and ownership of buildings
<b>Associated NACE Code</b>	L68

SC Criteria		Alignment	
Mitigation	<p>1. For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings.</p> <p>2. For buildings built after 31 December 2020, the building meets the criteria specified in Section 7.1 of the Annex I of the Climate Delegated Act that are relevant at the time of the acquisition.</p> <p><u>TSC FOR ACTIVITY 7.1</u></p> <p><i>1. The Primary Energy Demand (PED),<sup>98</sup> defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council.<sup>99</sup> The energy performance is certified using an as built Energy Performance Certificate (EPC).</i></p> <p><i>2. For buildings larger than 5000 m<sup>2</sup>,<sup>100</sup> upon completion, the building resulting from the construction undergoes testing for airtightness and thermal integrity,<sup>101</sup> and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative; where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing.</i></p> <p><i>3. For buildings larger than 5000 m<sup>2</sup>,<sup>102</sup> the life-cycle Global Warming Potential (GWP)<sup>103</sup> of the building resulting from the</i></p>	<p>1. DNB will finance buildings constructed pre 2021 that comply with Norwegian buildings codes TEK10 and TEK17 (built ≥2012). Qualifying building codes will be determined with the support of a specialised external consultant. A two-year lag between implementation of a new building code and the building built under that code must be taken into account. Sustainalytics notes that Norwegian residential buildings that comply with the Norwegian building code of 2010 (TEK10) and later codes have significantly better energy standards and fall in the top 15% of buildings based on primary energy demand. As per Climate Bonds Initiative, TEK10 and TEK17 is used as a proxy to establish that the buildings are in the top 15% of the Norwegian building stock. Therefore, this fulfils criterion (1) under Acquisition and ownership of buildings. Furthermore, DNB has communicated to Sustainalytics that a high proportion of the building portfolio to be financed under this activity was built before 2021.</p> <p>2. DNB will finance buildings constructed in and post 2021 complying with the relevant NZEB-10% threshold. In Norway, NZEB definitions were announced on 31 January 2023. Compliant buildings are assessed against the respective NZEB threshold published by the Norwegian Ministry, expressed as specific energy demand in kWh/m<sup>2</sup>. The full methodology and selection approach used for NZEB-10% compliant buildings will be published in a technical report from a specialised external consultant. DNB does not finance buildings larger than 5000 m<sup>2</sup>.</p> <p>3. DNB does not intend to finance large non-residential buildings and therefore this criterion is not applicable.</p>	Aligned

<sup>98</sup> The calculated amount of energy needed to meet the energy demand associated with the typical uses of a building expressed by a numeric indicator of total primary energy use in kWh/m<sup>2</sup> per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC)

<sup>99</sup> Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13)

<sup>100</sup> For residential buildings, the testing is made for a representative set of dwelling/apartment types

<sup>101</sup> The testing is carried out in accordance with EN13187 (Thermal Performance of Buildings - Qualitative Detection of Thermal Irregularities in Building Envelopes - Infrared Method) and EN 13829 (Thermal performance of buildings. Determination of air permeability of buildings. Fan pressurisation method) or equivalent standards accepted by the respective building control body where the building is located.

<sup>102</sup> For residential buildings, the calculation and disclosure are made for a representative set of dwelling/apartment types.

<sup>103</sup> The GWP is communicated as a numeric indicator for each life cycle stage expressed as kgCO<sub>2</sub>e/m<sup>2</sup> (of useful internal floor area) averaged for one year of a reference study period of 50 years. The data selection, scenario definition and calculations are carried out in accordance with EN 15978 (BS EN 15978:2011. Sustainability of construction works. Assessment of environmental performance of buildings.

	<p><i>construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand.</i></p> <p>3. Where the building is a large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW), demonstrate that it is efficiently operated through energy performance monitoring and assessment.<sup>104</sup></p>		
<b>DNSh Criteria</b>		<b>Alignment</b>	
Climate change adaptation	Please refer to the assessment set out in Appendix 3, Table 14.		Aligned

Calculation method). The scope of building elements and technical equipment is as defined in the Level(s) common EU framework for indicator 1.2. Where a national calculation tool exists, or is required for making disclosures or for obtaining building permits, the respective tool may be used to provide the required disclosure. Other calculation tools may be used if they fulfil the minimum criteria laid down by the Level(s) common EU framework (version of [adoption date]: <https://susproc.jrc.ec.europa.eu/product-bureau/product-groups/412/documents>), see indicator 1.2 user manual.

<sup>104</sup> This can be demonstrated, for example, through the presence of an Energy Performance Contract or a building automation and control system in accordance with Article 14 (4) and Article 15 (4), of Directive 2010/31/EU.

### Appendix 3: Criteria for “Do No Significant Harm” (DNSH) to Climate Change Adaptation and Protection and Restoration of Biodiversity and Ecosystems

Table 13

Criteria for DNSH to Climate Change Adaptation		
DNHS Criteria	Alignment	
<p>The physical climate risks that are material to the activities mentioned above have been identified by the Issuer by performing a robust climate risk and vulnerability assessment.<sup>105</sup> The assessment must be proportionate to the scale of the activity and its expected lifespan, such that:</p> <ul style="list-style-type: none"> <li>for investments into activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using downscaling of climate projections;</li> <li>for all other activities, the assessment is performed using high resolution, state-of-the-art climate projections across a range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 years climate projections scenarios for major investments.</li> </ul> <p>The issuer has developed a plan to implement adaptation solutions to reduce material physical climate risks to the selected activities under the Framework.</p> <ul style="list-style-type: none"> <li>For new activities the Issuer ensures that adaptation solutions do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts.</li> <li>For activities that involve upgrading or altering existing assets or processes, the Issuer must implement adaptation solutions identified within five years from the start of the activity. In addition, selected adaptation solutions must not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts.</li> </ul>	<p>DNB has endorsed the Task Force on Climate related Financial Disclosures (TCFD).</p> <p>To assess climate risks in its corporate lending portfolio, DNB has participated in both phases of the UNEP FI TCFD pilot project. During the second phase, DNB prioritized an in-depth analysis of climate risks in the oil and gas sector. Using the model developed in the UNEP FI TCFD pilot project, DNB has also conducted initial qualitative and quantitative climate risk analyses for the shipping, renewable energy, commercial real estate, and construction sectors.</p> <p>Furthermore, all extension of credit takes into account and supports the governance principles for corporate responsibility. This means that DNB will not extend credit that contribute to the violation of human or labour rights, , corruption, serious environmental harm, or other highly unethical actions. To that end DNB has also established an ESG Client Risk Assessment (CRA) tool to screen and rate clients on ESG risk. Since the start of 2022, the ESG risk classification of the credit portfolio has been included in the Bank's risk reporting to the Board of Directors and executive management.</p> <p>DNB's corporate lending credit risk framework includes specific climate risk assessment requirements. Client managers must always consider relevant ESG factors in credit proposals. For customers with a total credit commitment of more than NOK 8 million, ESG risk must be assessed and commented on in the credit paper, including climate risks. For customers with a credit commitment of more than NOK 50 million, an ESG risk classification must also be performed using DNB's ESG client risk assessment tool. ESG factors must be fully reviewed and the ESG risk classification updated during the annual credit renewal. Sector-specific modules have also been developed for corporate real</p>	<p>Aligned</p>

<sup>105</sup> The EU Delegated Act identifies several climate related risk and classifies them into chronic or acute risks, Chronic risks include -changing temperature (air, freshwater, marine water), changing wind patterns, changing precipitation patterns and types, coastal erosion, heat stress, ocean acidification, sea-level rise, and solifluction. Acute risks pertain to – heat/ cold wave, wildfire, cyclone, hurricane, tornado, storm, drought, landslide, flood, and glacial lake outburst. For a complete list of climate related risk please refer to Section 2 of Appendix E of EU's draft delegated regulation (Annex 1), at [https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12302-Climate-change-mitigation-and-adaptation-taxonomy#ISC\\_WORKFLOW](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12302-Climate-change-mitigation-and-adaptation-taxonomy#ISC_WORKFLOW)

	<p>estate, construction, shipping, oil and gas, financial institutions, and private equity.</p> <p>DNB's ESG client risk assessment tool includes a variety of questions on climate-related criteria. These questions assess a client's exposure to and mitigation of climate risks, including climate policy, carbon emissions, disclosure, performance, physical climate risks in operations and the value chain, and transition risks. For physical climate risks, DNB defines material exposure as a probability greater than 50% that a client's income or costs will be negatively impacted by more than 15% over the loan term plus five years. The ESG risk assessment tool also includes similar questions on environmental, social, and governance issues. DNB uses these questions to ensure that climate change adaptation measures meet regulatory requirements and do not adversely affect local communities or other stakeholders. The final ESG classification (standard, medium, or high ESG risk) for a client depends on the number of criteria met in each of the four sections.</p> <p>In addition, DNB has conducted mapping of the physical climate risk in its mortgage portfolio with the intent to expand this mapping to its commercial real estate portfolio. DNB is committed to continuously monitor and report on climate risks.</p>	
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Table 14

Criteria for the Protection and Restoration of Biodiversity and Ecosystems		
<b><i>DNSH Criteria</i></b>	<b><i>Alignment</i></b>	
<ul style="list-style-type: none"> <li>• An Environmental Impact Assessment (EIA) or screening has been completed, for activities within the Union, in accordance with Directive 2011/92/EU. For activities in third countries, an EIA has been completed in accordance with equivalent national provisions or international standards.</li> <li>• Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented.</li> <li>• For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.</li> </ul>	<p>DNB has a policy of not extending financing to activities that infringe on human or labor rights, corruption, serious environmental harm, or other highly unethical actions. To that end DNB uses a risk-based approach that considers material ESG issues, including climate, environment, social conditions, and governance.</p> <p>DNB will not provide financing of any kind for companies that directly or indirectly have a materially negative impact on, or cause harm to, habitats subject to special protection according to legislation or local guidelines. This includes, but is not limited to, sites on UNESCO's World Heritage List, wetlands registered by the Ramsar Convention, and vulnerable natural habitats registered by the International Union for Conservation of Nature (IUCN), categories I and II.</p>	<p>Aligned</p>



For customers with activities that may adversely affect ecologically or biologically particularly vulnerable areas, or materially reduce access to water for people, animals, and local communities, DNB will require an enhanced risk assessment and a level 1 decision.

All corporate clients are required to comply with relevant laws and regulations. DNB receives periodic progress and compliance reports as per loan agreement covenants that enable close follow up and dialogue on the environmental impacts of all projects financed.

The Equator Principles Financing Institution (EPFI) requires the client to conduct an appropriate assessment process to address the relevant environmental and social risks and scale of impacts of the proposed project. The assessment documentation should propose measures to minimise, mitigate, and where residual impacts remain, to compensate/offset/remedy for risks and impacts to workers, affected communities, and the environment, in a manner relevant and appropriate to the nature and scale of the proposed project.

The Assessment Documentation will be an adequate, accurate and objective evaluation and presentation of the environmental and social risks and impacts, whether prepared by the client, consultants or external experts. For Category A and, as appropriate, Category B Projects, the Documentation includes an Environmental and Social Impact Assessment (ESIA). One or more specialised studies may also need to be undertaken. For other Category B and potentially C Projects, a limited or focused environmental or social assessment may be appropriate, applying applicable risk management standards relevant to the risks or impacts identified during the categorisation process.

For all Category A and Category B Projects the EPFI requires the client to develop and/or maintain an Environmental and Social Management System (ESMS). Further, an Environmental and Social Management Plan (ESMP) will be prepared by the client to address issues raised in the Assessment process and incorporate actions required to comply with the applicable standards. Where the applicable standards are not met to the EPFI's satisfaction, the client and the EPFI will agree to an Equator Principles Action Plan

(EPAP). The EPAP is intended to outline gaps and commitments to meet EPFI requirements in line with the applicable standards.

DNB's loan documentation contains provisions which impose corporate customers to be in compliance with applicable laws and regulations.:

#### EU

For all member states of the European Union, EU Directive on Environmental Impact Assessment in accordance with Directive 2011/92/EU can be assumed to be transposed into national regulation.

#### Norway

The EU Directive on Environmental Impact Assessments is transposed into Norwegian law through the Norwegian Planning and Building Act and its supplementing regulations on Environmental Impact Assessment.

Laid down by Royal Decree of 19 December 2014 pursuant to the Act of 27 June 2008 No. 71 relating to planning and the processing of building applications (the Planning and Building Act) second part. Proposed by the Ministry of Local Government and Modernisation. EEA reference: EEA Agreement Annex XX no. 1a (Council Directive 2011/92/EU) and no. 1g (Council Directive 2001/42/EEC).

Norway has implemented the Nature Diversity Act. The purpose of this Act is to protect biological, geological and landscape diversity and ecological processes through conservation and sustainable use, and in such a way that the environment provides a basis for human activity, culture, health and well-being, now and in the future.

#### UK

DNB aims for full compliance with any mitigation and compensation measures arising from the EIA process. Specifically, DNB is compliant with UK's Legislation covering Environmental Impact Assessment, which addresses mitigation and compensation measures for protecting the environment.

# Appendix 4: Green Bond / Green Bond Programme - External Review Form

## Section 1. Basic Information

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Issuer name:	DNB Bank ASA
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Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	DNB Bank ASA Green Finance Framework
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Review provider's name:	Sustainalytics
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Completion date of this form:	October 16, 2023
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Publication date of review publication:  
Original publication date *[please fill this out for updates]*:

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## Section 2. Review overview

### SCOPE OF REVIEW

The review:

- assessed the 4 core components of the Principles (**complete review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*).
- assessed only some of them (**partial review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*); please indicate which ones:
  - Use of Proceeds
  - Process for Project Evaluation and Selection
  - Management of Proceeds
  - Reporting
- assessed the alignment with other regulations or standards (CBI, EU GBS, ASEAN Green Bond Standard, ISO 14030, etc.); please indicate which ones:

### ROLE(S) OF INDEPENDENT REVIEW PROVIDER

- Second Party Opinion
- Certification
- Verification
- Scoring/Rating
- Other (please specify):

### Does the review include a sustainability quality score?

- Of the issuer
- Of the project
- Of the Framework
- Other (please specify):
- No scoring

### ASSESSMENT OF THE PROJECT(S)

Does the review include:

- The environmental and/or social features of the type of project(s) intended for the Use of Proceeds?
- The environmental and/or social benefits and impact targeted by the eligible Green and/or Social Project(s) financed by the Green, Social or Sustainability Bond?
- The potentially material environmental and/or social risks associated with the project(s) (where relevant)?

#### ISSUER'S OVERARCHING OBJECTIVES

##### Does the review include:

- An assessment of the issuer's overarching sustainability objectives and strategy, and the policies and/or processes towards their delivery?
- An identification and assessment of environmental, social and governance related risks of adverse impact through the Issuer's [actions] and explanations on how they are managed and mitigated by the issuer?
- A reference to the issuer's relevant regulations, standards, or frameworks for sustainability-related disclosure and reporting?

#### CLIMATE TRANSITION STRATEGY

##### Does the review assess:

- The issuer's climate transition strategy & governance?
- The alignment of both the long-term and short/medium-term targets with the relevant regional, sector, or international climate scenario?
- The credibility of the issuer's climate transition strategy to reach its targets?
- The level/type of independent governance and oversight of the issuer's climate transition strategy (e.g. by independent members of the board, dedicated board sub-committees with relevant expertise, or via the submission of an issuer's climate transition strategy to shareholders' approval).
- If appropriate, the materiality of the planned transition trajectory in the context of the issuers overall business (including the relevant historical datapoints)?
- The alignment of the issuer's proposed strategy and targets with appropriate science-based targets and transition pathways that are deemed necessary to limit climate change to targeted levels?
- The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically?

##### Overall comment on this section:

### Section 3. Detailed review

#### 1. USE OF PROCEEDS

##### Does the review assess:

- the environmental/social benefits of the project(s)?
- whether those benefits are quantifiable and meaningful?
- for social projects, whether the target population is properly identified?

##### Does the review assess if the issuer provides clear information on:

- the estimated proceeds allocation per project category (in case of multiple projects)?
- the estimated share of financing vs. re-financing (and the related lookback period)?

**Overall comment on this section:** The eligible categories for the use of proceeds – Green Residential Buildings, Clean Transportation and Renewable Energy – are aligned with those recognized by the Green Bond

Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9 and 11.

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

### Does the review assess:

- whether the eligibility of the project(s) is aligned with official or market-based taxonomies or recognised international standards? Please specify which ones: Sustainalytics has a proprietary taxonomy which is influenced by the EU taxonomy, Climate Bonds Initiative taxonomy as well as international standards.
- whether the eligible projects are aligned with the overall sustainability strategy of the issuer and/or if the eligible projects are aligned with material ESG-related objectives in the issuer's industry?
- the process and governance to set the eligibility criteria including, if applicable, exclusion criteria?
- the processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s)?
- any process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s)?

### Overall comment on this section:

DNB's internal process in evaluating and selecting eligible loans is overseen by the Green Finance Committee. Relevant business units identify potentially eligible green loans for the committee's approval. DNB has a dedicated ESG risk assessment and mitigation process that is applicable to all allocation decisions made under the Framework. Sustainalytics considers the project selection process and risk management to be in line with market practice.

## 3. MANAGEMENT OF PROCEEDS

### Does the review assess:

- the issuer's policy for segregating or tracking the proceeds in an appropriate manner?
- the intended types of temporary investment instruments for unallocated proceeds?
- Whether an external auditor will verify the internal tracking of the proceeds and the allocation of the funds?

### Overall comment on this section:

DNB's Treasury team is responsible for overseeing the management of proceeds. The allocation will be tracked via DNB's existing internal systems using a portfolio approach. Selected projects for financing will be part of a Green Loan Portfolio. DNB will strive to achieve a level of allocation that matches or exceeds the balance of net proceeds. Unallocated proceeds will be held in DNB's treasury liquidity portfolio, in cash or other short-term liquid instruments. DNB intends to allocate the proceeds at issuance. This is in line with market practice.

## 4. REPORTING

### Does the review assess:

- the expected type of allocation and impact reporting (bond-by-bond or on a portfolio basis)?
- the frequency and the means of disclosure?
- the disclosure of the methodology of the expected or achieved impact of the financed project(s)?

### Overall comment on this section:

DNB commits to report on the allocation and impact of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the size of the green loan portfolio, the total amount of proceeds allocated, the balance of unallocated proceeds and the share of new financing versus refinancing. In addition, DNB commits to report on relevant impact metrics. Sustainalytics views DNB's allocation and impact reporting as aligned with market practice.

## Section 4. Additional Information

**Useful links**

**Analysis of the contribution of the project(s) to the UN Sustainable Development Goals:**

**Additional assessment in relation to the issuer/bond framework/eligible project(s):**

### **ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

## Disclaimer

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These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

## About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

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