

CSR/environmental, social and corporate governance (ESG) sector guidance note – seafood

(Covering fishery, aquaculture, fishery industry, suppliers and export/distribution)

DNB's governing document on CSR/ESG, "Group Guidelines for Corporate Social Responsibility – Credit Activities", contains all common information valid for all sectors in DNB.

Purpose

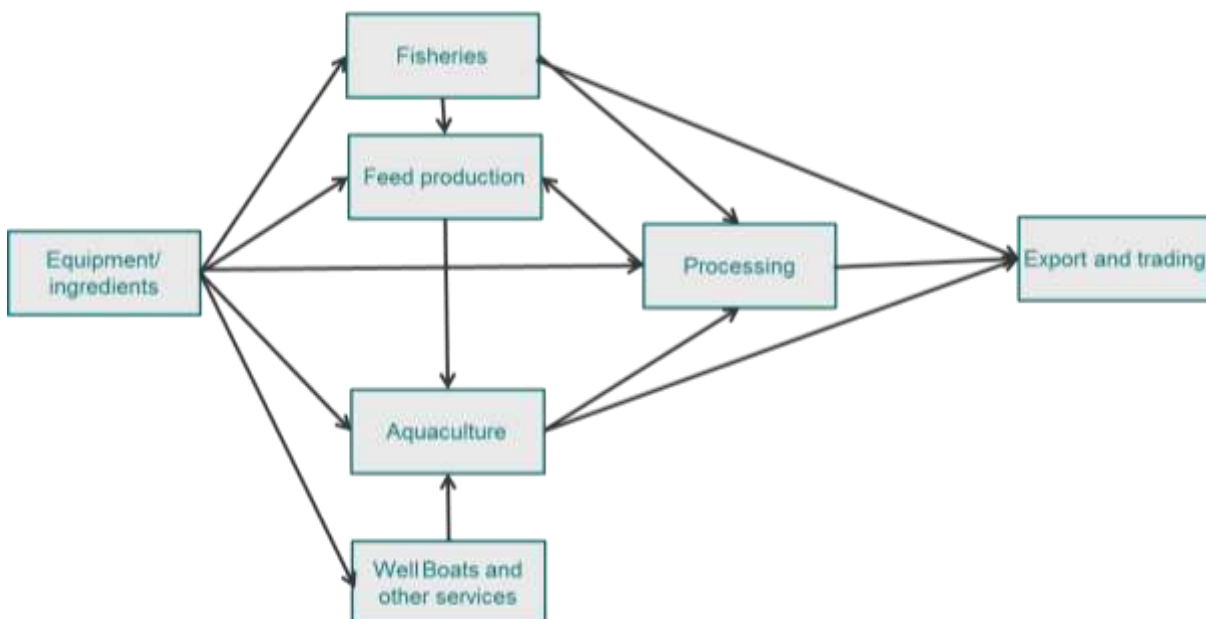
The purpose of the sector-specific CSR/ESG guidance for seafood is to

- highlight key elements of our sector strategy
- describe important environmental, social and governance risks in the sector
- point to DNB's encouragement to have its clients work for continuous improvement of environmental, health and safety management and best practice in the industry
- document activities that are excluded by DNB
- document activities that require an elevated credit decision
- document thresholds that we have imposed with regard to our customers' degree of involvement in activities where enhanced CSR/ESG risk assessment is required.

The CSR/ESG sector guidance note – seafood applies to credit services offered by DNB to companies operating in the seafood sector and upstream and downstream activities.

The arrows describe the commodity/service flow between the sub-segments of the industry. A company or group of companies can be involved in several of the sub-segments directly or indirectly.

Seafood- related activities within the scope of the guidance note are:



Environmental and social risks in the seafood sector

Seafood is of significant economic importance to several of the largest seafood countries of the world. The seafood sector will in the future be increasingly important to feed the growing world population. Utilising marine resources in a sustainable way is the key to feeding an estimated global population of 9 billion in 2050.

The sector is exposed to risks from negative environmental impacts. We believe most of such impacts can be avoided or minimised to an acceptable level, if companies follow laws and regulations and well-established international industry standards and implement best available technologies. DNB is committed to addressing social and environmental risks when involved in financing this sector and to making sure that our clients manage and mitigate negative effects of their activities in a responsible and sustainable way.

Fishery: Most of the global marine resources are either fully or more than fully utilised. The main CSR/ESG risks related to fishery are unsustainable utilisation of resources and pollution from vessels.

Aquaculture: Aquaculture uses coastal areas and water resources in competition with other private and public interests. The main CSR/ESG risks are related to operation beyond biological limits for areas and sites. In addition the use of medication, chemicals and the risk of genetic influence on wild salmon will be considered major CSR/ESG challenges for the industry.

DNB's financing activities within the aquaculture industry will always be based on compliance with local licences and legal frameworks for aquaculture.

Processing/equipment/ingredients/well boats and other services: Upstream and downstream activities can be compared to more ordinary activities in other industries. These enterprises can normally operate without governmental licences but must comply with normal regulations on, use of chemicals, emissions etc. Today close to 100 % of the waste from harvesting and value-added processing (VAP) production in the seafood industry in Norway is used as raw material for production of first-class fishmeal and fish oil.

Export and trading: Trading activities in themselves have few CSR/ESG factors other than pollution related to transport and sale to countries where the UN/EU have introduced trading restrictions or other restrictions reducing the possibility to engage in trading with these countries.

Corporate governance risks in the seafood sector

The seafood industry is present all over the globe and encompasses different cultures and jurisdictions. The industry involves no corporate governance risks apart from common risk factors included in the Group Guidelines for Corporate Social Responsibility – Credit Activities.

Industry standards in the seafood sector

DNB's financing activities within the fishery Industry will always be based on compliance with:

- local and agreed international regulations and codes of conduct; and
- local or international licenses if required

Our customers shall also act in accordance with relevant international conventions and guidelines set by international organisations, such as the United Nations and the Organisation for Economic Co-operation and Development.

Excluded activities

In addition to excluded activities defined in the Group Guidelines for Corporate Social Responsibility – Credit Activities, DNB does not finance:

- unregulated fisheries with sustainability risk
- fishery based on harmful fishing techniques
- fishery on endangered species as described in CITES¹ agreements

Escalated credit decision

With reference to the Group Guidelines for CSR – Credit Activities, chapter 6.0, DNB will escalate credit decisions if customers are involved in activities as described below:

DNB has not defined any additional activities in the seafood industry beyond the activities included in the Group Guidelines for Corporate Social Responsibility – Credit Activities, chapter 7.1, which would require an escalated credit decision.

¹ <https://www.cites.org/>

Enhanced ESG/CSR assessment

With reference to the Group Guidelines for CSR – Credit Activities, chapter 6.0, DNB applies the following thresholds with regard to our customers' degree of involvement in activities that require an enhanced CSR/ESG risk assessment.

DNB has defined no additional activities in the seafood industry beyond the activities included in the Group Guidelines for Corporate Social Responsibility – Credit Activities, chapter 7.2, which will require an enhanced ESG/CSR assessment.