

Customer Story

How Norway's Largest Bank is Using Its Sustainable Product Framework to Fund a Greener Future

DNB





Achieving More Through Sustainable Investments

With ambitious sustainability targets to achieve, DNB set out to solidify its existing sustainable product framework, stay current in an ever-evolving sustainable finance market, and identify projects that have material impacts on the environment. DNB initially engaged Sustainalytics' Finance Insights services to support the creation of the bank's original framework and Sustainalytics has been instrumental in the framework's annual review process ever since.



Industry
Banks



Region
EMEA (Norway)



Sustainability Product
Sustainable Finance Insights

"Our work with Sustainalytics was successful and the updated sustainable finance framework fully meets our expectations. The Sustainable Finance Insights team provided the competence to ensure leading market practices, plus the flexibility, openness, and willingness to engage that were so important for us. Together, these qualities made the ensuing product that much better."

Morten Knutzen
Business Developer for Sustainability, DNB





The Challenge

Enhancing DNB's Sustainable Product Framework to help achieve their goal to finance and facilitate NOK 1,500 billion (US\$141.3 billion) of environmental, social and governance (ESG) activities, including innovative, modern technologies, while also harmonizing with the EU Taxonomy.



The Solution

The guidance and support provided through Sustainalytics' Sustainable Finance Insights service enabled DNB to build upon and improve its sustainable product framework and align itself with industry leading practices.



The Results

DNB is now using its improved sustainable product framework to ensure it is financing the investments and projects that yield real results toward a more sustainable future.

About DNB

DNB is Norway's largest financial services group and the 10th largest bank in Europe. It serves more than 2.3 million customers, approximately 230,000 of which are corporate clients. With considerable international reach and influence, sustainability is a key pillar of DNB's corporate philosophy. For several years, DNB's own operations have boasted net-zero emissions. Now, the financial services leader is pledging that all company activities, including the ones they finance, will contribute to the [target of net-zero emissions by 2050](#).



The Challenge

Lead the Way With an Enhanced Sustainable Product Framework

DNB was eager to play an active role to increase the speed at which Norway and the world transitioned to a sustainable economy. As part of its efforts, the bank embarked upon a new sustainability strategy in 2021, with lofty targets and even more ambitious timelines. The bank was looking to finance and facilitate sustainable investments of NOK 1,500 billion (US\$141.3 billion) by 2030.

With these goals on the horizon, DNB needed to update and enhance its existing sustainable product framework. The original framework, instituted in 2019, provided transparency and predictability for DNB's sustainable financing operations, but revitalizing the framework would ensure that it remained in line with new technologies and upcoming regulations, like the EU Taxonomy.

The bank embarked upon a new sustainability strategy in 2021, with lofty targets and even more ambitious timelines.



The Solution

A Rock Solid Framework as the Foundation of Sustainable Success

As banks increasingly offer sustainable finance products to corporate and retail clients, they need advanced ESG knowledge and credible frameworks to guide them. With the support of Sustainalytics' Sustainable Finance Insights specialists, DNB developed their sustainable product framework to simplify the work of classifying sustainable transactions. The framework built out a clear set of guidelines that would allow the bank to easily identify investments that would increase positive impact, or decrease negative impact, on the environment.

Finding the Right ESG Partner

DNB is also committed to keeping their sustainable product framework as relevant and up to date as possible, maintaining an annual review process. Sustainalytics has reviewed the framework every year since its inception to ensure continued alignment with industry best practices. As the market evolves, qualifying activities are added and removed as needed, to keep up with market and regulatory developments.

Sustainable Finance Framework Development Process

1

DNB engaged Sustainalytics and disclosed activities for a sustainable finance framework.

2

Sustainalytics provided market insights on the proposed activities related to criteria and exclusions.

3

DNB was given the opportunity to discuss Sustainalytics' findings and refine the criteria.

4

DNB's sustainable finance framework finalized.

Six-Week Period

DNB Sustainable Finance Projects

Approximately half of DNB's green loans to date have been within real estate, consisting mostly of construction loans for certified, energy-efficient buildings. For the remainder of its loans, they help finance a broad spectrum of industries and activities. Here are two examples:



In 2020, DNB helped finance the purchase of five plug-in hybrid ferries for Torghatten AS. The transportation company engaged in multiple projects to contribute to zero or low-emission innovation, including low-emission aircraft, hybrid ferries, and implementation of eco-friendly fuels.

The green loan was certified under DNB's Sustainable Product Framework and its Clean Transportation category.



In 2021, DNB helped finance a new biochar factory for Oplandske Bioenergi AS. Biochar is a carbon-rich material produced through thermal decomposition of organic matter in an oxygen starved chamber. It is used to improve soil quality for agriculture and can also mitigate climate change by securely storing carbon in the earth, acting as a carbon sink.

The green loan was certified under DNB's Sustainable Product Framework, and the loan purpose was found to contribute to the reduction of greenhouse gas emissions.

"It is very important to provide transparency to our customers. By engaging with Sustainalytics, our sustainable finance framework says out loud that these are the projects that we consider green and these are the criteria. It simplifies matters for everyone involved."

Magnus Meland Roed
Client Advisor, Real Estate and Construction, DNB



The Results

An Effective Framework to Diversify ESG Investments and Reduce Emissions

Now DNB is financing the investments and projects that make the most progress toward its sustainability goals. Since publishing its enhanced sustainable product framework in January 2022, DNB has experienced growth in projects funded and is now prepared to take the next step into a sustainable future.

DNB expects ESG-related financing to continue growing, and the framework provides a solid foundation to ensure the quality and transparency of the sustainability elements. While primary focus has been on the 'E' of ESG, DNB is looking to expand future versions of the framework into the social and governance dimensions as well. Additionally, based on this project and the resulting framework, DNB is considering a similar approach to address transition financing as a way to reduce greenhouse gas (GHG) emissions in hard-to-abate sectors like shipping, oil and gas, and heavy industry. This is central to the bank's core strategy to reach low-carbon targets set by the Paris Agreement.

"In the end, we came out of the process with a better sustainable finance framework, well-suited to our needs, and aligned with leading market practices."

Lene Gulbrandsen
Head of Product Financing and Deposits, DNB



Get in Touch With Sustainalytics Corporate Solutions

EMEA:

(+44) 20 4526 5640

inquiries.EMEA@sustainalytics.com

APAC:

(+65) 6329 7596

inquiries.APAC@sustainalytics.com

Americas:

(+1) 347 630 9308

inquiries.Americas@sustainalytics.com

Japan:

(+81) 3 4567 0198

inquiries.Japan@sustainalytics.com



Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1,700 staff members, including more than 800 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com

