

Sustainability at

SpareBank
NORD-NORGE



Northern Norway as a strategic region for the sustainable transition

- *1/3 of Norwegian fish exports in net value*
- *18% of Norway's power production*

... With only 9% of the Norwegian population



As the world's northernmost financial group, we must be a driving force for a sustainable future in the north



**Net zero emission in
our credit portfolio by
2040**

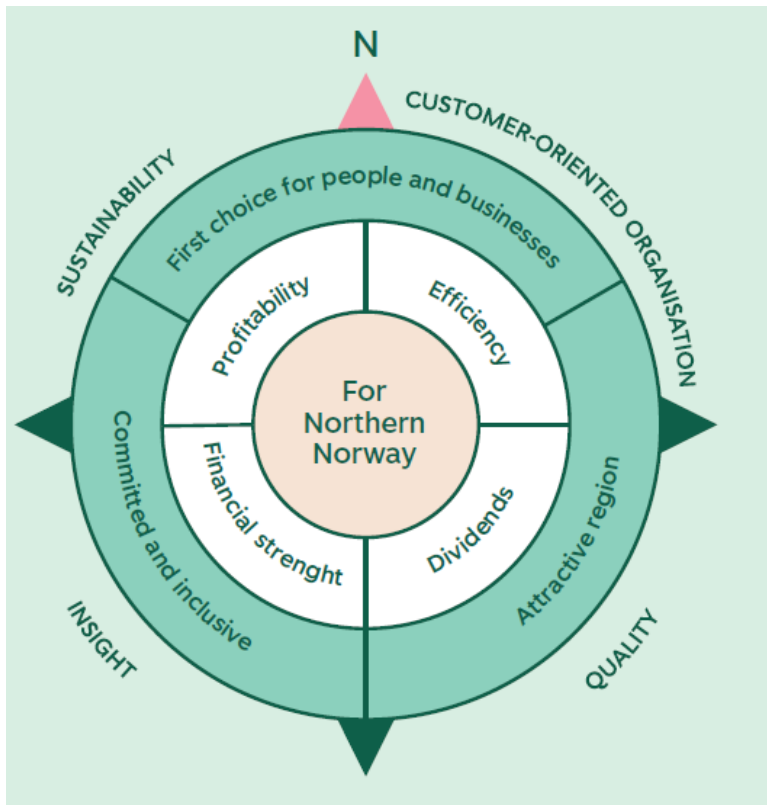


**Contribute to a net
positive population growth
in Northern Norway by
2030**



**70 % of exposure to Marine
and Aquaculture sector
should qualify for Green
Frameworks in 2030**

SNNs business strategy



Vision

“For Northern Norway”

Mission

We shall, better than anyone, understand and contribute to what is important for people and businesses in Northern Norway

Financial goals

1. Profitability (RoE)
2. Efficiency (C/I)
3. Financial strength (Capital adequacy)
4. Dividends

Strategic initiatives

1. Promote profitable and sustainable growth in Northern Norway



The Path Towards Net Zero 2040

- Emission paths for SNNs → 2030
- Our most important instruments for cutting emissions
 - Green capital
 - Green lending
 - Green knowledge
- Community dividend of 200 MNOK towards Local Green transition in 2023 (Samfunnsløftet)

Road to
Net-Zero
2040

Decarbonization targets 2030



Mortgages

-50% kgCO₂e/m²
Scope: 2
Method: SDA



Commercial
real estate

-30% kgCO₂e/m²
Scope: 2
Method: SDA



Corporate
portfolio

-42% tCO₂e
Scope: 1 and 2
Method: absolute
contraction



Own operations

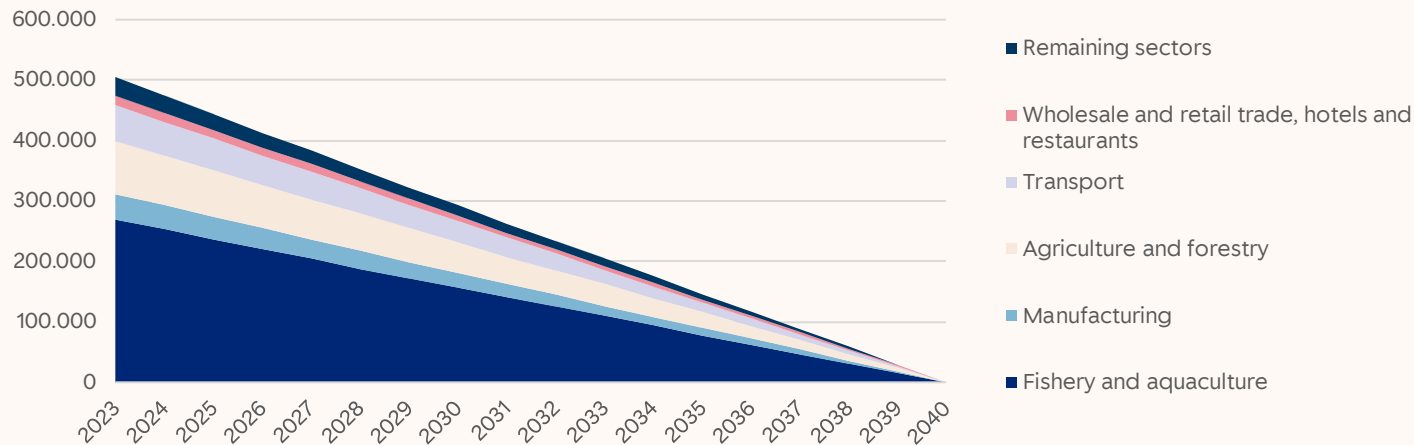
-42% tCO₂e
Scope: 1, 2 and 3
Method: Absolute
contraction



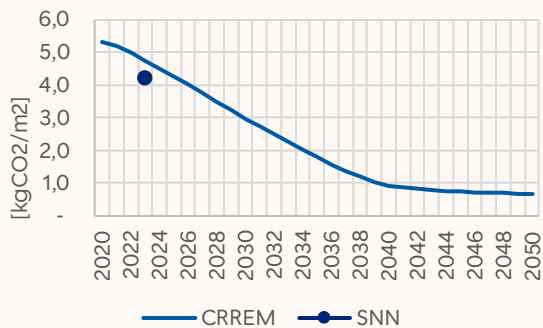
The transition pathways are set using the sectoral decarbonization- and absolute contraction approach based on the methodology of the Science Based Targets initiatives standard for financial institutions but are not submitted or approved.

Transition pathways

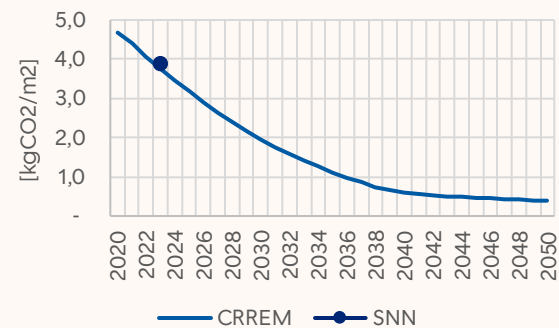
Transition pathways Corporate Portfolio



Transition pathway Commercial Real Estate

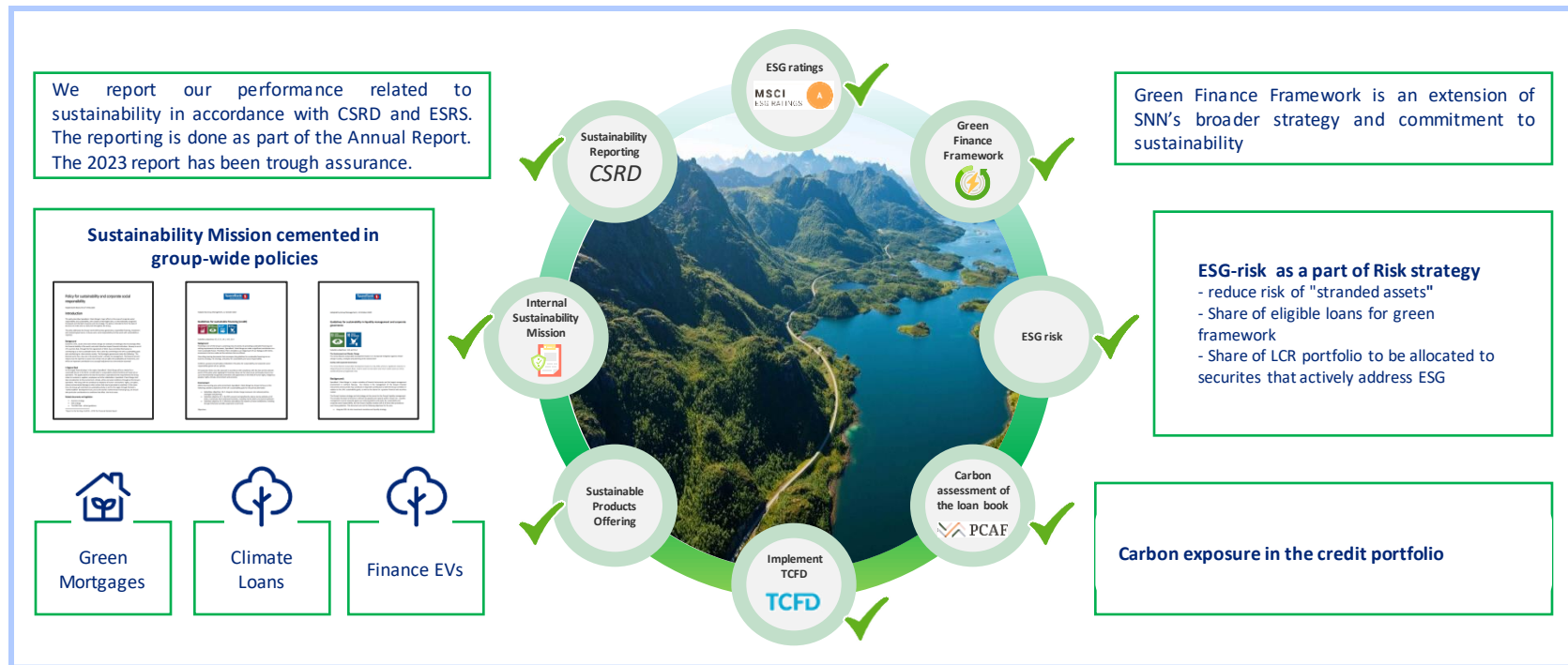


Transition pathway mortgages



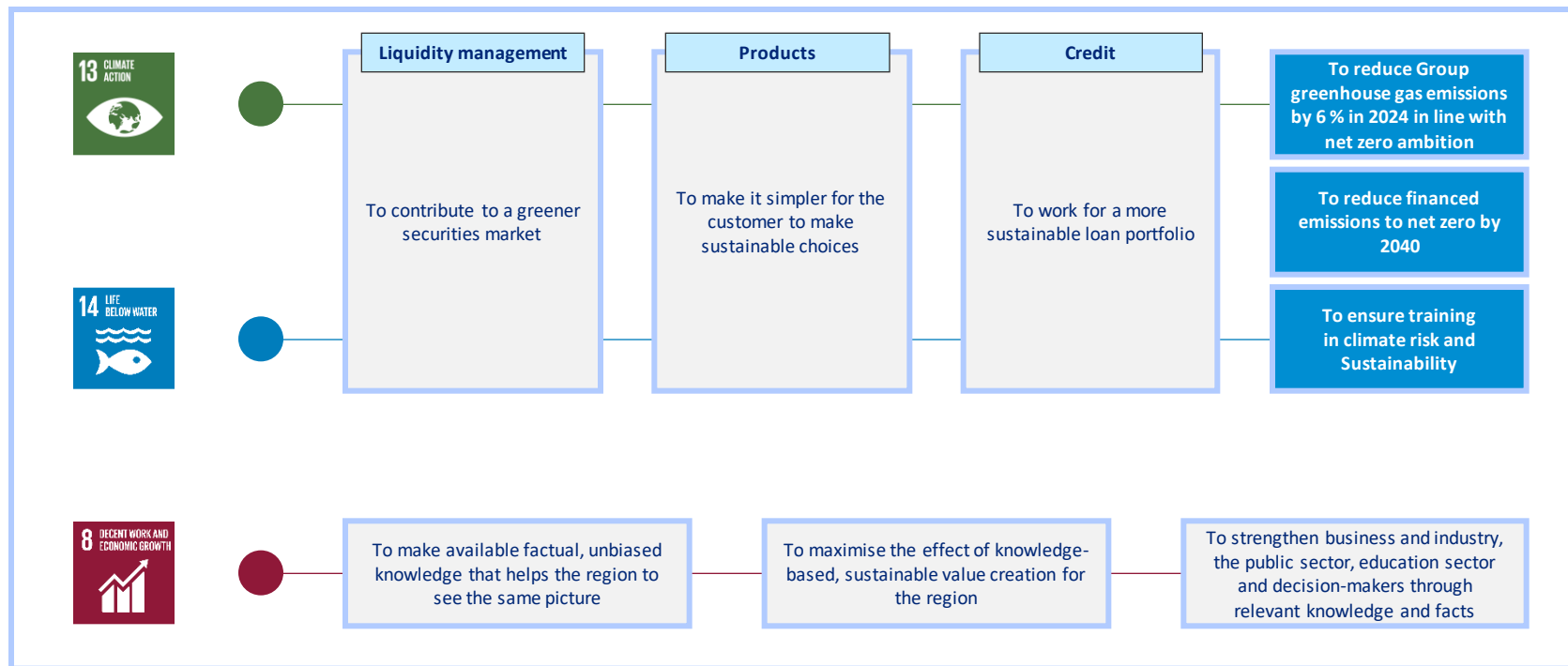
SNN's sustainability overview

SNN has taken initiative on multiple fronts to integrate sustainability group-wide



SNN's Sustainability Objectives

Aligned with UN Sustainable Development Goals



SNN Green Finance Framework 2024



SNN's Green Finance Framework

Rationale

- SNN sees the commitment to decarbonization of the economy as a sustainability priority. By issuing green finance instruments, SNN intends to align its funding strategy with its mission, sustainability and climate strategy and targets
- With this Green Finance Framework, we want to leverage on that experience and enhance transparency and accountability through the liability side

Alignment with best market practices

- ICMA Green Bond Principles 2021
- LMA Green Loan Principles 2023
- ICMA Bonds to Finance the Sustainable Blue Economy 2023



Framework description

Use of Proceeds	SNN's green finance instruments will finance/re-finance Eligible Green Loans
Project Evaluation and Selection Process	In accordance with Eligibility Criteria and undertaken by the Green Finance Committee
Management of Proceeds	Managed by SNN through a portfolio approach
Reporting	SNN intends to show the allocation and impact of the green finance instruments on annual basis
External Review	Second-party opinion by ISS ESG Auditor limited assurance report may be requested on the allocation report



Use of Proceeds

Green Buildings (Residential & Commercial)



Residential & Commercial buildings

- Buildings built ≥ 2021 : NZEB-10%
- Buildings built < 2021 : EPC A label or within the top 15% low carbon buildings in Norway

Commercial buildings

- Receive at least one of Buildings classifications
 - LEED "Gold"
 - BREEAM or BREEAM-NOR Excellent, equivalent/higher

Refurbished Residential and Commercial buildings with an improved energy efficiency of 30%

Renewable Energy



Solar power

Wind power: onshore/offshore

Geothermal power: projects $<$ less than 100g CO₂e/kWh

Hydropower: electricity generation power density $>$ 5W/m² or all $<$ 100gCO₂e / kWh or is a run-of-river plant and does not have an artificial reservoir

Transmission and storage systems⁵

Clean Transportation



Land vehicles

- Low carbon vehicles

Maritime vessels

- Zero carbon vessels

Zero carbon transportation infrastructure

Environmentally Sustainable Management Of Living Natural Resources And Land Use



Aquaculture

- Aquaculture Stewardship Council (ASC)
- Best Aquaculture Practices (BAP)
- Global G.A.P.
- The Worldwide Standard for Good Agricultural Practices
- The Worldwide Standard for Good Agricultural Practices

Fisheries

- Marine Stewardship Council (MSC)
- Friend of the sea

Green Finance Framework

Use of Proceeds

Project Evaluation and Selection Process

Management of Proceeds

Reporting

External Review

Project Evaluation and Selection Process

SNN's Green Finance Committee

- SNN's Green Finance Committee consists of members from the following departments:



The Green Finance Committee is responsible for:

- Reviewing the content of SNN's Framework and updating it to reflect changes on a best effort basis;
- Updating external documents such as Second Party Opinion (SPO) and related documents from external consultants and accountants.
- Evaluating and defining the Eligible Green Loans Portfolio in line with the Eligibility Criteria, excluding ineligible on a best effort basis;
- Overseeing, approving and publishing the allocation and impact reporting
- Monitoring internal processes to identify known material risks and appropriate mitigation measures where possible;
- Contributing to the mitigation of the environmental and social risks potentially via the due-diligence processes
- Liaising with relevant business finance segments and other stakeholders on the above

Contribution to EU Environmental Objective and EU Taxonomy

SNN takes the EU Taxonomy into due consideration. Eligible loans should substantially contribute to at least one of the EU Environmental Objectives, by:

- meeting the relevant **Technical Screening Criteria (TSC)**, while
- not significantly harming ('DNSH')** any EU Environmental Objectives, **and**
- Meet **Minimum Social Safeguards**



ISS ESG has performed a detailed EU Taxonomy assessment as part of SPO

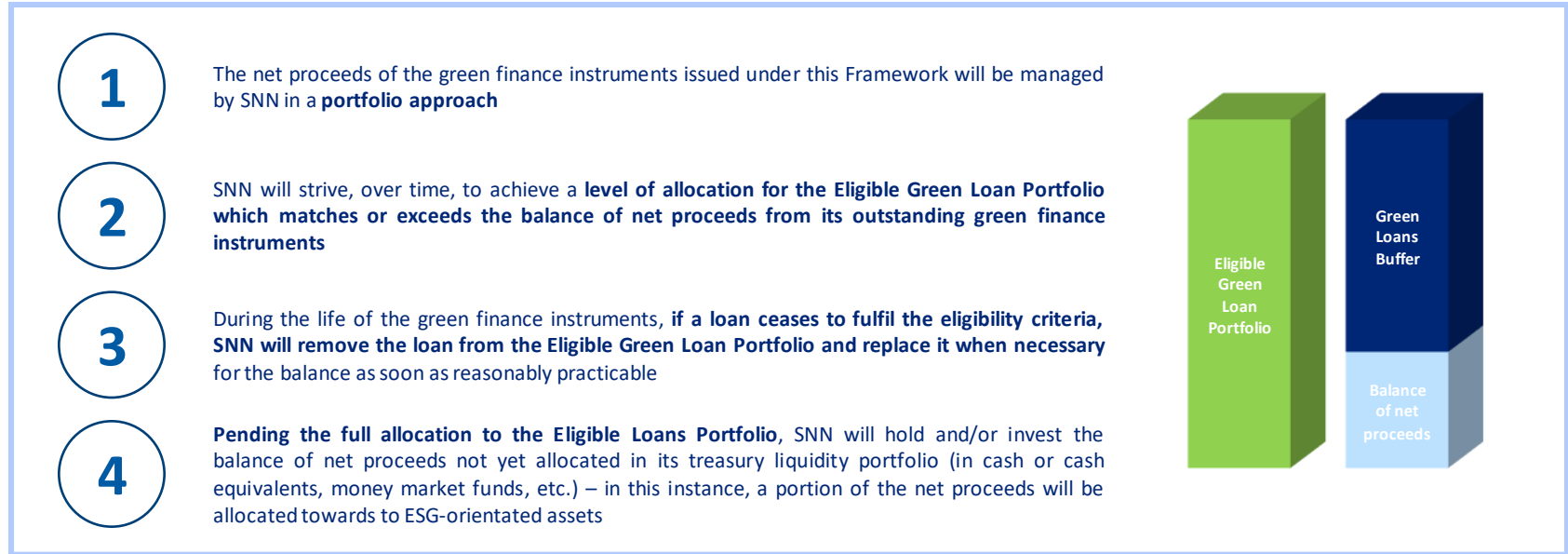
Alignment with SNN's internal ESG policies

- The Eligible Green Loan Portfolio is required to align with SNN's internal sustainability codes and policies**
- Examples of relevant codes and policies
 - Policy for sustainability and corporate social responsibility
 - Guidelines for sustainable financing (credit)
 - General guidelines for corporate social responsibility and sustainability
 - Green Product Framework
- Codes and policies can be found on the [sustainability section](#) of the Group



Management of Proceeds

Description of SNN's approach



Reporting

SNN will make and keep readily available reporting on the allocation of an amount equal to the net proceeds to the Eligible Green Loan Portfolio and wherever feasible reporting on the impact of the Eligible Green Loan Portfolio, at least at the category level, to be renewed annually until full allocation

Allocation Report indicators

- 1 The geographic location of the assets, at country level
- 2 The size of the identified Eligible Green Loan Portfolio, per investment category
- 3 The total amount of SNN green finance instruments outstanding
- 4 The amount of net proceeds allocated to Eligible Green Loans, per Green Eligible Category
- 5 The balance of unallocated proceed
- 6 The amount or the percentage of new financing and refinancing

Impact Report may provide

- 1 A description of relevant Eligible Green Loans
- 2 The breakdown of the Eligible Green Loan Portfolio by nature of what is being financed (financial assets)
- 3 Metrics regarding Eligible Green Loans' environmental impacts

SNN will align, on a best effort basis, the impact reporting with the portfolio approach described in "Handbook – Harmonized Framework for Impact Reporting (June 2021)



Reporting – Allocation

Based on 31 Dec 2023 numbers

Eligible Green Loan Portfolio		Green Funding			
	Amount (NOKm) ²	Instrument (ISIN)	Issuance Date	Due Date	Amount (NOKm) ¹
Green Residential Buildings	7,789	NO0012626987	22.08.22	22.08.25	1,000
Green Commercial Buildings	1,408	NO0012534017	27.05.22	27.05.27	250
Renewable Energy	1,610	NO0012534025	27.05.22	27.05.27	1,000
Clean Transportation	1,090	CH1132966271	15.09.21	15.09.28	1,560
Environmentally Sustainable Management Of Living Natural Resources And Land Use	5,639	CH1249416012	20.03.23	20.03.29	1,560
Fisheries (MSC Certification)	3,127				
Aquaculture (Global.G.A.P. and ASC Certification)	2,512				
Total	17,538	Total			5,395
Percentage of Eligible Green Loan Portfolio allocated (usage)	30,76%				
Percentage of Net Proceeds of Green Funding allocated to Eligible Green Loan Portfolio	100%				
Eligible Green Loan Portfolio - Unallocated (NOKm)	12,143				

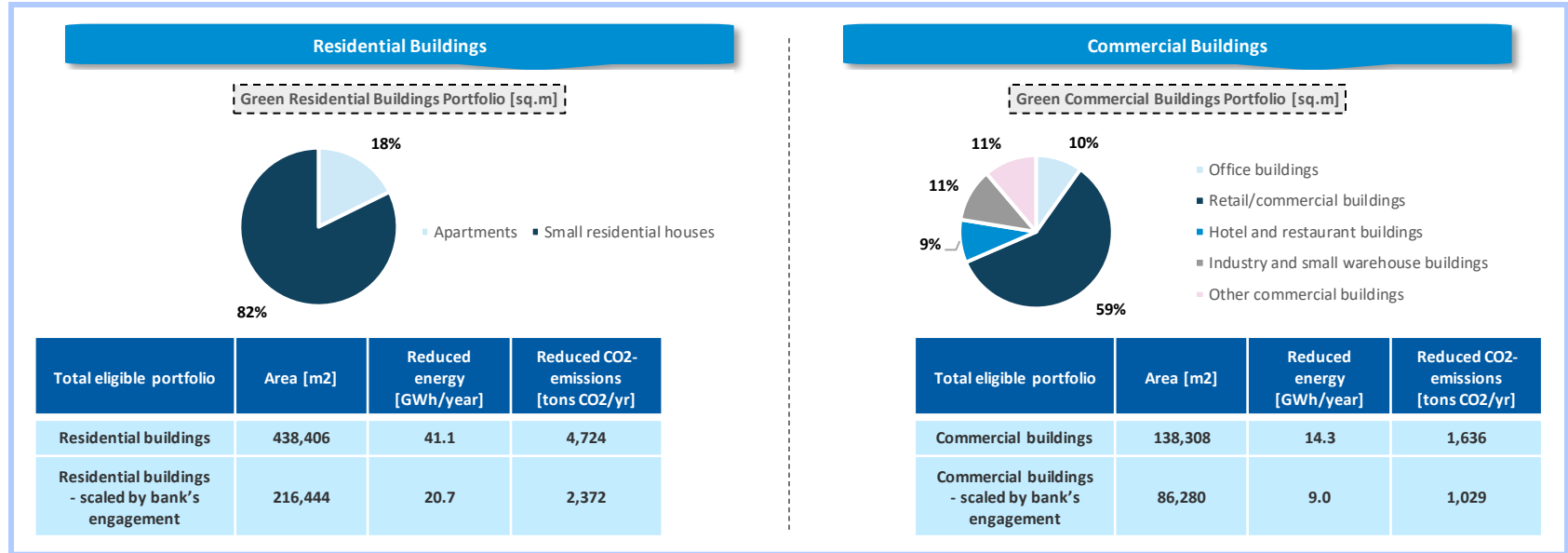
¹ CHF/NOK = 12.0952 as of 31.12.2023

² Grandfathered a amount of 1,789 mNOK: TEK17 buildings eligible under the previous framework that were originated between 01/01/2021 - 31/01/2023 have been grandfathered in the portfolio as of 31/01/2023 following the publication of the official Norwegian NZEB definitions.



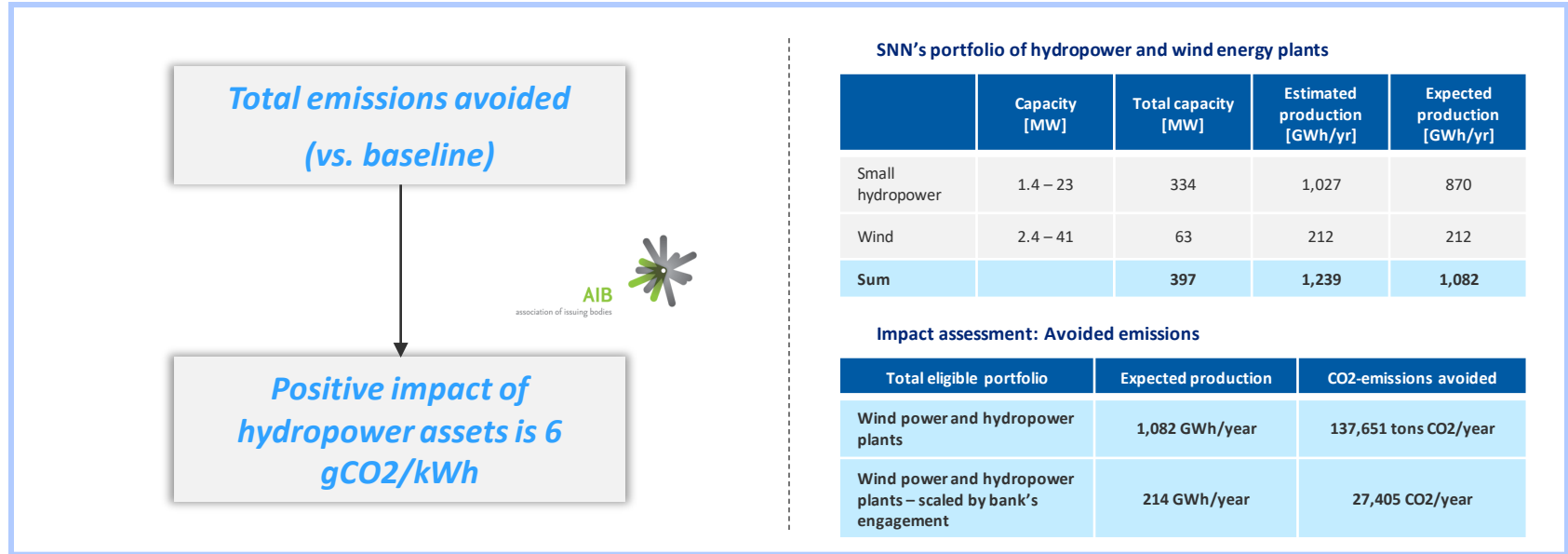
Reporting – Impact (1/5) (FY 2023)

Green Buildings



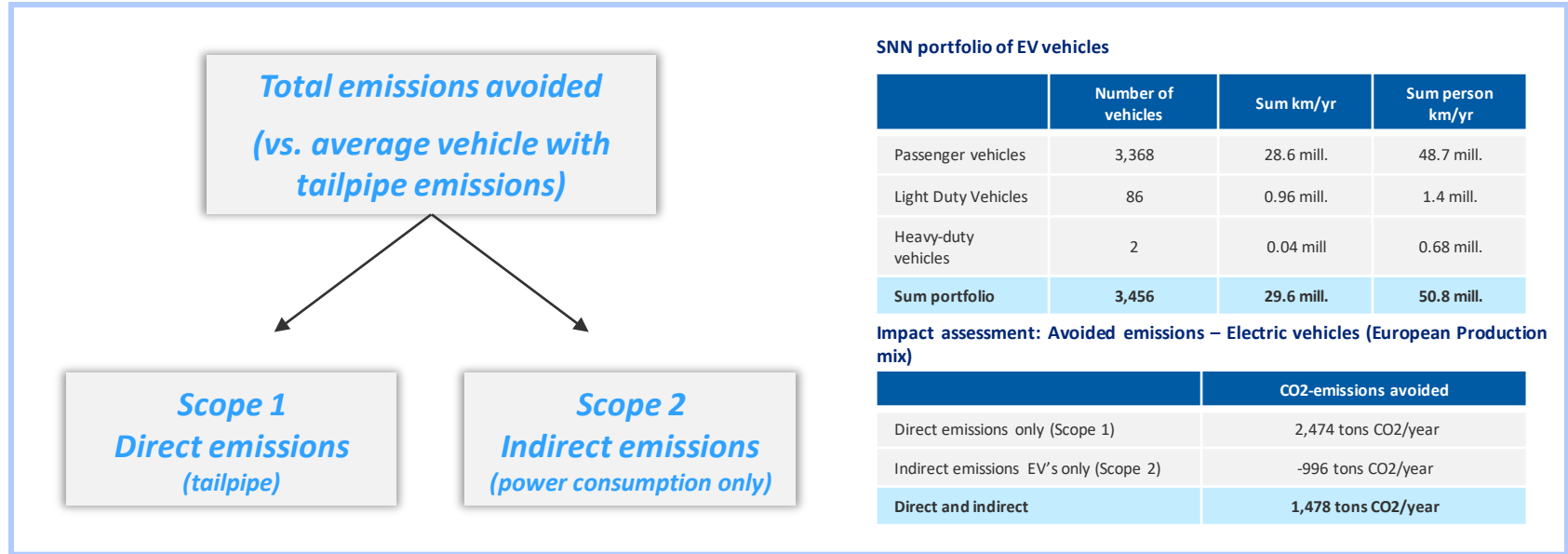
Reporting – Impact (2/5) (FY 2023)

Renewable Energy



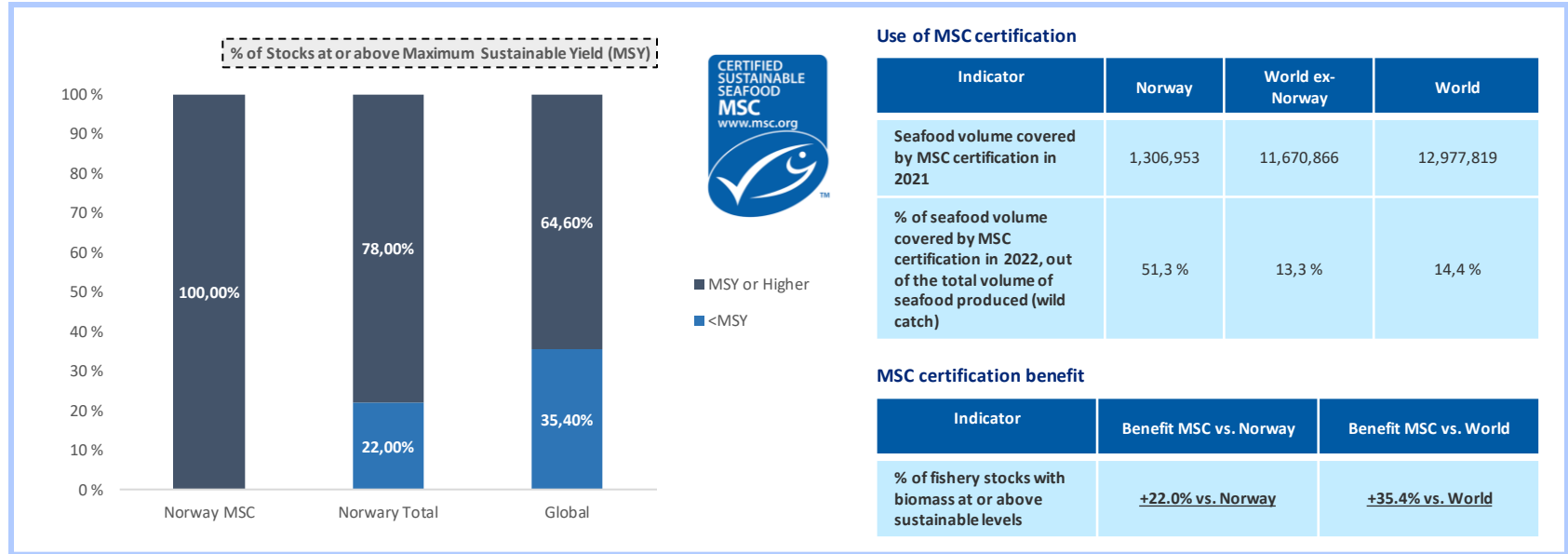
Reporting – Impact (3/5) (FY 2023)

Clean Transportation



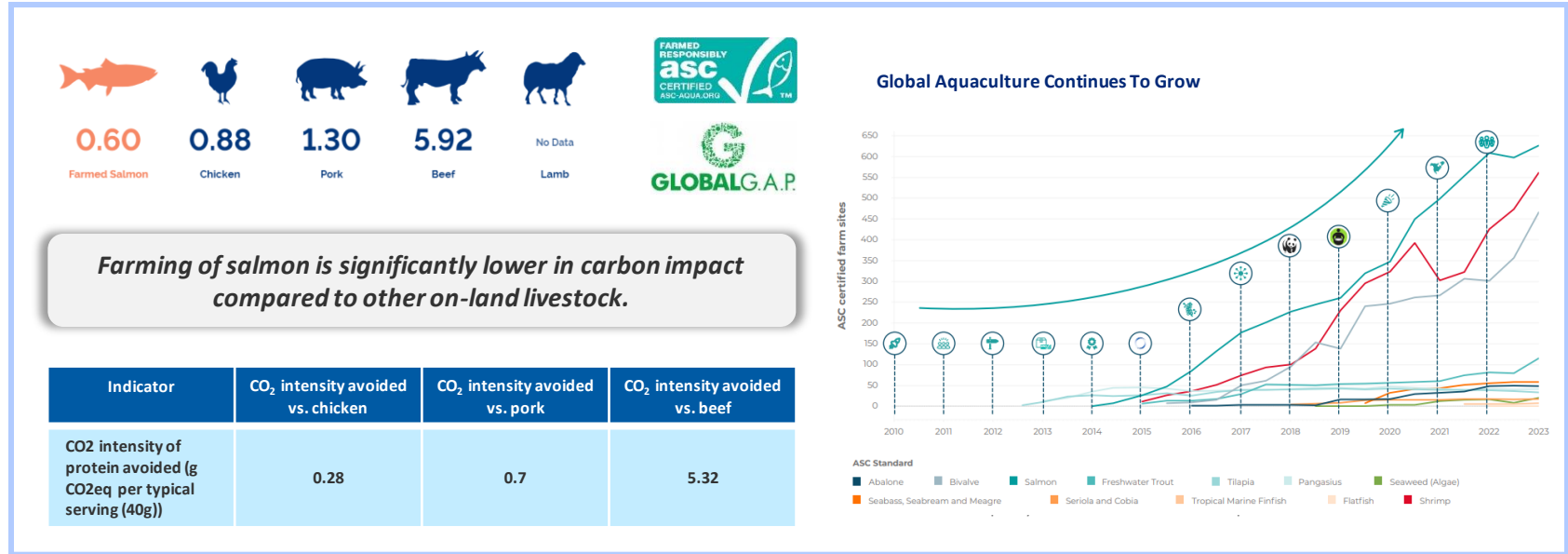
Reporting – Impact (4/5) (FY 2022)

Environmentally Sustainable Management Of Living Natural Resources And Land Use



Reporting – Impact (5/5) (FY 2023)

Environmentally Sustainable Management Of Living Natural Resources And Land Use

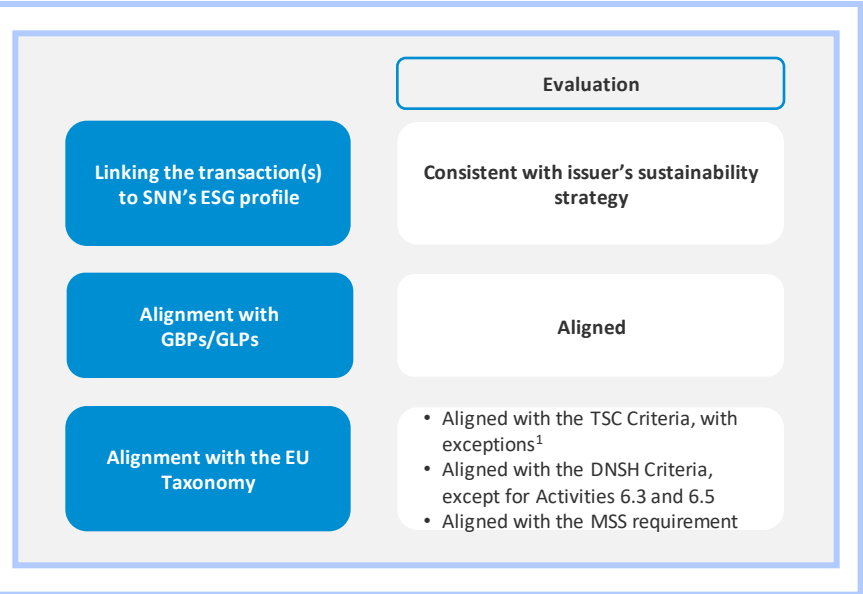


External Review - Second Party Opinion (1/2)

ISS ESG SPO, 31 January 2024

SNN commissioned ISS ESG to assist with its Green Finance Instruments by assessing three core elements to determine the sustainability quality of the instrument:

1. Green Finance Instruments' link to SNN's sustainability strategy
2. SNN's Green Finance Framework benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBPs), Guidelines on Bonds to Finance Sustainable Blue Economy, and the Loan Market Association (LMA) Green Loan Principles (GLPs)
3. Alignment of the Green Finance Framework with the EU Taxonomy as of 2021



External Review - Second Party Opinion (2/2)

Contribution to SDG assessment

GBP/GLP Category	SDG
Green Residential Buildings	Contribution to SDG 7 and 13
Green Commercial Buildings	Contribution to SDG 7, 11 and 13
Renewable Energy	Contribution to SDG 7 and 13
Clean Transportation	Contribution to SDG 7 and 13
Environmental and Sustainable Management of Living Natural Resources and Land Use	Contribution to SDG 14



EU Taxonomy Assessment: TSC, DNSH & MS

Assessment performed by ISS ESG

Eligible Green Asset Category	Green Residential Buildings	Green Commercial Buildings	Renewable Energy	Clean Transportation
Geography	Norway			
EU activity	7.7	7.7	4.1, 4.2, 4.3, 4.5, 4.10	6.3, 6.5
Alignment with the Technical Screening criteria (TSC)	TSC alignment = 77% ¹ <2021: 100% (5.639/5.639) ≥2021 ¹ : 17% (361/2.150)	Not aligned ²	100% TSC alignment	100% TSC alignment
Do No Significant Harm (DNSH)	Aligned	Aligned	Aligned	Not aligned ³
Minimum Social Safeguards (MSS)	Aligned	Aligned	Aligned	Aligned

EU Taxonomy alignment assessment : 43% aligned (NOK 7.610m aligned out of NOK 17.538m total portfolio)

1 In accordance with the EU Taxonomy Climate Delegated Act, buildings built from 1 January 2021 onwards should meet the 'NZEB-10%' criterion. In Norway, NZEB definitions were announced on 31 January 2023. As such, TEK17 buildings eligible under the previous framework that were originated between 01/01/2021 - 31/01/2023 have been grandfathered in the portfolio as of 31/01/2023 following the publication of the official Norwegian NZEB definitions.

2 SNN currently does not possess specific information to confirm if non-residential buildings meet the 290 kW effective rated output threshold stipulated in the EU Taxonomy technical screening criteria. This is mainly due to EU Directive 2018/844 not being transposed into Norwegian law.

3 Electric Vehicles are assessed as unable to meet the Pollution Prevention & Control DNSH criteria relating to tyres, given that currently almost all new electric car models are (factory) fitted with non-compliant tyres, or exact tyre information is not available.

