

DNB Group

Sustainability Factbook 2018



Contents

Society

1 View risks and opportunities in a long-term perspective	4
2 Help startups succeed	4
3 Prevent financial crime and corruption	5
4 Financial literacy	6
5 Responsible purchasing	6

Customers

6 Innovative business model and product development	7
7 Information security and stable IT systems	8
8 Privacy protection	9
9 Pricing of products and services	9
10 User-friendly products and services	10
11 Responsible lending and investment	11

People

12 Equality and diversity	14
13 Restructuring and skills enhancement	15
14 Working conditions	16
15 Open and ethical business management	17

DNB's work with the UN Sustainable Development Goals	18
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Sustainability Factbook

This part of the 2018 annual report is a supplement to the strategic section (pages 34–72), and provides a more quantitative overview of the topics that we consider to be most important for DNB's ability to achieve long-term value creation. The factbook is based on the materiality analysis which was updated in 2018, and which shows the topics that are strategically important for the bank's long-term value creation, seen in the context of the expectations from our various stakeholders within the different topics. We use this analysis as a tool to help us identify the areas where we can make the greatest difference in society and that support our strategy. Moreover, our goals of creating the best customer experiences and delivering on financial targets form a foundation for the analysis.

Together with the description of the topics in the annual report, the factbook constitutes DNB's sustainability reporting in accordance with the reporting standard GRI Standards. The fifteen topics in the materiality matrix are addressed under the headings Society, Customers and People.

Materiality matrix



Society

1 View risks and opportunities in a long-term perspective

WHAT DOES THIS MEAN FOR US?

The ability to balance risks and opportunities over time is essential to the successful operation of the business, and is followed up through DNB's governance system. DNB shall take long-term risks and opportunities into consideration, not just short-term gains. This may for instance be done by incorporating long-term trends and challenges into risk appetite, risk reporting, management and capital allocation. Sustainability considerations (ESG)¹⁾ are becoming increasingly important, and have become an integral part of DNB's risk and opportunity scenario.

STATUS 2018

- ESG considerations in DNB's credit manual have been expanded and better systematised. This leads to increased focus on ESG-related risks and opportunities in each credit proposal.
- DNB scored an A in CDP's²⁾ reporting of climate data.
- The incentive structure is described in the strategic report.

2 Help startups succeed

WHAT DOES THIS MEAN FOR US?

It is essential for Norway that more companies are established, and DNB will ensure that small and large companies have a greater chance of success. We invest in startups and contribute with measures to promote innovation and restructuring.

STATUS 2018

- DNB's start-up pilots have been in contact with 5 061 companies in the course of 2018, and 17 000 since the start.
- Arranged 19 NXT events, with more than 4 000 participants.
- Launched growth loans of NOK 200 million, 6 companies were in 2018 granted a growth loan (of a total of 100 applicants).

↓ FACTS

Responsible area in the bank:
Group Risk Management

Measurement parameter:

DNB indicator:

Incentive structures for DNB's Group Management. CDP reporting score.

Governing documents:

Corporate governance in DNB, Group policy financial management and reporting

UN Sustainable Development Goals:
5, 8

↓ FACTS

Responsible area in the bank:
Corporate Banking

Measurement parameter:

DNB indicator:

In progress

Governing documents:

Corporate governance in DNB

UN Sustainable Development Goals:
8, 9

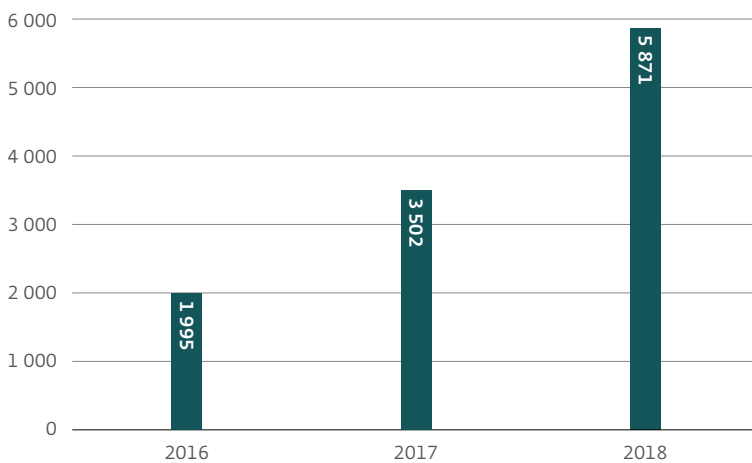
1) Environmental, social and governance (ESG) factors are used to assess risks and opportunities of a non-financial nature.

2) CDP, formerly the Carbon Disclosure Project, is a foundation whose purpose is to help give businesses and authorities a better overview of their own climate impact.



Meeting requests exchanged between entrepreneurs and investors at NXT

Number



3 Prevent financial crime and corruption

WHAT DOES THIS MEAN FOR US?

DNB has measures and practices in place which counter and prevent financial crime. We provide structures and guidelines that contribute to preventing corruption among our own employees and in the value chain.

STATUS 2018

- Launched new mandatory training course on anti-corruption (completion rate: 83 per cent).
- Joined Nordic KYC Utility, a bank collaboration to establish a common Know-Your-Customer infrastructure.
- Prevented digital fraud against our customers of a total value of NOK 266 million.
- In total, DNB prevented NOK 725 million of the Group's and our customers' money from falling into the wrong hands.

↓ FACTS

Responsible area in the bank:
Group Compliance

Measurement parameter:
GRI 205-2 Anti-corruption training

Governing documents:
Corporate governance in DNB, DNB's Code of Conduct, Group guidelines for compliance, Anti-corruption guide, Procedure for the anonymous, internal whistleblowing channel

UN Sustainable Development Goals:
16

4 Financial literacy

WHAT DOES THIS MEAN FOR US?

Having a sound understanding of personal finances enables the individual to make better financial decisions and avoid ending up in financial distress. The bank's products, services and advisory services shall help ensure that more people develop good financial habits.

STATUS 2018

- 327 113 downloads of the savings app Spare.
- 125 670 customers in the share savings account scheme (market share: 26 per cent).
- DNB Markets named best brokerage house within equities (Prospera survey).
- DNB Markets ranked top 3 in 16 out of 17 analysis sectors.
- «A valuable lesson» 2.0 under development.

↓ FACTS

Responsible area in the bank:

Personal Banking, Wealth Management and Insurance, and Markets

Measurement parameter:

DNB indicator:

Downloads of the savings app Spare

Governing documents:

Corporate governance in DNB

UN Sustainable Development Goals:

8, 10

5 Responsible purchasing

WHAT DOES THIS MEAN FOR US?

DNB takes sustainability (ESG) into consideration in the supplier management. This is part of the bank's requirements and expectations in DNB's Code of Responsible Business Conduct for Suppliers. Purchases shall be conducted in a transparent manner and according to DNB's ethical standards. Through dialogue, corporate responsibility analyses (such as EcoVadis) and supplier audits, we are working to mitigate risks and contribute to good practices in the bank's supply chain.

STATUS 2018

- Three supplier audits conducted based on risk profile and share of procurements.
- Continued ongoing assessment of suppliers in EcoVadis.

↓ FACTS

Responsible area in the bank:

Group Finance

Measurement parameter:

DNB indicator:

Number of audits of important suppliers (based on risk/share of procurements)

Governing documents:

DNB's Code of Responsible Business Conduct for Suppliers, DNB's procurement principles, Anti-corruption guide

UN Sustainable Development Goals:

8, 12

Customers

6 Innovative business model and product development

WHAT DOES THIS MEAN FOR US?

DNB is facing new competition. We need to effectively develop innovative business opportunities for our customers. New Business was established as a separate business area in 2018 to ensure competitive strength within four priority areas: Data and customer insight, payments and payment infrastructure, open banking, and technology application and strategic partnerships. New Business will also facilitate the development of innovative products and services in the business areas.

STATUS 2018

- New Business established as a separate unit.
- Developed new mobile bank which was launched in January 2019.
- Developed the corporate banking app DNB Puls.
- Entered into various collaborations and partnerships.
- Launched the chatbot Aino.

↓ FACTS

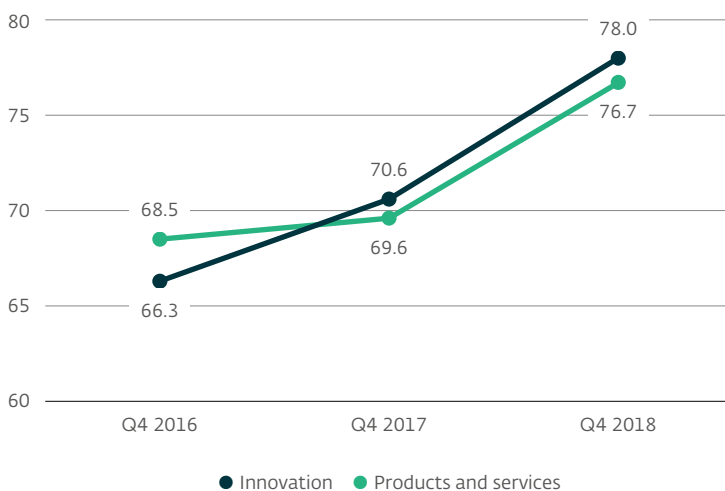
Responsible area in the bank:
New Business

Measurement parameter:
DNB indicator:
RepTrak/CSI score on Innovation in DNB

Governing documents:
Corporate governance in DNB

UN Sustainable Development Goals:
8, 9

 **Innovation score from RepTrak**
Points



7 Information security and stable IT systems

WHAT DOES THIS MEAN FOR US?

DNBs shall have good security procedures that protect the customers' and the bank's data against cyberattacks. DNB is a provider of critical financial infrastructure, and it is therefore important to ensure that our platforms and services, such as payments infrastructure, mobile and online banking, and ATM machines, are available and safe.

STATUS 2018

- Enhanced digital security in the protection of infrastructure and defence against digital fraud.
- Strengthened training in IT security for IT professionals.
- Established proactive monitoring of DNB's critical systems.
- Improved high-availability solutions.
- New data centre for DNB's mainframe computer and network lines.
- Mainframe upgraded for disaster recovery.

↓ FACTS

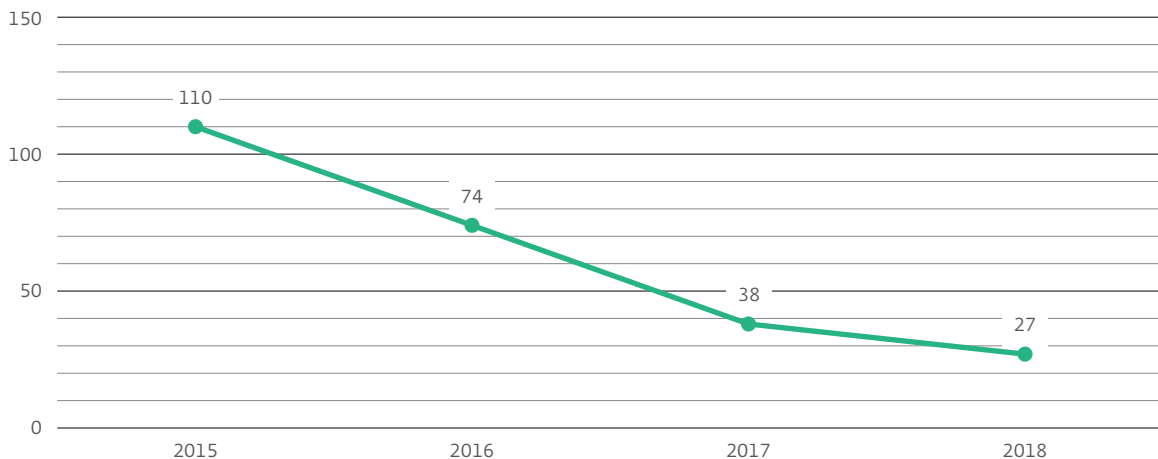
Responsible area in the bank:
IT/People and operations

Measurement parameter:
DNB indicator:
Number of days with incidents resulting in services being unavailable or having long response times

Governing documents:
DNB's Code of Conduct, DNB's privacy statement, DNB's Code of Responsible Business Conduct for Suppliers, Group policy security

UN Sustainable Development Goals:
9

 **Days with incidents resulting in services being unavailable or having long response times**
Number of days



8 Privacy protection

WHAT DOES THIS MEAN FOR US?

DNB shall protect our customers' personal data, and inform the customer about the information that is collected. DNB shall act in accordance with the Norwegian Personal Data Act and the EU General Data Protection Regulation (GDPR). A Group Privacy Officer was appointed in 2018, and a separate team has been established under this function to ensure that our customers' personal data are protected.

STATUS 2018

- Incurred fines or orders from the Norwegian Data Protection Authority: 0.
- Share of employees who have undergone GDPR training: 81 per cent.
- Appointed Group Compliance Privacy Officer in 2018.
- Established Group Compliance Privacy Office, and the team now consists of four people.

↓ FACTS

Responsible area in the bank:

Group Compliance

Measurement parameter:

DNB indicator:

Incurred fines or orders from the Norwegian Data Protection Authority due to GDPR violations

Governing documents:

DNB's Code of Conduct,
DNB's privacy statement

UN Sustainable Development Goals:

9

9 Pricing of products and services

WHAT DOES THIS MEAN FOR US?

Availability and transparency of pricing of products and services.

STATUS 2018

- No fines or reactions from authorities with regard to marketing and communication.
- New strategy for unsecured credit.
- Out of 70 cases considered by the Norwegian Financial Services Complaints Board involving DNB, 60 went in favour of DNB.

↓ FACTS

Responsible area in the bank:

Personal Banking

Measurement parameter:

GRI 417-2, 417-3 Compliance, marketing and communications

DNB indicator:

Cases considered by the Norwegian Financial Services Complaints Board

Governing documents:

Group policy for communication, Standard for approval of products and services

UN Sustainable Development Goals:

16

10 User-friendly products and services

WHAT DOES THIS MEAN FOR US?

DNB makes products and services available and easy to use for various target groups. To help our customers stay ahead, we also have to understand their needs. This means, among other things, offering simple and relevant solutions, being available and delivering transparent and competitive terms and conditions and good customer service.

STATUS 2018

- High customer satisfaction all year, up from 2017.
- Carried out Shelf Control on all of DNB's products and services.
- Launched new strategy for unsecured credit.
- Launched green home mortgages.

↓ FACTS

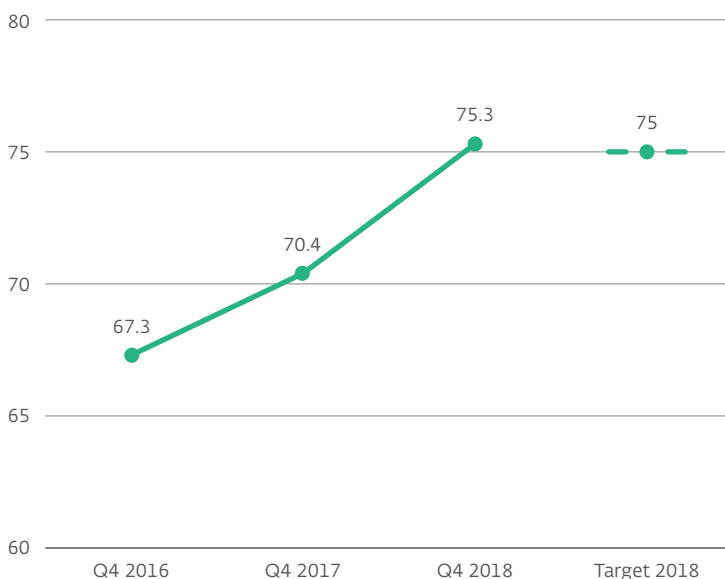
Responsible area in the bank:
Personal Banking

Measurement parameter:
DNB indicator:
Customer satisfaction

Governing documents:
Standard for approval of products and services

UN Sustainable Development Goals:
8, 12

Customer satisfaction development Points



11 Responsible lending and investment

WHAT DOES THIS MEAN FOR US?

The GRI reporting primarily covers reporting of responsible lending related to ESG factors, and initially in the corporate segment. Responsible lending to the personal customer market is described in the strategic report, under the topic Responsible lending and investment.

1 Responsible lending to corporate customers

WHAT DOES THIS MEAN FOR US?

Responsible lending means that DNB takes sustainability (ESG) into consideration in its corporate customer lending activities (Corporate Banking and LCI). This is done through operationalisation, management and development of policies, guidelines and principles. The bank also brings up sustainability considerations in customer dialogues. Having an important role in society also requires the bank to help safeguard the viability of the Norwegian economy by facilitating capital for sustainable development.

STATUS 2018

- Published 15 sector-specific business strategies that all include ESG considerations.
- New ESG sector guidance note on plastic packaging.
- Conducted 50 sector-specific ESG workshops in the corporate customers segment.
- Introduced framework for green loans, based on the Green Loan Principles.
- Processed one project in accordance with the Equator Principles.
- LCI participated in UNEP FI's TCFD pilot for scenario testing of climate risk in the lending portfolio.

↓ FACTS

Responsible area in the bank:

LCI and Corporate Banking

Measurement parameter:

GRI FS8 ESG products and services

DNB indicator:

The number of new Equator projects

Governing documents:

Group standard for corporate responsibility in DNB's credit activities, CSR ESG risk assessment tool, CSR ESG sector guidance notes for plastic packaging, energy, metals and mining, forestry, seafood, arms and defence.

UN Sustainable Development Goals:

7, 8, 9, 12, 13, 14, 16

③ Green bonds

WHAT DOES THIS MEAN FOR US?

DNB Markets takes sustainability (ESG) into consideration in advisory services and when facilitating investments, e.g. through financial products such as green bonds.

STATUS 2018

- DNB is the largest Norwegian issuer of green bonds.
- Outstanding volume: EUR 1.6 billion.

↓ FACTS

Responsible area in the bank:

Markets

Measurement parameter:

DNB indicator:

In progress

Governing documents:

Standard procedure for Corporate Responsibility (CR) – Markets

UN Sustainable Development Goals:

7, 8, 9, 13

People

12 Equality and diversity

WHAT DOES THIS MEAN FOR US?

DNB works for equality and diversity among own employees, among business partners/suppliers and in society at large.

STATUS 2018

- Share of women at management levels 1–4: 38.1 per cent.
- Share of women in DNB's Board of Directors: 42.9 per cent.
- Held the first DNB:Diversity network meeting with 200 participants to increase diversity within the Group.
- Changed customer systems and training of customer advisers to prevent unconscious bias.
- DNB tops the 2018 SHE Index.

↓ FACTS


Responsible area in the bank:
People and operations

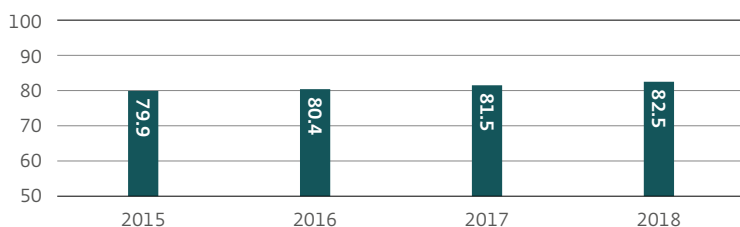
Measurement parameter:
GRI 405-2 Women's salary relative to men's


DNB indicator:
Goal: 40 per cent women at management levels 1–4

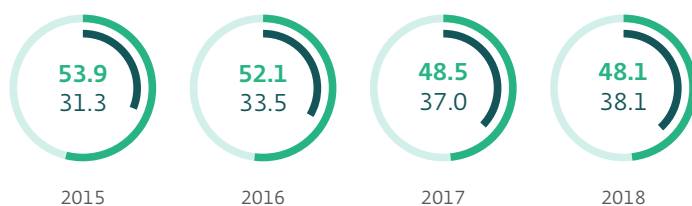
Governing documents:
Corporate governance in DNB, DNB's Code of Conduct

UN Sustainable Development Goals:
5, 8, 10

 **Women's salary relative to men (group wide)**
Per cent



 **Share of women in total and management levels 1–4**
Per cent



● In total ● At management levels 1–4

13 Restructuring and skills enhancement

WHAT DOES THIS MEAN FOR US?

DNB focuses on being able to attract, retain and develop the skills that the bank will need in the future. Restructuring and skills enhancement is about building a diverse workforce.

STATUS 2018

- Voted the most attractive employer by business students in the Universum survey for the third year running. Ranked number five among IT students. Named 'climber of the year' among engineers (from 55th to 44th place).
- 9 045 (91 per cent) have made use of the Group's training programmes.
- Reskill training programme: Educated 14 Data Scientists, while 10 IT graduates started a 3-year Architect Greenhouse education.
- Motimate and LinkedIn Learning (digital learning tools) available to all employees.

↓ FACTS

Responsible area in the bank:
People and operations

Measurement parameter:
GRI 404-2 Upgrading employee skills
DNB indicator:
Training

Governing documents:
DNB's Code of Conduct, Group standard for health, safety and environment (HSE), Standard for leadership and competence development

UN Sustainable Development Goals:
4, 5, 8, 10

14 Working conditions

WHAT DOES THIS MEAN FOR US?

Employees should be given good opportunities to develop and enhance their skills and responsibilities. DNB therefore aims to be an attractive employer with competitive benefits and salary levels that are perceived as fair by the employees and society.

STATUS 2018

- Number of recruited employees: 965.
- Total turnover: 9.6 percent.
- Turnover of permanent employees who resigned: 6.6 percent.
- In 2018, the sickness absence rate for DNB in Norway was 4.5 per cent, just above the goal of 4 per cent.

↓ FACTS

Responsible area in the bank:
People and operations

Measurement parameter:
GRI 401-1 New employee hires and employee turnover

DNB indicator:
Employee survey

Governing documents:
Group standard for health, safety and environment (HSE)

UN Sustainable Development Goals:
5, 8, 10

 **Share of employees who are proud to work in DNB**
Per cent



15 Open and ethical business management

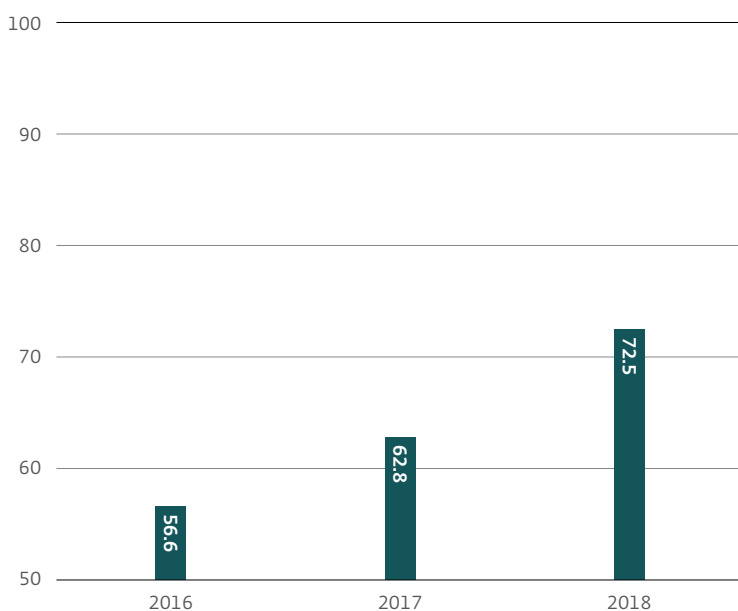
WHAT DOES THIS MEAN FOR US?

Open and ethical business management is about ensuring confidence in the bank's intentions and future prospects through openness about the Group's opinions and activities. Employees and business partners must comply with the ethical guidelines (Code of Conduct). This also includes transparency and clarity in reporting and communication.

STATUS 2018

- Achieved record high numbers for transparency in connection with reputation.
- Launched anonymous third-party whistleblowing channel.

Transparency development Points



↓ FACTS

Responsible area in the bank:
People and operations

Measurement parameter:
DNB indicator:
RepTrak score on Openness and transparency in business operations.

Governing documents:
Corporate governance in DNB, DNB's Code of Conduct, Group policy compliance, Group standard for anti-money laundering and counter-terrorist financing, Principles for corporate responsibility, Group policy for communication, Tax policy

UN Sustainable Development Goals:
16

DNB's work with the UN Sustainable Development Goals

Since 2015, we have supported the UN Sustainable Development Goals, and the goals have been a source of inspiration for DNB and our corporate responsibility activities. To us, they represent a platform for innovation and growth for DNB, but also a framework that we can use to talk to our corporate customers about their sustainability efforts.

We have identified two goals as particularly important to us, that represent areas where we can make a difference both by contributing positively and by reducing potential downsides and risks:

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

In addition to these two, we have also identified seven additional goals as relevant to our business operations: 7, 9, 10, 12, 13, 14 and 16. We are constantly seeking to reduce our negative impact and to contribute positively to these goals through our role as employer, investor, lender, arranger and provider of financial infrastructure.

To realise our ambitions in the field of corporate responsibility, it is essential that we understand our stakeholders and cooperate with other players. Goal 17 is therefore a prerequisite for success, and has thus also been included as a particularly relevant goal.

All the fifteen topics in this Factbook are linked with one or more of the UN's Sustainable Development Goals.

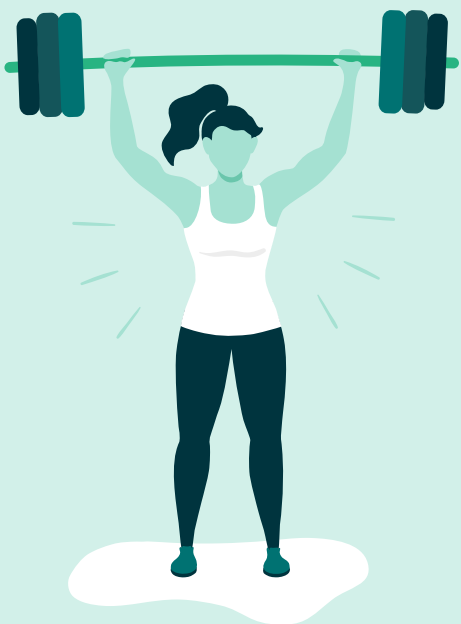


Purpose

We are here.
So you can stay ahead.

This is our purpose, and the answer to why DNB is here for customers, society and employees. The purpose sets the direction for our choices and priorities. It inspires innovation and drives change.

Our values describe how we will deliver our purpose, both as an organisation and as colleagues. Our values describe what we expect from each other and what customers, our owners and society in general can expect from us.



Values

Curious

Being curious means that we seek new knowledge and learn from our experiences, so that we continuously gain new insight. We are genuinely interested in and curious about how we can make everyday life better for our customers and colleagues. We find good solutions together.

Bold

Being bold means that we challenge established truths, and make decisions even though the picture is unclear. We take responsibility for our actions, admit when we make mistakes and then learn from them. We face challenges and new competition with an unshakeable conviction that we will become even better at developing the best ideas and solutions.

Responsible

We create value in a sustainable way. We will be transparent about our operations and contribute positively to society. We listen to those who have insight into and opinions about what society expects of us. We use simple language and are predictable in our actions.

**We are here.
So you can
stay ahead.**

DNB

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