Sustainable Product Framework

V. 4.2

DNB, June 2024

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DNB

DNB is Norway's largest financial services group and one of the largest in the Nordic region in terms of market capitalisation. DNB offers a full range of financial services, including loans, savings, advisory services, insurance and pension products for 2.1 million retail clients and 233 000 corporate clients.

Sustainability strategy and targets

Given DNB's position, we have considerable influence on the sustainable transition in Norway, and internationally within specific sectors. With influence comes responsibility, and DNB will be a driving force for the sustainable transition. We will use our position and expertise to actively help our clients to move in a more sustainable direction, through the provision of advisory services, financing, and clear requirements. While this document primarily has a climate focus, DNB's sustainable strategy focuses on several priority areas where we have the greatest opportunity to exercise our influence:

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

→ **DNB is committed to respect internationally recognised human rights in all business activities**

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

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

In 2021, DNB committed to achieving net zero emissions in our lending and investment portfolios by 2050 (for a bank, net-zero emissions means that the total calculated greenhouse gas emissions from all direct and indirect activities amount to zero). These emissions represent 99 per cent of our current carbon footprint. To manage this, we have set sub-targets for reducing financed emissions in our lending portfolios by 2030 and have committed to financing and facilitating NOK 1 500 billion in sustainable activities by 2030.

We work actively with sustainability in our own operations as an employer and purchaser. In our work with clients, we primarily use positive influence, but may also choose not to finance or invest in companies whose operations or business is not in line with our strategy. With respect to our other focus areas, we will further develop DNB's strong position within diversity and inclusion, work with stakeholders to advance human rights, and continue our efforts to combat financial crime and promote a secure digital economy. See DNB's Sustainability Factbook for more information.

ESG risk assessment and a just transition

ESG (environmental, social, and governance) factors are an integrated part of the ongoing due diligence assessments of all corporate clients in DNB. Before a credit is granted, the profile of the client is analysed, including environmental, social and governance factors that are material to the relevant industry segment. DNB's internal risk assessment is designed to align with best market practice and is updated on an ongoing basis to reflect regulatory frameworks like the Norwegian Transparency Act and the European Sustainability Reporting Standards. DNB's own ESG assessments are supplemented by analyses from third parties[1], and DNB utilises the Equator Principles to determine potential environmental and social risk.

While this framework emphasizes the positive environmental contributions deriving from the activities listed in it, DNB takes a holistic approach to green and sustainability-linked financing. In the transition to a low-carbon society we will strive to avoid harm to workers and communities, and ensure assessments are made to protect nature and local ecosystems, while maximizing the benefits of climate action. In cases where the available documentation of relevant 'do no significant harm' criteria – or minimum social and governance standards – are difficult to determine, a self-declaration from the borrower (debtor) might be requested to ensure equal understanding of the terms embedded in the sustainable finance credit agreement.

Principles and guidelines

The contribution to sustainable development is ensured through responsible business practices and emphasis on environmental issues, social responsibility and business ethics.[2] DNB bases its corporate social responsibility on internationally recognised principles, such as:

- The Ten Principles of the United Nations Global Compact (UNGC) and the Sustainable Development Goals
- United Nations Environment Program Finance Initiative (UNEP FI) – Statement of Commitment
- OECD's Guidelines for Multinational Enterprises
- Equator Principles
- UN Guiding Principles on Business and Human Rights
- Poseidon Principles
- LMAs Green Loan Principles and Sustainability-Linked Loan Principles

1. DNB subscribes to services from RepRisk, Sustainalytics and MSCI ESG Ratings.
2. DNB received the top rating (AAA) from MSCI ESG Research in May 2023 – a rating only assigned to 6% of their rated universe of banks and is rated low ESG risk by Sustainalytics with a July 2023 rating of 17.7.

The Framework

To ensure our clients have access to financial products which promote sustainable development, DNB has developed this **Sustainable Product Framework** in collaboration with Sustainalytics.[1] The main purpose of this framework is to provide guidance with respect to requirements for corporate credits in DNB to be labelled green or sustainability-linked. The framework is based on established standards in the market such as the Loan Market Association's (LMA) Green Loan Principles[2], and Sustainability-Linked Loan Principles[3], and integrates elements of the EU taxonomy (see page 7). In line with evolving markets and regulations, DNB will periodically update the framework categories, activities, and criteria to maintain their relevance. This includes adopting the latest versions of the LMA principles should they be updated.

Second Party Opinion provider

Morningstar Sustainalytics is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. 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. The firm also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. For more information, visit www.sustainalytics.com.

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Clarifications and disclaimers

In relation to any person outside of DNB, this Sustainable Product Framework is provided for informational purposes only. No such person may rely on the framework for obtaining green or sustainability linked financing or for any other purpose. DNB accepts no liability of any kind in connection with the framework. Hence, the framework may not be invoked as basis for, or otherwise in connection with, any legal claim of any nature against DNB.

Without prejudice to the generality of the foregoing, the following should be noted:

DNB accepts no liability in connection with any information provided in the framework, hereunder in the event that such information should prove to be incorrect or misleading due to, inter alia, errors or inadequate assessments within or outside of DNB. This shall apply whether such information relates to facts, circumstances, assessments, targets or any other matter (existing or future).

The framework is dynamic and subject to change. DNB undertakes no obligation to provide information of any such changes. DNB makes no assurances as to whether the framework will meet the markets criteria or expectations with regards to green labels or sustainability linked corporate credits.

The framework is not intended to serve as legal or financial advice. The information, statements and opinions contained in the framework do not constitute a public offer under any applicable legislation, an offer to sell or solicitation of any offer to buy any securities or financial instruments, or any advice or recommendation with respect to such securities or other financial instruments. The framework has not been approved by any security regulatory authority in any jurisdiction.

DNB strongly advises that readers of the framework seek investment, legal, tax, or accounting advice from independent professional advisors before making decisions. The distribution of the framework and the information it contains may be subject to legal restrictions in certain countries. Individuals who come into possession of the framework must ascertain the existence of such restrictions and comply with them.

Morningstar Sustainalytics Disclaimer

1. Sustainalytics primarily assessed the alignment of eligible activities covered by the Sustainable Product Framework (noted in sections A1 and A2) with its internal taxonomy, version 1.14, as informed by current market practice and Sustainalytics' expertise as an ESG research provider. It is important to note that while the Framework has been designed to closely align with the nomenclature and criteria of the EU Taxonomy, some criteria may deviate from what Sustainalytics considers to be aligned with its internal taxonomy as well as current market practice. For more details, please refer to Sustainalytics' commentaries in the footnotes included in the Framework. Section B of the Framework has not been reviewed by Sustainalytics.
2. LMA's Green Loan Principles + LMA's Guidance on Green Loan Principles (February 2023).
3. LMA's Sustainability Linked Loan Principles + LMA's Guidance on Sustainability Linked Loan Principles (February 2023).

How the Framework is structured

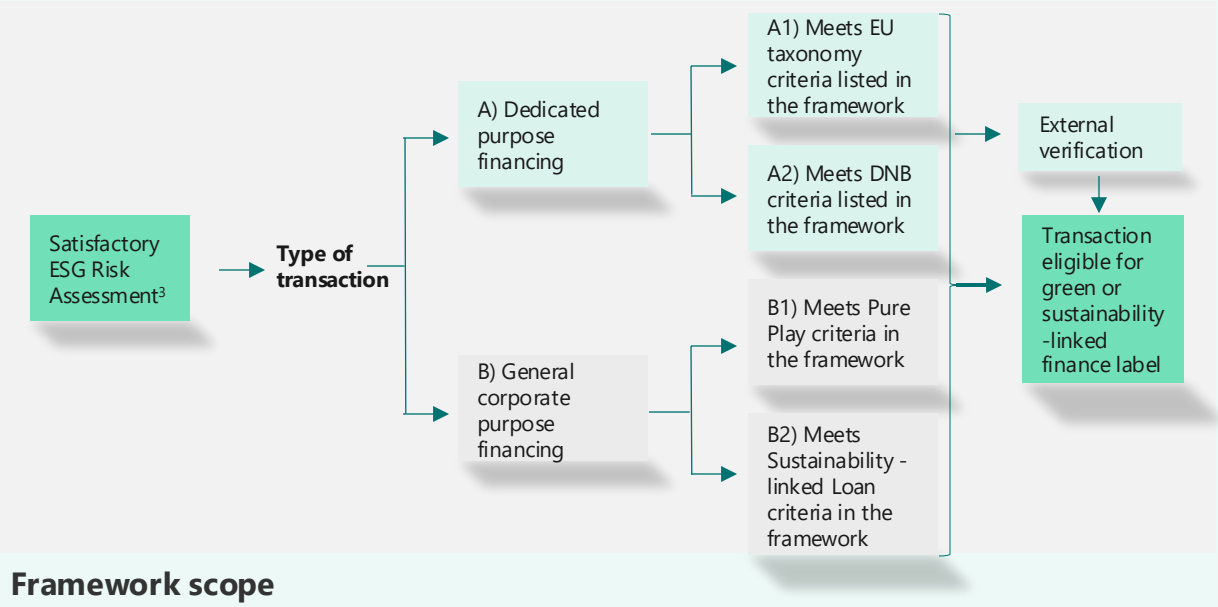
The framework is structured into two main sections, which in turn have two sub-sections:

Section A covers dedicated purpose financing, and lists sectors, activities, and criteria under thirteen categories eligible for *green financing*[1] in DNB.

Sub-section A1 covers nine categories, which are closely harmonised to the EU taxonomy's substantial contribution to climate change mitigation and adaptation criteria. Sub-section A2 lists activities not currently covered, or not fully covered, under the EU taxonomy under a further four categories, using DNB criteria aligned with market practice. For each category there is also a list of general exclusions at the end, to ensure alignment with market practice. Note that these exclusions may or may not be directly derived from the EU taxonomy.

Section B covers general corporate purpose financing, with the sub-sections setting out more detailed criteria for *pure play* (B1) and *sustainability-linked loans* (B2).

Figure 1: DNBs main process to qualify for green or sustainability-linked finance label under the framework[2]



Framework scope

The framework applies to DNB's corporate credit facilities such as, but not limited to revolving credits, term loans, and guarantees supporting clearly defined sustainability objectives. Each facility must be supported by relevant documentation to ensure criteria for such facilities are met and adhere to the relevant LMA principles. For green, dedicated purpose financing, external verification is generally required.[4] If it may be clearly established that a credit facility qualifies as green under this framework or is fully taxonomy-aligned (in the opinion of DNB, and based on documentation presented to DNB), then DNB may determine that external verification is not required.

We recognise there may be activities with a strong sustainability element we have not been able to include in this framework. Please note that DNB may extend green financing to facilities where use of proceeds are dedicated to an activity not covered either under this framework or under the EU taxonomy. For such instances, an independent second party opinion (SPO) must be obtained, and DNB will make an internal assessment of the SPO and other relevant documentation, before concluding whether the facility can be labelled as a green loan.

1. DNB utilises the Loan Market Association's (LMA) definition of a green loan under the Green Loan Principles (GLP): "any type of loan instruments and/or contingent facilities (such as bonding lines, guarantee lines or letters of credit) made available exclusively to finance, re-finance or guarantee, in whole or in part, new and/or existing eligible Green Projects and which are aligned to the four core components of the GLP" (February 2023).
2. As specified in page 6 and 7, the framework does not provide the only route to a green finance label in DNB. Well documented, externally verified activities with positive environmental benefits may also qualify for a green label, as may a full EU taxonomy alignment.
3. DNB conducts extended internal ESG risk assessments on all clients with a credit exceeding NOK 50 million, and a simplified assessment is conducted for other credit customers. If significant controversies, material deviations from best market practice or non-compliance with regulatory requirements are found, DNB will establish dialogue with the client to ensure corrective measures to mitigate ESG risk are implemented.
4. Smaller green loans (<= NOK 50 m) under certain framework categories may be exempt from external verification requirements. For such facilities, DNB deems self-assessment and supporting documentation as sufficient to apply a green label. These loans make up a small share – under 5% – of total sustainable loan volumes in DNB.

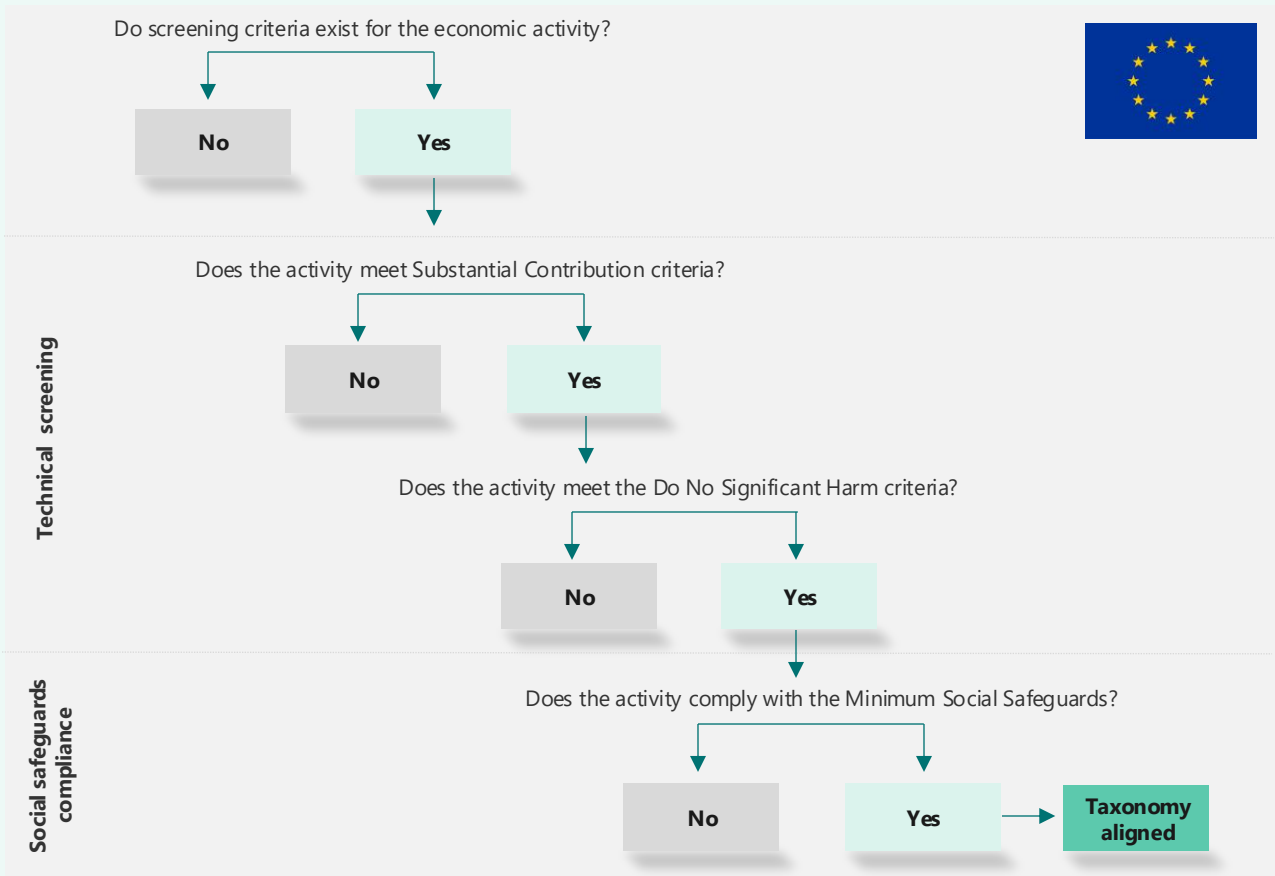
The EU taxonomy

The Taxonomy Regulation entered into force on 12 July 2020, establishing a system to classify environmentally sustainable economic activities by setting out metrics and thresholds. In April 2021, the Climate Delegated Act was published: it set out the technical screening criteria under which certain economic activities qualify as contributing substantially to climate change mitigation and adaptation, while determining whether those economic activities cause significant harm to any of the other relevant environmental objectives and comply with minimum social safeguards.[1]

DNB has chosen to closely harmonise, yet not fully align, the framework criteria toward the EU taxonomy to the extent we find to be currently feasible, to provide a predictable, transparent, and common basis for green criteria for our clients. Due to a combination of factors, including but not limited to the uncertainty in the market surrounding how to implement the *do no significant harm* criteria and the *minimum safeguards* criteria, this framework (section A1) is primarily harmonised only toward the *substantial contribution* criteria. It also covers only the two taxonomy objectives for which technical screening criteria are currently implemented: climate change mitigation and climate change adaptation. On this basis, when using the taxonomy as a tool in this framework, we have taken a practical approach. Please also note that additional or stricter criteria may yet apply for certain activities, this will be specified in footnotes. Many of the taxonomy criteria under do no significant harm and minimum social safeguards are also covered through our internal ESG risk assessment, and we will work continuously to ensure further harmonisation.

DNB recognises full taxonomy-alignment as an *alternative* route to green financing. To qualify, all technical screening criteria must be met, and taxonomy-alignment must be assessed and verified by an independent, third party. DNB will reserve the right to consider the quality of an assessment before extending green financing based upon it.

Figure 2: EU taxonomy alignment as alternative process to qualify for green finance label in DNB



1. The remaining four objectives under the EU taxonomy are currently planned to come into effect on 1 January 2024. These are the environmental objectives: sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; andthe protection and restoration of biodiversity and ecosystems. Please note that these objectives, while highly relevant and indirectly covered in this framework, are not yet harmonised here to proposed EU criteria. We expect to include them in the next framework update.

Section A: Dedicated Purpose Financing

Eligible activities covered by the Sustainable Product Framework

Section A1: dedicated purpose financing under EU taxonomy criteria

This section is closely harmonised to the EU taxonomy's technical screening criteria for substantial contribution to climate change mitigation (categories 1–8) and adaptation (category 9). Please note that there are exceptions, where the criteria listed here are not necessarily 1:1 with taxonomy criteria. Exceptions include, but are not necessarily limited to the following categories and activities:

For *Green Buildings*, we consider certification schemes listed in this framework as eligible, as they cover a broad range of material ESG issues in the industry and are considered established market practice. We also accept adherence to the latest national building standards for energy efficiency equipment and measures in the Norwegian market. Under *Clean Transportation*, we have added activity 4.5 Construction machines, currently not covered by the taxonomy. Finally, under *Energy Infrastructure* activity 3.3 Heating and cooling systems, the activities and related criteria are only partially aligned to the EU's substantial contribution criteria.

Any activity found to substantially contribute to climate change mitigation or adaptation under the climate delegated acts of the EU taxonomy, may be financed as a green loan under this framework. This includes, but is not limited to, the activities listed in section A1. Please note, however, that activities with criteria labelled 'transitional' in the taxonomy are not included in this framework.[1]

The EU taxonomy is continuously interpreted on a best effort basis.

1. Transitional activities are defined by the EU taxonomy as "activities which cannot yet be replaced by technologically and economically feasible low-carbon alternatives but do contribute to climate change mitigation and may play a role in the transition to a climate-neutral economy". DNB believes transition activities are crucial to mitigate climate change: for the purpose of clarity to our clients and stakeholders, we will list activities and criteria fortransition financing in a separate Transition Framework. The sole exception is activity 1.3 Renovation of buildings, which the taxonomy lists as transitional yet is included here. We consider green financing for the renovation of buildings to be established market practice, and the activity is also listed as eligible under LMAs Green Loan Principles.

1. Green buildings

EU taxonomy sector: Real estate and construction

EU taxonomy objective: Climate change mitigation

UN Sustainable Development Goals:

Industry importance at-a-glance

The real estate sector has a large carbon footprint, consumes a lot of the world's energy, and generates considerable waste through associated construction activities. Physical risks from climate change impacts the segment, and the risks and needed adaptation solutions are important to understand. Energy efficient new buildings, more sustainable building projects, increased pace in refurbishment, and energy efficiency measures has a positive impact. DNB will continue to provide green loans to support this going forward.

1.1 Construction of new buildings

#	Description of activity	Criteria

1.1.1	Development of building projects for residential or commercial buildings	• The building has, or is intended to achieve, a primary energy demand (PED) at least 10% lower than the PED threshold set for a nearly zero-energy building (NZEB) according to national requirements[1]. Buildings larger than 5.000m^2 must also have a demonstrated life-cycle Global Warming Potential (GWP) calculation, and upon completion, the building must undergo testing for airtightness and thermal control[2], or
		• The building has, or is designed and intended to receive, an environmental certification in accordance with the below schemes and minimum thresholds:
		  • BREEAM New construction schemes
		  a. Commercial: Minimum 'Excellent'
		  b. Residential: Minimum 'Very Good'
		  • LEED 'Gold'
		  • Nordic Swan Ecolabel
		  • Miljöbyggnad 'Silver'
		  • Equivalent certification schemes and level[3]
		
		In addition to the certifications listed above, the building must also have, or be intended to receive, an Energy Performance Certificate (EPC) of A or B[4]

1. For residential buildings, the 10% below NZEB requirement should apply to at least 75% of the total floor area.
2. For residential buildings, the calculation and testing is made for a representative set of apartment types.
3. Equivalent certifications are CASBEE minimum S or A, BOMA BEST minimum Gold, HQE minimum Excellent, and DGNB minimum Gold.
4. For residential buildings, the EPC level A or B should apply to at least 75% of the total floor area.

1.2 Acquisition and ownership of buildings

#	Description of activity	Criteria
1.2.1	Buying real estate and exercising ownership of that real estate	Buildings built after 31.12.2020[1]: • Either of the two criteria described under activity 1.1. *Construction of new buildings and* 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)[3] it is efficiently operated through energy performance monitoring and assessment. Buildings built before 31.12.2020[1]: • The building has an energy label which reflects that it is in the top 15 per cent of the national or regional building stock.[2] 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)[3] it is efficiently operated through energy performance monitoring and assessment, or • The building has an environmental certification in accordance with the below schemes and minimum thresholds: o BREEAM New construction 'Very Good' o BREEAM In-Use asset performance 'Excellent' o LEED 'Gold' o Nordic Swan Ecolabel o Miljöbyggnad 'Silver' o Equivalent certification schemes and level[4] In addition to the certifications listed above, the building must also have an Energy Performance Certificate (EPC) of A or B

1.3 Renovation of buildings

#	Description of activity	Criteria
1.3.1	Construction and civil engineering works or preparation thereof	• Renovation of existing buildings that leads to a reduction in calculated delivered energy by at least 30%, measured in kWh per heated square meter per year according to EPC label and/or energy calculations, compared to the initial building performance pre-renovation

1. Built after/before 31.12.2020 is defined by the date of submission of a complete building application.
2. In a Norwegian national context, the top 15% is at the time of writing not defined. Awaiting this, DNB has temporarily setEnergy Performance Certificate (EPC) A or B as equivalent to top 15%. If a building during the duration of the loan no longer is within the top 15%, the loan will no longer be eligible for green financing. For residential buildings, the minimum EPC level or the top 15% should apply to at least 75% of the total floor area.
3. If the 290 kW threshold documentation is not in place, a large non-residential building is alternatively defined as a building larger than 5.000 m2.
4. Equivalent certifications are CASBEE minimum S or A, BOMA BEST minimum Gold, HQE minimum Excellent, and DGNB minimum Gold.

1.4 Energy efficiency for buildings

#	Description of activity	Criteria
1.4.1	Installation, maintenance and repair of energy efficiency equipment. Individual renovation measures include ○ addition of insulation to existing envelope components (walls, roofs, basements, and ground floors, improved airtightness) ○ replacement of existing windows/doors with new energy efficient windows/doors ○ installation and replacement of energy efficient light sources ○ installation, replacement, maintenance and repair of heating, ventilation, air-conditioning, and water heating system	• In a Norwegian context, activities in category 1.4 need to comply with latest technical building regulations where applicable. For activities not covered by these regulations, best commercially available technology must be used, or • The activity must comply with minimum requirements set for individual components and systems.[1] Where applicable, the components and systems should be rated among the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369
	○ installation of low water and energy using kitchen and sanitary water fittings	• Max water flow of 6 L/min, attested by an existing label in the Union market
1.4.2	Installation, maintenance, and repair of instruments and devices for measuring, regulation and controlling energy performance for buildings, such as: ○ zoned thermostat systems and sensing equipment, including motion and day light control ○ building automation and control systems, building energy management systems (BEMS), lighting control systems and energy management systems (EMS) ○ smart meters for heat, cool and electricity ○ facade and roofing elements with a solar shading or solar control function, including those that support the growing of vegetation	

1. See Directive 2010/31/EU *Energy Performance of Buildings* for applicable national measures.

1.5 Installation, maintenance, and repair of charging stations for electric vehicles

#	Description of activity	Criteria
1.5.1	Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	

1.6 Installation, maintenance, and repair of renewable energy equipment

#	Description of activity	Criteria
1.6.1	The activity consists in one of the following individual measures: Installation, maintenance and repair of ○ solar photovoltaic systems, solar hot water panels, and solar transpired collectors ○ wind turbines ○ thermal or electric energy storage units and the ancillary technical equipment ○ high efficiency micro-CHP (combined heat and power) plant powered by concentrated solar power (CSP), solar thermal or biomass waste ○ heat exchanger/recovery systems ○ ancillary technical equipment for activities listed above	• Installed on-site as technical building systems
	Installation, maintenance, repair and upgrade of heat pumps	• Heat pumps must contribute to the targets for renewable energy in heat and cool in accordance with the Renewable Energy Directive (EU) 2018/2001 to be eligible

General exclusions for this category

- Energy efficiency improvements which lock in the use of fossil fuels
- Activities related to buildings directly involved in the exploration, extraction, refining and distribution of fossil fuels
- Activities related to buildings directly involved in crypto mining
- Geothermal with emissions intensity known to be above 100gCO_2/kWh
- Smart meters for natural gas
- HVAC systems powered by fossil fuels
- Natural gas boilers

2. Renewable energy

EU taxonomy sector: Energy

EU taxonomy objective: Climate change mitigation

UN Sustainable Development Goals:

Industry importance at-a-glance

Globally, power generation is a high-emitting sector due to its large share of unabated fossil fuel consumption. This presents a substantial opportunity for decarbonization as growing the share of renewable power generation is a central part of the global energy transition, facilitating the broader electrification of society. Renewables (primarily hydropower, wind, and solar) reached a record 8,809 TWh in 2022, where most of the 7 per cent year-on-year growth came from wind and solar PV. The share of renewables in global power generation reached 30 per cent in 2022.[1]

2.1 Electricity generation

#	Description of activity	Criteria
2.1.1	Construction, operation and maintenance of electricity production from: ○ solar photovoltaic technology (PV) ○ wind power ○ ocean energy	• All new developments (greenfield projects) under category 2 of the framework must have an environmental impact assessment verified by an independent third-party[2]
	○ concentrated solar power (CSP)	• CSP must have a minimum of 85% of the electricity produced derived from solar energy[3]
2.1.2	Construction, operation and maintenance of geothermal electricity production	• Life-cycle emissions (LCE) lower than 100gCO_2e/kWh. Quantified LCE must be verified by an independent third-party
2.1.3	Construction, operation and maintenance of hydroelectric power production	The activity complies with one of the following: • The facility is a run-of-river plant and does not have an artificial reservoir[4] • Power density over 5W/m^2 • LCE lower than 100gCO_2e/kWh. Quantified LCE must be verified by an independent third party[5, 6]

1. Energy Institute 2023 'Statistical Review of the World Energy' https://www.energyinst.org/statistical-review.
2. This criterion is an addition to EU taxonomy criteria. Please note that the criterion does not apply to early stage guarantees or development loans (pre-construction activity) as EIAs are conducted at a later stage in the process.
3. This criterion is an addition to EU taxonomy criteria.
4. Run-of-river plant defined as having a maximum storage capacity of 24 hours of production.
5. DNB considers Norwegian hydropower assets with a valid NVE (The Norwegian Water Resources and Energy Directorate) permit proven to be operating within the regulatory requirements, aligned with LCE requirements (the Norwegian Institute for Sustainability Research modelled average Norwegian hydropower plants emission on a life cycle basis to 3.33gCO2e/kWh in 2019, well below the LCE requirement of max 100g). Such assets can on a case-by-case basis be considered exempt from providing a life cycle emissions analysis to document that framework criteria are met. Sustainalytics notes, however, that the study is based on a sample and does not guarantee full compliance with the specified thresholds, and therefore encourages DNB to report on the emissions intensity of the relevant projects approved under the NVE criteria. 6. Considering the longevity of hydropower assets, newly constructed facilities effectively lock in energy generation for a very extended period, favoring lower thresholds for new facilities. Sustainalytics encourages DNB to favor projects with emissions intensities below the 50g CO2e/kWh or power density greater than 10W/m2 thresholds

3. Energy infrastructure

EU taxonomy sector: Energy

EU taxonomy objective: Climate change mitigation

UN Sustainable Development Goals:

Industry importance at-a-glance

Transmission and distribution grids, energy storage and (new) services within energy efficiency and demand-side management are important infrastructure elements to enable the global energy transition. DNB will continue to support the energy transition also by financing energy related critical infrastructure and clean technologies.

3.1 Electrical grids

#	Description of activity	Criteria
3.1.1	Construction, operation and maintenance of: ○ transmission and distribution lines ○ interconnectors and transformers ○ advanced metering infrastructure and grid flexibility measures (e.g., smart grids) ○ other supporting infrastructure dedicated to any of the above	• All new developments (greenfield projects) under category 3 of the framework must have an environmental impact assessment verified by an independent third party[1] The activity complies with one of the following: • The system[2] is the interconnected European system, i.e., the interconnected control areas of the EU, Norway, Switzerland, United Kingdom, and its subordinated systems[3] • More than 67% of newly enabled generation installed capacity in the system is below the emissions threshold of 100gCO2e/kWh[4] • The average system grid emission factor is below the threshold value of 100gCO2e/kWh • Direct connections, or expansion of existing direct connections of renewable energy sources

3.2 Storage of electricity

#	Description of activity	Criteria
3.2.1	Construction, operation and maintenance of facilities that store energy and return it later in the form of electricity, including but not limited to: Battery energy storage systems (BESS), power-to-hydrogen through water electrolysis powered by renewables, pumped hydro	• The storage medium should comply with relevant best practice sustainability guidelines for the respective technology[5] • The manufacture of the storage medium must meet criteria for category 5 of the framework. Pumped hydro must be connected to hydropower facilities that meet the criteria specified under this framework

1. This criterion is an addition to EU taxonomy criteria. Please note that the criterion does not apply to early stage guarantees or development loans (pre-construction activity) as EIAs are conducted at a later stage in the process.
2. A 'system' means the power control area of the transmission or distribution network where the infrastructure or equipment is installed. Transmission systems may include generation capacity connected to subordinated distribution systems.
3. Sustainalytics notes that DNB have chosen to harmonise these criteria to the EU taxonomy. Sustainalytics further notes that it has become common practice in the market to finance transmission and distribution of assets employed predominantly to transmit or enable the use of renewable energy. Therefore, not requiring that assets align with emissions intensity thresholds or transition trajectories represents a deviation from common practice that may allow for the financing of transmission of carbon-intensive energy.
4. Measured over a rolling 5-year period.
5. This criterion is an addition to EU taxonomy criteria.

3.3 Heating and cooling systems[1]

#	Description of activity	Criteria
3.3.1	Construction, operation and maintenance of district heating and/or cooling systems along with their associated production assets and infrastructure[2]	• Distribution systems using at least 50% renewable energy, 50% waste heat, 75% cogenerated heat or a 50% combination of such energy and heat • Geothermal heat/energy should have life-cycle emissions are lower than 100gCO_2e/kWh, quantified emissions are verified by an independent third-party • Biomass from forestry and agriculture residues sourced from regions with unsatisfactory national or regional regulation for sustainable forestry and/or agriculture may be subject to additional certification requirements[4]
3.3.2	Construction, operation and maintenance of electric heat pumps[3]	• Global Warming Potential of the cooling agent does not exceed 675[5] • Energy efficiency requirements under Directive 2009/125/EC must be met
3.3.3	Construction, operation and maintenance of district heating and/or cooling systems using Waste-to-Energy (WtE) from municipal solid waste and/or energy recovery from hazardous materials	• WtE should be highly efficient at heat/power generation and have high degrees of recovery for bottom ash[6] • Best practice should be applied to minimize emissions to air, land and water[7]

General exclusions for this category

Transmission and/or distribution systems solely and/or directly connecting electricity generated from fossil fuels to the grid

1. The criteria in this section (3.3. Heating and cooling systems) are only partially harmonised with the activities and criteria in the EU taxonomy, as there is a need for a practical approach towards sectors in which it is the norm to finance a wider combination of activities in one loan. DNB maintains the intention to ensure that the activities financed make a positive contribution towards the environmental objectives of the EU. DNB reserves the right to request moredetailed sustainability related information on a case-by-case basis when lending to activities that fall within the scope of this category in the framework.
2. Including plants that provide cogeneration of heat and power from any source that meets associated criteria.
3. Companies are highly encouraged to commit to promoting robust refrigerant leak control, detection and monitoring, while ensuring recovery, reclamation, recycling or destruction of refrigerants at end of life.
4. This criterion is an addition to EU taxonomy criteria.
5. Global Warming Potential is the potential for a substance to contribute to climate change. The GWP of a refrigerant defines its global warming potential relative to CO2e. The value describes the global warming effect over a period of time., for refrigerants usually 100 years. For instance, the GWP of refrigerant R-134a is 1 430 meaning 1 kilogram of R134a contributed 1 430 times as much to the greenhouse effect as 1 kilogram of CO_2 within 100 years of its release.
6. This criterion is an addition to EU taxonomy criteria.
7. This criterion is an addition to EU taxonomy criteria.

4. Clean transportation

EU taxonomy sector: Transport

EU taxonomy objective: Climate change mitigation

UN Sustainable Development Goals:

Industry importance at-a-glance

The transport sector is a notable contributor to greenhouse gas emissions, with the expanding global population propelling an annual surge in human mobility and goods transportation. Electrification of freight and passenger vessels, passenger cars, light commercial vehicles, and buses, emerges as a cornerstone in this context. Simultaneously, advancements in alternative fuels such as hydrogen and fuel cells are critical for larger freight vehicles and vessels, as is the further development of the necessary infrastructure. Concurrently, circular utilization of components from used vehicles assumes a critical role. Addressing the challenge of sourcing essential metals required for battery production remains a pressing concern within the industry.

4.1 Freight transport by road or rail

#	Description of activity	Criteria
4.1.1	Purchase, financing, leasing, renting, and operation of vehicles for freight transport services by road and railway	• Vehicles, trains, and wagons with zero direct (tailpipe) CO_2 emissions

4.2 Personal passenger vehicles, urban transport and personal mobility devices

#	Description of activity	Criteria
4.2.1	Purchase, financing, renting, leasing and operation of vehicles in the class M1, N1, or L. This includes vehicles with max 8 seats (M1), pickups and vans not exceeding 3,5t (N1) and 2- and 3-wheel vehicles and quadricycles (L)	• Transport with zero direct (tailpipe) CO_2 emissions
4.2.2	Purchase, financing, leasing, rental, and operation of urban and suburban transport vehicles for passenger transport. This includes motor buses, trams, streetcars, trolley buses, underground and elevated railways	• Transport with zero direct (tailpipe) CO_2 emissions
4.2.3	Selling, purchasing, financing, leasing, renting and operation of personal mobility or transport devices where propulsion comes from the physical activity of the user, from a zero-emissions motor, or both. This includes the provision of freight transport services by (cargo) bicycles	• The personal mobility devices are allowed to be operated on the same public infrastructure as bikes or pedestrians

4.3 Water transport

#	Description of activity	Criteria
4.3.1	Purchase, financing, leasing, renting, chartering and operation of freight and passenger vessels, including, but not limited to ferries, water taxies, cruises, tugboats, ice-breakers etc.	• The vessels have zero direct (tailpipe) CO_2 emissions

4.4 Infrastructure enabling low carbon transport and personal mobility

#	Description of activity	Criteria
4.4.1	Infrastructure enabling low carbon water transport. Construction, modernization, operation, and maintenance of infrastructure that is required for zero tailpipe CO_2 operation of vessels or the port's own operations, as well as infrastructure dedicated to transshipment.	The activity complies with one or more of the following criteria: • the infrastructure is dedicated to the operation of vessels with zero direct (tailpipe) CO_2 emissions: electricity charging, hydrogen-based refuelling; • the infrastructure is dedicated to the provision of shore-side electrical power to vessels at berth, or to the performance of the port's own operations with zero direct (tailpipe) CO_2 emissions; • the infrastructure and installations are dedicated to transhipping freight
4..4.2	Infrastructure enabling low carbon road transport and public transport. Construction, modernization, operation, and maintenance of infrastructure that is required for zero tailpipe CO_2 operation of zero-emissions road transport, as well as infrastructure dedicated to transshipment, and infrastructure required for operating urban transport or the port's own operations	The activity complies with one of the following criteria: • the infrastructure is dedicated to the operation of vehicles with zero tailpipe CO_2 emissions: electric charging points, electricity grid connection upgrades, hydrogen fuelling stations or electric road systems (ERS); • the infrastructure and installations are dedicated to transshipping freight between the modes • the infrastructure and installations are dedicated to urban and suburban public passenger transport
4.4.3	Construction, modernization, maintenance, and operation of infrastructure for personal mobility, including construction of roads, motorways bridges, tunnels and other infrastructure dedicated to pedestrians and bicycles, with or without electric assist.	• The infrastructure that is constructed and operated is dedicated to personal mobility or cycle logistics: pavements, bike lanes and pedestrian zones, electrical charging and hydrogen refuelling installations for personal mobility devices

4.5 Construction machines

#	Description of activity	Criteria
4.5.1	Purchase, financing, renting, leasing and operation of construction machines such as excavators, forklifts, and cranes[1]	• The vehicles have zero direct (tailpipe) CO_2 emissions

General exclusions for this category

- Freight trucks dedicated to transport of fossil fuels or fossil fuels blended with alternative fuels
- Tank containers which transport fossil fuels or fossil fuels blended with alternative fuels
- Rail lines and operations where fossil fuels account for more than 50% of freight (by t/km)
- New construction, existing road infrastructure retrofits such as roads, road bridges, parking facilities ((even if charging and alternative fuel infrastructure are included)
- In case of a facility manufacturing EV, ancillary parts such as frame, seats, etc. are excluded as they are not considered specialized parts exclusively for EV and hybrid vehicles

1. Please note that this activity is not covered by the EU taxonomy (as of October 2023).

5. Manufacturing

EU taxonomy sector: Manufacturing

EU taxonomy objective: Climate change mitigation

UN Sustainable Development Goals:

Industry importance at-a-glance

The vast and diverse sector of manufacturing is crucial in the transition to a low-carbon society. The sector has a large carbon emissions footprint, primarily through its energy consumption. Technological innovation including the use of hydrogen and the application of carbon capture is necessary to further reduce emissions. At the same time, the sector is a central part of the solution: through the manufacture of batteries, hydrogen, low-carbon transportation, and renewable energy equipment (to name a few key areas), the sector is an enabler of the sustainable transition in society at large.

5.1 Manufacture of batteries

#	Description of activity	Criteria
5.1.1	Manufacture and recycling at end-of-life of: o rechargeable batteries and battery packs o accumulators for transport, stationary and off-grid energy and other industrial applications o respective components	• The economic activity manufactures rechargeable batteries, battery packs and accumulators (and their respective components), including from secondary raw materials, that result in substantial GHG emission reductions in transport, stationary and off-grid energy storage, and other industrial applications

5.2 Manufacture of energy efficiency equipment for buildings

#	Description of activity	Criteria
5.2.1	Manufacture of energy efficiency equipment for buildings	• The economic activity manufactures one or more of the following products and their key components[1, 2] o windows and doors with U-value lower or equal to 1,0 W/m^{2}K or 1,2 W/m2K respectively o external wall systems with U-value lower or equal to 0,5 W/m2K o roofing systems with U-value lower or equal to 0,3 W/m2K o insulating products with a lambda value lower or equal to 0,06 W/mK o light sources, space heating and domestic hot water systems[3] o cooling and ventilation systems[3]

1. In a Norwegian national context, the products and key components listed here are considered eligible if they meet the criteria for the latest technical building regulations (see section 1.4).
2. Note that the list below is not exhaustive: see the EU taxonomy for all relevant activities with criteria.
3. Rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369.

5.3 Manufacture of equipment for the production and use of hydrogen

#	Description of activity	Criteria
5.3.1	Manufacture of equipment for the production and use of hydrogen	• The economic activity manufactures equipment to produce hydrogen compliant with the criteria under activity 5.4 *Manufacture of hydrogen* in this framework

5.4 Manufacture of hydrogen

#	Description of activity	Criteria
5.4.1	Manufacture of hydrogen and hydrogen-based synthetic fuels	• The activity complies with the life-cycle GHG emissions savings requirement of 73.4% for hydrogen and 70% for hydrogen-based synthetic fuels relative to a fossil fuel comparator of 94g CO_2e/MJ[1, 2] • Where the CO_2 that would otherwise be emitted from the manufacturing process is captured for the purpose of underground storage, the CO_2 is transported and stored underground, in accordance with the criteria for category 6.3 *Transport and storage of captured CO_2* in this framework

5.5 Manufacture of low carbon technologies for transport

#	Description of activity	Criteria
5.5.1	Manufacture, repair, maintenance, retrofitting, repurposing, and upgrade of low carbon transport vehicles, rolling stock and vessels	• The economic activity manufactures, repairs, maintains, retrofits, repurposes or upgrades: o trains, passenger coaches and wagons that have zero direct tailpipe CO_2 emissions o urban, suburban and road passenger transport devices, where the direct tailpipe CO_2 emissions of the vehicles are zero o personal mobility devices with a propulsion that comes from the physical activity of the user, from a zero-emissions motor, or both o inland freight and passenger water transport vessels with zero direct tailpipe CO_2 emissions o sea and coastal freight and passenger water transport vessels, vessels for port operations and auxiliary activities that have zero direct tailpipe CO_2 emissions

1 For clarification purposes: Green hydrogen that is produced by electrolysis powered by renewable energy or produced using 100% sustainably sourced biomass, is eligible as it meets the criteria set forth in activity 5.4. For the manufacture of green-hydrogen-based synthetic fuels, the CO_2 must not be sourced from fossil fuel operations.

2. Sustainalytics notes that DNB have chosen to harmonise these criteria to the EU Taxonomy. Sustainalytics views positively the establishment of a threshold for the manufacture of hydrogen while noting that DNB intends to finance or refinance blue hydrogen production using fossil fuels employing carbon capture and storage. Sustainalytics recognizes blue hydrogen production as a transition activity which plays a role in scaling up hydrogen production while also noting that the deep decarbonization of hydrogen production will require a shift away from reliance on fossil fuels. Sustainalytics therefore encourages DNB to help facilitate the shift and to favour projects involving the production of green hydrogen, i.e., production that relies only on renewable energy sources.

5.6 Manufacture of other low carbon technologies

#	Description of activity	Criteria
5.6.1	Manufacture of technologies aimed at substantial GHG emission reductions in other sectors of the economy, where those technologies are not specifically covered in the Manufacturing section of this framework	• The economic activity manufactures technologies that are aimed at and demonstrate substantial life-cycle GHG emission savings compared to the best performing alternative technology, product, or solution available on the market[2 & 3]
	Such technologies include, but are not limited to modules and ancillary equipment for carbon capture[1]	• Quantified life-cycle GHG emission savings must be verified by an independent third party

5.7 Manufacture of renewable energy technologies

#	Description of activity	Criteria
5.7.1	The economic activity manufactures renewable energy technologies	• The financed manufacturing facilities must be wholly dedicated to the production of renewable energy technologies, components and equipment

General exclusions for this category

- Any vessel dedicated to transporting fossil fuels or fossil fuels blended with alternative fuels (>50% share of fossil fuel); trains and wagons for freight transport with primary purpose of transporting fossil fuel freight (> 25% share of fossil fuel)[3]
- For cargo ships, oil tankers or vessels transporting solely or mostly (in mass) coal and oil.
- Tank containers which transport fossil fuels or fossil fuels blended with alternative fuels
- Vessels intended for the construction of marine renewables that will be utilised for other uses in offshore oil and gas, subject to an allowance of 10% utilisation in these sectors[4]
- For the manufacture of green-hydrogen-based synthetic fuels, the CO_2 will not be sourced from fossil fuel operations
- Technologies designed or intended for processes related to the production of fossil fuels

1. DNB has communicated to Sustainalytics that in the event these asset financings are for businesses in hard-to-abate sectors such as aluminum, cement and steel, the lending criteria will include alignment with the relevant decarbonization thresholds prescribed in the EU taxonomy.
2. This includes the manufacture of household appliances that belong to the highest two populated classes of the relevant EUenergy label.
3. Based on CBI criteria for Clean Transportation, available at: https://www.climatebonds.net/standard/transport.
4. DNB has communicated to Sustainalytics that the 10% allowance is related mainly to decommissioning of offshore oil and gas installations. DNB has further confirmed that the 10% threshold will be covered in the relevant loan documentation. Sustainalytics also notes that the vessels may bepowered by conventional fuels and encourages DNB to transition to low-carbon fuels, where feasible.

6. Water supply, waste management & remediation

EU taxonomy sector: Water supply, sewerage, waste management and remediation

EU taxonomy objective: Climate change mitigation

UN Sustainable Development Goals:

Industry importance at-a-glance

The sector has a small share of direct greenhouse gas emission but great potential to enable emission reduction in other sectors of the economy through waste prevention, separate waste collection, waste re-use and recycling. The sector is key to resolving other environmental challenges as well, such as the availability of freshwater, pollution prevention, the transition to a circular economy, and the protection of local ecosystems.

6.1 Water supply and management

#	Description of activity	Criteria
6.1.1	Construction, extension and operation of wastewater collection and treatment	• The net energy consumption of the wastewater treatment plant equals or is lower than 35 kWh, 25 kWh or 20 kWh per population equivalent (p.e.) per annum for treatment plant capacity below 10 000 p.e., between 10 000 and 100 000 p.e. and above 100 000 p.e respectively[1]
6.1.2	Construction, extension and operation of water collection, treatment and supply systems	The water supply system complies with one of the following criteria: • the net average energy consumption for abstraction and treatment equals to or is lower than 0.5 kWh per cubic meter produced water supply • the leakage level is either calculated using the Infrastructure Leakage Index rating method and the threshold value equals to or is lower than 1.5 or is calculated using another appropriate method[2]

1. Net energy consumption of the operation of the wastewater treatment plant may consider measures decreasing energy consumpton relating to source control and energy generation within the system.
2. See the EU Taxonomy Compass for more details.

6.1 Water supply and management cont.

#	Description of activity	Criteria
6.1.3	Renewal of wastewater collection and treatment contribution	• The renewal of a collection system improves energy efficiency by decreasing the average energy consumption by 20% compared to own baseline performance averaged over three years, demonstrated on an annual basis • The renewal of a wastewater treatment plant improves energy efficiency by decreasing the average energy consumption of the system by at least 20% compared to own baseline performance averaged over three years, demonstrated on an annual basis
6.1.4	Renewal of water collection, treatment and supply systems contribution	• Decreasing the net average energy consumption of the system by at least 20% compared to own baseline performance averaged for three years • Closing the gap by at least 20% between the current leakage level averaged over three years

6.2 Waste management and remediation

#	Description of activity	Criteria
6.2.1	Material recovery from non-hazardous waste	• The activity converts at least 50%, in terms of weight, of the processed separately collected non-hazardous waste into secondary raw materials that are suitable for the substitution of virgin materials in production processes

6.3 Transport and storage of captured CO_2

#	Description of activity	Criteria
6.3.1	Transport of captured CO_2 via all modes, and the construction and operation of CO_2 pipelines and retrofit of gas networks where the main purpose is the integration of captured CO_2	The activity meets all the criteria listed below: • The CO_2 transported from the installation where it is captured to the injection point does not lead to CO_2 leakages above 0.5 % of the mass of CO_2 transported • The CO_2 is delivered to a permanent CO_2 storage site that meets the criteria for underground geological storage of CO_2 in the EU taxonomy; or to other transport modalities, which lead to permanent CO_2 storage site that meet those criteria[1] • Appropriate leak detection systems are applied, and a monitoring plan is in place, with the report verified by an independent third party • The activity may include the installation of assets that increase the flexibility and improve the management of an existing network
6.3.2	Permanent storage of captured CO_2 in appropriate underground geological formations	The activity meets all the criteria listed below: • Characterisation and assessment of the potential storage complex and surrounding area is carried out to establish whether the geological formation is suitable for use as a CO_2 storage site[2] • For operation of underground geological CO_2 storage sites, including closure and post-closure obligations: a. appropriate leakage detection systems are implemented to prevent release during operation; b. a monitoring plan of the injection facilities, the storage complex, and, where appropriate, the surrounding environment is in place, with the regular reports checked by the competent national authority • For the exploration and operation of storage sites within the Union, the activity complies with Directive 2009/31/EC. For the exploration and operation of storage sites in third countries, the activity complies with ISO 27914:2017 for geological storage of CO_2

General exclusions for this category

- Activities related to water from fossil fuel operations
- Carbon transportation and storage infrastructure exclusively dedicated to fossil fuel activities (i.e., extraction and/or production of fossil fuel) are excluded

1. In our interpretation of this criterion, transport of captured CO_2 between temporary sites can be eligible if the permanent storage site is 1) known and communicated, and 2) the site meets the criteria under activity 6.3.2 in the framework.
2. See article 3, point 8 of Directive 2009/31/EC of the European Parliament and of the Council for further details.

7. Forestry

EU taxonomy sector: Forestry

EU taxonomy objective: Climate change mitigation

UN Sustainable Development Goals:

Industry importance at-a-glance

The forest industries sector delivers a wide range of products for everyday use by consumers. The forest is a renewable resource if managed sustainably, and a source for biobased materials and bioenergy. Forests play a pivotal role in the environment by serving as highly efficient carbon sinks. However, the persistent issue of deforestation casts a shadow over this vital environmental function. This not only leads to the destruction of habitats and loss of biodiversity but also amplifies the release of greenhouse gases into the atmosphere, exacerbating the global climate challenge we are facing.

7.1 Forestry

#	Description of activity	Criteria
7.1.1	Establishment of forests, forest management activities or rehabilitation and restoration of forests	• Forest land that meets any of the following certifications[1]: ○ Forest Stewardship Council (FSC) ○ Programme for the Endorsement of Forest Certification (PEFC)

1. While these certifications cover many of the EU taxonomy's technical screening criteria, including elements of *do no significant harm*, we may currently not guarantee that they ensure that substantial contribution criteria are met in full.

8. Information and communication

EU taxonomy sector: Information and communication

EU taxonomy objective: climate change mitigation

UN Sustainable Development Goals:

Industry importance at-a-glance

By furthering our understanding of the causes and consequences of climate change, we can ensure that the most necessary, efficient mitigating measures can be found, implemented, and adjusted where necessary. To do that within relevant sectors and across geographies, more and better data are needed.

8.1 Information and communication

#	Description of activity	Criteria
8.1.1	Data-driven solutions for GHG emission reductions	The activity meets all the criteria listed below: • The information and communication technology (ICT) solutions are dedicated to the provision of data and analytics enabling GHG emission reductions • Where an alternative solution/technology is already available on the market, the ICT solution demonstrates substantial life cycle GHG emission savings compared to the best performing alternative solution/technology • Quantified life cycle GHG emission reductions are verified by an independent third party which transparently assesses how the standard criteria, including those for critical review, have been followed when the value was derived

General exclusions for this category

Technologies directly reliant on fossil fuels or resulting in emission reduction in fossil fuel operations

9. Climate change adaptation

EU taxonomy sector: All

EU taxonomy objective: Climate change adaption

UN Sustainable Development Goals:

Industry importance at-a-glance

Adapting to climate change means taking action to prepare for and adjust to both the current effects of climate change and the predicted impacts in the future. Global emissions of greenhouse gases are still on the rise. Even with our commitment to cut net global emissions to zero by 2050, the concentration of greenhouse gases in the atmosphere will continue to increase for the coming decades, and average global temperatures will climb. As the climate heats up, it will bring with it all kinds of risks. From more frequent extreme weather events like heatwaves, droughts, or floods, to coastal erosion from rising sea levels, the impacts will affect everyone.[1]

#	Description of activity	Criteria
9.1	Any activity which substantially contributes to climate change adaptation[2]	The activity meets all the criteria listed below: • The economic activity has implemented physical and non-physical solutions that substantially reduce the most important physical climate risks material to that activity • The physical climate risks that are material to the activity have been identified from those listed in the relevant appendix of the EU taxonomy[3] by performing a robust climate risk and vulnerability assessment. These must be proportional to the scale of the activity and its expected lifespan • The climate projections and assessment of impacts are based on best practice and available guidance • The adaptation solutions implemented: o do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities; o favour nature-based solutions or rely on blue or green infrastructure where possible; o are consistent with local, sectoral, regional or national adaptation plans and strategies; o are monitored and measured against pre-defined indicators, remedial action is considered where indicators are not met

1. Source: European Commission web site *Adaptation to climate change*.
2. Please note: while the climate change adaptation criteria are built into the different sectors and activities under the EU taxonomy, we have chosen to simplify by grouping these into a single, general adaptation category. For more detailed instructions under criteria, see the *EU Taxonomy Compass*.
3. The relevant Appendix of the EU Taxonomy classifies climate related hazards as chronic or acute, and related to either temperature, wind, water, or solid mass.

Section A2: Dedicated purpose financing under DNB criteria

Section A2: Dedicated purpose financing under DNB criteria

To ensure that DNB can offer green financing to a broad set of sustainable activities for its diverse range of clients, this section complements A1.

Section A2 lists sectors, activities and criteria considered aligned with market practice for green financing, but which are not currently covered, or fully covered, by the EU taxonomy's Climate Delegated Acts. Activities and criteria are derived from a range of sources, such as the LMAs Green Loan Principles and the Climate Bonds Initiative (CBI).

10. Sustainable food

UN Sustainable Development Goals:

Industry importance at-a-glance

The food industry is a significant source of global GHG emissions, particularly through livestock farming and food transport. Other industry challenges include food waste, resource use, pollution, poor animal welfare, and biodiversity loss. While aquaculture and fisheries have a lighter carbon footprint, there are industry challenges related to the origin of feed, fish mortality, escapes, and lice. Sustainable food production is essential to reducing emissions and ensuring a healthier planet for a growing population.

10.1 Agriculture and food tech

#	Description of activity	Criteria
10.1.1	Development/implementation of agriculture projects intended to improve the sustainability aspects of agricultural operations. Examples could include reduction in fertilizer use, collection, use of agricultural waste, and rehabilitation of degraded lands	
10.1.2	Projects involving the management of livestock to reduce methane or other GHG emissions. Examples include manure management with bio-digesters, crop sensors etc.	• Agroforestry projects are required to document a robust forest management plan
10.1.3	Production of biofuels from waste products	• Any energy-from-waste facility must comply with CBI guidelines[1]
10.1.4	Development/implementation of agricultural techniques/projects that limit environmental impacts on soil, local flora or fauna. Examples include organic agriculture, conservation agriculture etc.	
10.1.5	Development/implementation of animal welfare-focused agricultural techniques/projects	• Animal welfare projects in farm units[2] must be certified to one of the following certification schemes to be eligible: ○ Sustainable Agriculture Certification from the Rainforest Alliance ○ RTRS ○ EU Organic ○ USDA Organic ○ Bonsucro
10.1.6	Investment in low-carbon agricultural technologies that improve productivity and efficiency while lowering environmental impact. Examples could include vertical farming, hydroponics, and aeroponics powered by renewables or low-carbon grids below 100gCO2e/kWh	
10.1.7	Installation of products and/or services to significantly improve the energy efficiency of agricultural processes	

1. More information available at: https://www.climatebonds.net/files/files/Waste%20Management%20Criteria_August2022.pdf.

10.2 Aquaculture and fisheries

#	Description of activities	Criteria
10.2.1	Development/implementation of aquaculture/fisheries operations, facilities, seafood products, or improvement in existing projects which meets or results in eligible certifications[1]	The following certifications are considered eligible: ○ Aquaculture Stewardship Council (ASC) ○ Marine Stewardship Council (MSC) ○ Debio ○ Global GAP ○ Best Aquaculture Practice (BAP) min. 2-star
10.2.2	Installation of products and/or services to significantly improve energy efficiency of aquaculture farming and processing facilities	

General exclusions for this category

- Industrial or commercial-scale mass production of livestock
- Manufacture, purchase, and distribution of inorganic or synthetic fertilizers, pesticides and herbicides
- Certified activities for which a variance from the standard has been approved
- For the ASC certification, the RAS module is not eligible
- Equipment running on fossil fuel is excluded. Exceptions can me made for backup equipment/processes on certified installations and operations

1. For new development of operations and facilities, eligible certification must be in place no later than 2 years after first harvest. Operations and facilities will be designed to meet the eligible certification.

11. GHG emission reduction and energy efficiency improvement

UN Sustainable Development Goals:

Industry importance at-a-glance

Human activities account for virtually all global warming for the last 200 years, through the release of greenhouse gases such as CO_2 and methane. The average temperature of the Earth's surface is now about 1,1° C warmer than before the industrial revolution. The consequences include more frequent and severe extreme weather events and fires, water scarcity, rising sea levels, and declining biodiversity.[1]

Limiting global warming to 1,5 C as set forth in the Paris Agreements of 2015 is crucial to mitigating further risk. To achieve this, we will need to see emission reducing measures implemented across a range of industries and societies, and a more efficient use of the world's produced energy.

#	Description of activity	Criteria
11.1.1	Land management approaches to increase carbon content in soil through modern farming methods such as addition of biochar (charcoal produced from biomass) to soil	
11.1.2	Application and R&D expenditures for bioenergy, enhanced weathering (addition of fine mineral silicates rocks to soils), ocean fertilization (addition of nutrients to ocean to increase its capacity to absorb CO_2)	
11.1.3	Improvements to industrial processes or infrastructure which results in significantly enhanced energy efficiency	• To consider whether an energy efficiency improvement or emission reduction is *significant*, the financed activity must be viewed in comparison to industry standards, energy performance metrics, performance of peers, science-based trajectories where feasible, and best available technology
11.1.4	Developing and implementing processes/systems to significantly reduce GHG emissions in a company's production or operation, or product supply chain	

General exclusions for this category

- Projects and investments that are applied to fossil fuel production
- Industrial processes within "hard to abate" sectors that are inherently carbon-intensive (usually and/or primarily fossil fuel driven)
- Projects and investments which lock-in the use of fossil fuels

1. The United Nations: What Is Climate Change? | United Nations.

12. Circular economy

UN Sustainable Development Goals:

Industry importance at-a-glance

The circular economy[1] is a system where materials never become waste and nature is regenerated. In a circular economy, products and materials are kept in circulation through processes like maintenance, reuse, refurbishment, remanufacture, recycling, and composting. The circular economy tackles climate change and other global challenges, like biodiversity loss, waste, and pollution, by decoupling economic activity from the consumption of finite resources.[2]

#	Description of activity	Criteria
12.1.1	The collection, sorting, cleaning, refurbishment, reconditioning and repair of products for reuse	
12.1.2	R&D focused on renewable and resource-efficient/low-carbon products (including packaging), processes, and technologies	
12.1.3	Procurement of recycled/waste/resource-efficient materials as an input	
12.1.4	Production of new resource-efficient/low-carbon products (including packaging) using recycled, waste and/or sustainably sourced bio-based materials	
12.1.5	Manufacture of plastics in primary form (including recycling facilities for plastic) and plastic products	• Manufacturing of plastics in primary form and plastic products with a minimum of 90% of recycled, renewable, or sustainably sourced bio-based input, and the products are recyclable and at least 90% are not intended for single use consumer products

General exclusions for this category

- Any product specifically used in the extraction of fossil fuels or that inherently relies on fossil fuels
- Chemical recycling
- Commercial-scale manufacture of resource-efficient/low-carbon products without details on manufacturing process, assurance of sustainable sourcing, or reasonable basis for substantial reduction of life-cycle emissions
- Procurement of recycled/waste inputs intended for (non-medical) plastic packaging for single-use consumer products

1. In 2020, the EU launched the Circular Economy Action Plan as part of the European Green Deal. The aim: to reduce the EU's consumption footprint and double its circular material use rate in the coming decade, while boosting economic growth. The transition to a circular economy is one of the six environmental objectives of the EU Taxonomy. Please note that the activities and criteria in section 12 of this framework are not directly based on the taxonomy.
2. Quoted from the Ellen MacArthur Foundation s web site "Circular Economy Introduction". The foundation was set up in 2010 with the aim of accelerating the transition to the circular economy.

13. Biodiversity

UN Sustainable Development Goals:

Industry importance at-a-glance

Ecosystems and services are under pressure from urban sprawl, intensive agriculture, pollution, invasive species and climate change which affect the variety of life on Earth. In a post-COVID -19 context, biodiversity efforts are focused on building societies' resilience to future threats such as the impacts of climate change, forest fires, food insecurity and disease outbreaks (including protecting wildlife and fighting illegal wildlife trade). Ensuring a well-functioning biodiverse Earth benefits people, climate and the planet.

#	Description of activities	Criteria
13.1.1	Preservation or conservation of valuable natural habitats and landscapes	
13.1.2	Preservation of rare plant and animal species	
13.1.3	Promotion, restoration, or preservation of biodiversity in urban areas such as parks and green rooftops	
13.1.4	Permanent conservation of land through conservation easement agreements	
13.1.5	Investments in working forest protection technologies and monitoring equipment for forests and fishing vessel	

General exclusions for this category

Any product specifically used in the extraction of fossil fuels or that inherently relies on fossil fuels

Section B: General corporate purpose financing

Section B details criteria for green or sustainability-labeled general corporate purpose loans

General corporate purpose financing is not earmarked for specific investments and projects. Instead, such financing provides the borrower with the flexibility to use the funds as needed within its overall operations.

Section B of this framework covers two types of loan facilities relevant within the market for sustainable financing: green loans (B1) under *pure play*[1] criteria, and sustainability-linked loans (B2).

B1 Pure play

In addition to direct financing of the activities specified in section A, the Sustainable Product Framework covers general corporate purpose financing where not less than 90 per cent of the actual and expected activities of the relevant company fall within section A.

Compliance with this requirement may be measured based on revenues, overall expenditures and/or other indicators as determined by DNB, and must be documented and confirmed annually, both forward looking and backward looking.

1. LMA's Guidance on Green Loan Principles (February 2023) states the following on 'pure play' and the eligibility of such general corporate purposes under the Green Loan Principles (GLP): "Loans entered into by companies whose business activities are exclusively focused on the green economy (pure play) are considered as green loan if they are explicitly aligned with the GLP".

B2 Sustainability-linked loans

Sustainability-linked loans (SLLs)[1, 2] should incentivize corporate clients to achieve ambitious ESG objectives. These loans are designed to align with the client's sustainability strategy, with clearly defined sustainability targets. Under this framework, SLLs are considered sustainable finance transactions and are counted towards DNBs strategic target as specified in page 3.

To be categorised as an SLL and recognised as a sustainable finance transaction, the loan agreement must adhere to the Loan Market Association's Sustainability-Linked Loan Principles which represent best practice in the market. These principles address various components of the loan agreement, including:

- **Selection of Key Performance Indicators (KPIs)**: The chosen KPIs must be material to the company's business and linked to long-term sustainability objectives. They should be quantifiable using a consistent methodology and have a minimum of three years of audited historic performance

- **Ambitious Sustainability Performance Targets (SPTs)**: The SPTs should be set at an ambitious level, going beyond business as usual. They should be defined in a way that allows for the breakdown into annual quantifiable targets consistent with the client's long-term objectives

- **Loan Characteristics:** The margin of the loan should be structured in a manner that enables adjustment based on the performance of the KPIs against pre-determined SPTs. Typically, the margin is reduced if the borrower meets the SPTs and increased if they are not achieved. This creates a symmetrical carrot and stick incentive structure

- **Reporting**: Annual KPI performance should be reported in a Sustainability Compliance Certificate. Borrowers are encouraged to make their KPIs publicly available through their sustainability reporting

- **Verification**: The annual KPI performance must be verified by an external auditor or other qualified external verifier

1. Sustainalytics notes that given the range of variables and benchmarking involved in sustainability-linked issuances (including the sectoral considerations, strength of key performance indicator(s) and sustainability performance target(s), historical data, peer performance, etc.), the applicability, strength and ambitiousness of these variables are usually evaluated on a case-by-case basis. In this context, Sustainalytics has not reviewed the criteria defined for financing sustainability-linked instruments in the Framework.
2. See LMA's Sustainability-linked Loan (SLL) Principles. SLL facilities are defined by LMA as "any types of loan instruments and/or contingent facilities (such as bonding lines, guarantee lines or letters of credit) for which the economic characteristics can vary depending on whether the borrower achieves ambitious, material and quantifiable predetermined sustainability performance objectives" (February 2023).