DNBs governance principles

Contents

1 Purpose 2

2 Introduction from the Group Chief Executive Officer and the Chair of the Board 2

3 Roles and responsibilities 2

3.1 The Annual General Meeting 2

3.2 Board of Directors 2

3.3 The Group Chief Executive Officer (CEO) 3

3.4 Group Management 3

3.5 Three lines of defence 3

4 Governance principles 4

4.1 Strategy, mission and values 4

4.2 Ethics 4

4.3 Principles for attracting, retaining and developing employees 4

4.4 Principles for risk management, internal control and compliance 5

4.4.1 Risk management 5

4.4.2 Internal control 6

4.4.3 Compliance 6

4.5 Risk appetite 6

5 Operational governance model 6

5.1 Organisation and responsibilities 7

5.2 Business areas 7

5.3 Group units 7

6 DNB's hierarchy of governing documents 7

1 Purpose

This document describes the framework for DNB's corporate governance, governing bodies and Group Management (Section 3), governance principles (Section 4), operational governance model (Section 5) and hierarchy of governing documents (Section 6). The aim of corporate governance is to ensure responsible, effective and sustainable operations, and ensure that:

- DNB achieves its goals;
- DNB establishes guidelines and structures for compliance with rules and legislation;
- all employees have a common understanding of governance, management and conduct in DNB;
- all employees understand their scope of action in their daily work.

This document has been approved by the Board of Directors of DNB Bank ASA.

2 From the Group Chief Executive Officer and the Chair of the Board

Good corporate governance helps us achieve our goals, ensures our 'license to operate' and protects the company's reputation and assets. This is crucial for DNB's competitiveness over time. Corporate governance in DNB is about how DNB's Board of Directors, Group Management and employees manage the Group's assets in a sustainable way, in the best interests of our customers, owners, employees and other stakeholders. Corporate governance sets requirements for conduct and is used for governance and control in the Group.

DNB is an international financial services group with a presence in many countries and conducts several types of licensed business operations with the permission of various public authorities. Authorities regularly supervise our operations, and there are extensive requirements for compliance with external rules and legislation.

Effective corporate governance is inextricably linked to a good risk culture. This culture encompasses shared norms, attitudes and behaviours related to risk governance and control at all levels. A good risk culture is based on all employees knowing their responsibilities, being aware of the risks associated with their tasks and activities and proactively contributing to coherent and comprehensive risk management.

3 Roles and responsibilities

3.1 The Annual General Meeting

DNB's shareholders exercise their ownership influence by voting at the Annual General Meeting (AGM) of DNB Bank ASA, which has the highest authority in the Group. Among other things, the AGM is responsible for establishing DNB's Articles of Association, approving the annual accounts and directors' report, deciding on the distribution of dividends, and electing the board, nomination committee and auditor.

3.2 Board of Directors

The Board of Directors of DNB Bank ASA has the overall responsibility for the company's operations and significant influence over the Group as a whole.

The Board of Directors handles all Group-wide issues and other matters of significant or fundamental importance to the Group's business activities and has the authority to make decisions in more specific types of cases.

The Board determines the Group's strategy and ensures both satisfactory reporting and proper organisation of the Group.

The Board has the overall responsibility for DNB having appropriate risk management and internal control. This includes the establishment of proper management and control systems.

The Board of Directors is responsible for appointing the CEO and supervising the day-to-day management and other activities of the Group.

The Board of Directors has sub-committees that are responsible for preparing certain types of cases to be considered by the Board. These committees are the Audit Committee, the Risk Management Committee and the Compensation and Organisation Committee.

3.3 The Group Chief Executive Officer (CEO)

The CEO is the managing director of DNB Bank ASA and responsible for the day-to-day management of the company and the Group. They must follow the guidelines and instructions issued by the Board of Directors.

The CEO can make decisions in all matters where authority has not been assigned to the Annual General Meeting or the Board of Directors, unless otherwise laid down by law or the Group's Articles of Association.

The CEO is responsible for implementing the Board's directives related to risk management and internal control and must ensure that the Board of Directors is sufficiently informed about developments that affect risk level. The CEO must at least annually present a summarised assessment of internal control to the Board.

3.4 Group Management

The Group Management team is not a formal body with decision-making authority, but functions as a coordinating and advisory body with collective responsibility for ensuring that the CEO has the best possible basis for making decisions and presenting matters to the Board of Directors.

The CEO determines the composition of the Group Management team and delegates responsibilities and tasks to the Group Executive Vice Presidents (Group EVPs) through job descriptions, governing documents or authorisations. Among other things, the job descriptions make clear that the Group EVPs are responsible for the day-to-day management of their respective units in accordance with goals and plans, and also for facilitating necessary coordination across units.

3.5 Three lines of defence

Roles and responsibilities relating to internal control, risk management and compliance are distributed according to the corporate governance model, which has three lines of defence.

The first line of defence covers all operative functions (business areas and Group units). The operative managers are responsible for establishing, managing and following up internal control and risk management within their own area of responsibility. All risk is owned by the first line of defence and is owned at the lowest possible organisational level. Roles, responsibilities and the distribution of risk between business areas and Group units within the first line of defence are set out in the Group's

governance model and are specified in the units' governing documents. Employees are responsible for ensuring good internal control in their daily work tasks.

The second line of defence consists of the risk management function and the compliance function. Risk management and compliance are independent control functions that report to the CEO, and have the opportunity to report their assessments directly to the Board of Directors. These functions must be involved in and contribute to risk assessments in the event of new or significant changes. The areas of responsibility of the functions and how the tasks are to be performed are specified in more detail in the Group Policy for Risk Management and the Group Policy for Compliance. See also the mandates for the risk management and compliance functions as determined by the Board of Directors.

The third line of defence is Group Audit, which assists the Board in ensuring that all material elements of the Group's internal control, risk management and compliance are of satisfactory quality. The Board of Directors determines Group Audit's mandate and approves the internal audit team's annual plans and budgets. Group Audit is responsible for ensuring the establishment and implementation of adequate and effective internal control and risk management procedures. Group Audit must also assess whether management processes and control measures are effective and contribute to the Group's target attainment.

4 Governance principles

DNB's governance principles are the Group's highest level of governing documents and regulate the Group's business activities based on laws, regulations and licences. Together with the governance model described in Section 5, these principles provide the main framework for all governance and control activities. They define areas of particular importance, specify the division of responsibilities at an overriding level and describe the desired culture and behaviour. DNB's governance principles cover 1) strategy, mission and values, 2) ethics, 3) guidelines for attracting, retaining and developing employees, 4) risk management, internal control and compliance, and 5) risk appetite.

4.1 Strategy, mission and values

DNB's Group strategy, mission and values are determined by the Board of Directors and described on the communication page for The Guide 2.0 (SharePoint page). In addition to the Group strategy, the Board of Directors has set DNB's:

- Technology strategy (SharePoint page)
- Sustainability ambitions (dnb.no)
- Tax strategy (dnb.no)

4.2 Ethics

DNB's ethical principles are adopted by the Board of Directors and described in the Group's Code of Conduct (KRAFT).

4.3 Principles for attracting, retaining and developing employees

In DNB, our employees are our most important resource and essential for the achievement of our goals and ambitions. To retain and develop our employees, as well as to ensure that DNB remains an attractive employer, we will:

- recruit, develop and retain the most suited employees based on their expertise and personal qualities;

- have managers who attract and develop talent, promote effective internal control and risk culture, and drive change;
- facilitate a flexible working model that supports the needs of the organisation;
- create a positive working environment in line with our Code of Conduct and promote well-being and productivity;
- promote diversity, equality and inclusion, as well as make targeted and systematic efforts to prevent discrimination;
- promote development and good performance through clear goals and ongoing monitoring;
- have employees who seize opportunities, are change-oriented and keep their skills and expertise up-to-date;
- offer competitive, but not market-leading, remuneration based on a comprehensive assessment of areas of responsibility, conduct and results linked to target attainment and compliance.

4.4 Principles for risk management, internal control and compliance

DNB's risk management and internal control are continuous activities and systems that together contribute to target attainment through:

- effective and prudent business operations;
- appropriate identification, measurement and management of risk;
- reporting reliable financial and non-financial information, both internally and externally;
- appropriate administrative and accounting processes;
- compliance with laws, regulations, the authorities' expectations and DNB's governing requirements.

4.4.1 Risk management

Risk management includes activities, processes and actions that ensure that risks are assessed, managed, monitored, controlled and reported in a satisfactory way and in line with DNB's guidelines and requirements. Risk management must be of good quality and have high information value.

DNB's risk management must address all types of financial and non-financial risk, including emerging risks, that could affect DNB's target attainment. Risk management must be forward-looking and include assessments of how DNB can best adapt to changes in internal and external factors.

It is integrated into processes across all units and levels of the bank and implemented in accordance with the Principles for Risk Appetite, the Group Policy for Risk Management, the Group Policy for Compliance and underlying governing documents. Risk should be an integral part of the governance and remuneration system through indicators that operationalise risk appetite, strategies and limits, and that are followed up by managers individually.

DNB's risk culture must be anchored through its leadership, and characterised by individual responsibility, transparent methods, and processes that support sound risk management. The Group must only take on risk that is understood and can be managed. Each individual manager must ensure that employees understand and take an active approach to risk and returns on risk.

Risk must be reported periodically and there must be sufficient capacity to report on an ad-hoc basis when required. Managers must establish satisfactory risk reporting in their own operations. All levels of the organisation must have access to relevant and necessary risk information.

Risk assessments must be carried out at regular intervals in line with the governing documents for the risk type in question, and at least annually. Risk assessments must be part of the decision-making

basis for all material changes. Risk assessments are a key aspect of internal control and consist of identifying, analysing and evaluating risk.

4.4.2 Internal control

DNB's internal control encompasses all efforts undertaken by DNB to ensure effective governance and control of its business operations and is integrated into the Group's corporate governance. All managers in DNB are responsible for establishing, managing and following up internal control in their own unit. The main elements of internal control are:

- Governance environment with an appropriate organisational structure, effective processes and a clear distribution of roles and responsibilities.
- Risk assessments to ensure that DNB has an overview of individual risks and overall risk.
- Control activities in the form of risk-mitigating measures that contribute to target attainment by reducing risk.
- Information and communication that are accurate, reliable, timely and complete. This includes reporting on risk and compliance, as well as information to and training of employees.
- Monitoring activities in the form of periodic or ongoing evaluations to verify whether internal control is functioning.

Managers of all significant areas of operation must carry out an annual summary assessment – internal control attestation – of whether the internal control functions adequately and whether new measures are needed.

4.4.3 Compliance

As stated in section 4.4, compliance is central to DNBs target attainment. DNB complies with laws and regulations in all jurisdictions where the Group operates. The governance system with internal control and risk management must contribute to this. DNB must have a strong compliance culture that is endorsed by the Group's management. All employees are responsible for ensuring compliance with both external and internal regulations.

Management of compliance risk is regulated in the Group Policy for Compliance and the Group Policy for Risk Management. The Principles for Risk Appetite in DNB does not include compliance risk.

4.5 Risk appetite

The Board determines DNB's long-term risk profile by setting the Group's risk appetite. The renewal process for risk appetite must be carried out independently of strategic and financial planning processes. DNB's risk appetite principles are detailed in the document Principles for risk appetite (KRAFT).

5 Operational governance model

DNB Bank ASA is a Norwegian listed public limited company, and the parent company of the DNB Group. The DNB Group consists of a number of companies. All companies in the DNB Group have their own governing bodies and CEOs, which are authorised under applicable legislation and the company's Articles of Association. Decisions made by the governing bodies of DNB Bank ASA may be of significance to the other Group companies.

Several other companies in the DNB Group have licences that impose requirements on their operations. Furthermore, there are companies in the Group that have international branch offices and representative offices with their own management.

5.1 Organisation and responsibilities

All parts of the Group, including subsidiaries, branches and representative offices abroad, are operationally subordinate to a business area or Group unit. The responsibility for follow-up lies with the business area or Group unit to which the relevant company belongs. This includes the follow-up of financial and non-financial risk, unless otherwise specified. Each Group Executive Vice President is responsible for assessing the need to ensure that specific instructions are prepared for the follow-up of Norwegian and international business operations within their business area or Group unit.
The aim of the Group's operational governance model is to promote the right business decisions and contribute to optimal adjustment to ever-changing regulatory framework conditions. The purpose of the governance model is to ensure long-term value-creation for shareholders by supporting the Group's strategy and priorities and contributing to the Group meeting its targets and fulfilling its corporate responsibility.

The Group is divided into various business areas and Group units. Governance and reporting at Group level is based on follow-up of the Group as a whole, and the operations of the individual business areas and Group units. The governance model is designed to encourage collaboration across the Group, ensuring that customers have access to relevant products and services from all of DNB.

5.2 Business areas

The business areas are responsible for financial performance, customer relationships and serving defined customer segments, as well as for ensuring that the Group's products and services are adapted to market needs. The business areas are responsible for managing the risk associated with the relevant business activities. Responsibility for the development and management of products may be assigned to specialised product areas.

5.3 Group units

The Group units are responsible for delivering Group-wide and strategic tasks and services in a cost-effective manner and have specialist responsibility within their functional areas. They are also risk owners for tasks and services within their areas of responsibility. However, they are not risk owners for tasks performed on behalf of other areas/units within the Group.

6 DNB's hierarchy of governing documents

The DNB Group's business operations are governed and controlled by, among other things, governing documents and processes. DNB's hierarchy of governing documents consists of four levels: The governance principles at level 1, approved by the Board of Directors, set the framework for the entire Group's business operations. The governance principles are further detailed in policies (level 2), instructions and frameworks (level 3), and contribute to the operationalisation of the Group's business activities through processes (level 4).

Operationalisation of the Group's corporate governance is detailed in the document
Application of DNB`s governing requirements - Group instructions

DNB's governing hierarchy

