

# Submission Template for measures relevant to the Collective Commitment to Climate Action.

Through the Collective Commitment to Climate Action (CCCA), 38 banks have committed to align their businesses with greenhouse gas (GHG) emissions trajectories that are compatible with the long-term climate change mitigation objective of the Paris Agreement. The Paris Goal aims to limit global warming to well below 2°C, striving for 1.5°C above pre-industrial levels by 2100.

To that effect, CCCA banks have committed to setting and publishing sector-specific, scenario-based targets for portfolio alignment within three years of signing.

**Furthermore, CCCA Signatory banks have committed to, commencing within 12 months of signing, publishing and implementing a set of measures to support and accelerate the shift towards low-carbon, climate-resilient technologies, business models and societies.**

## What is this document?

CCCA Signatories were required to submit their account of these measures to support and accelerate the shift towards low-carbon, climate-resilient technologies, business models and societies either by completing and submitting this document or by disclosing them in a public report, on a public webpage, etc. In this document, Banks were able to report on up to three measures.

This document is therefore not exhaustive, and many banks have asked to supplement the measures developed here with external links so that the reader can complete his understanding of the actions implemented by the bank. Where this is the case, the external link can be found on page 2 of this document, following the list of measures submitted by the bank.



PRINCIPLES FOR  
RESPONSIBLE  
BANKING

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In the subsequent pages, “Measure” refers to the commitment each bank made by joining the CCCA to “to, commencing within 12 months of signing, **publishing and implementing a set of measures we will take within our banks and together with our clients to support and accelerate the shift towards low-carbon, climate-resilient technologies, business models and societies.**”

### Types of measures submitted by SpareBank 1 Østlandet:

- 1- Due Diligence Assessments for Climate for the Corporate Market

## MEASURE 1: Due Diligence Assessments for Climate for the Corporate Market

### Start of Block: CCCA-relevant measures taken/commenced within the first 12 months

Please fill in this section for *each* measure you are planning on submitting, for a maximum of three measures.

Note: you may submit additional documentation to support your answer. However, you **must** complete this form fully for each measure.

#### 1. What kind of measure is your institution submitting to UNEP FI as part of its participation in the CCCA? (please only choose one)

- A client engagement and/or capacity building programme on opportunities and approaches to reduce GHG emissions
- A financial product/service tailored to support clients' reductions of GHG emissions
- An exclusion policy
- A strategy to grow the customer base in specific sectors
- An assessment/measurement approach and/or system to establish/quantify portfolio alignment with policy objectives on climate change (such as those included in the Paris Agreement)
- An assessment/measurement approach and/or system to determine/quantify portfolio exposures to climate-related 'transition risks'
- Other: if applicable, please specify

#### Our Due Diligence Assessments for Climate for the Corporate Market:

2019 was the year in which we thoroughly incorporated sustainability into assessments of lending to companies. CM accounts for only about a quarter of the Bank's lending. However, this is where we have the greatest opportunity to have a positive impact and the greatest risk of having a negative impact on the environment, nature and the climate, human and labour rights, and economic crime and governance (often abbreviated to ESG).

This was confirmed by the overarching ESG risk analysis we conducted in 2019, which involved key people from all of the Bank's business areas. Based on the analysis, it was concluded that we have the greatest risk and potential within real estate and agriculture, our two largest industries. These

are linked to Sustainable Development Goals 12 (real estate) and 15 (agriculture). In 2019, we implemented our guidelines for corporate social responsibility and sustainability in lending processes. You will find our absolute requirements and expectations in the appendix in our Annual Report: *Further facts about SpareBank 1 Østlandet's sustainability work under Responsible lending*, page 210.

**Our routines for processing loan applications include requirements for both ESG dialogues with customers and ESG due diligence analyses:**

The Bank uses due diligence assessments to identify which customers and projects have a high risk of having a negative impact and the potential for a positive impact. The Bank uses the methodological framework in the OECD's Due Diligence Guidance for Responsible Business Conduct, which was launched in 2018. In 2019, the Bank developed due diligence assessments within all of the relevant industries. Advisers with industry-specific expertise were involved in the work. The Bank bases its work on the industry's roadmap for green competitiveness and maintains a good, close dialogue with customers, industry organisations and special interest groups concerning the development of the assessments. This is in line with Sustainable Development Goal 17 regarding partnerships.

In addition to this, our advisers are required to maintain a dialogue with customers concerning their approach to sustainability in their business. There were around 3,200 credit cases in CM in 2019 and, following the introduction of the requirement and training, it is estimated that sustainability and climate was part of the dialogue with around 1,600 customers. Within agriculture, due diligence assessments were carried out in almost all loan cases in the fourth quarter of 2019, a total of 82 cases in all. We have around 1,600 agricultural customers and there were 625 loan cases within agriculture in 2019. Within commercial property, assessments were carried out for around 10 customers. Work on due diligence assessments in other industries started in the fourth quarter. If a customer is determined to be a medium or high risk, the advisor must ask for risk mitigation and improvement measures to be taken.

This can be set as a requirement for granting a loan. If a customer does not take adequate risk mitigation measures, the case may be passed up to the Sustainability Section for a professional assessment. In the case of high risk, the case is passed up in the normal way to the credit committee. We refused two loan applications for sustainability reasons in 2019.

**New products and green innovation in the corporate market:**

In 2018, the Bank developed a coarse fodder loan to help farmers through the summer of drought. In 2019, we expanded the product portfolio with a green agriculture loan of up to NOK 250,000 for the installation of solar panels. The loan provides farmers with very favourable interest rates when they choose a climate-friendly energy solution. The loans were launched in May, and 21 were granted in 2019. The total lending volume involved in these was NOK 5.4 million. The total lending volume in CM at the end of 2019 was around NOK 34.9 billion.

We have also made Science Based Target for our Scope 1, 2 and 3 emissions, but not our loan portfolio.

The following themes are covered in the due diligence assessments (example):

General understanding	General understanding of the risk of human rights violations, environmental challenges or corruption risk in own industry and business.	Social/human rights risk (social)	The company's familiarity with industry risk related to human rights, workplace crime, e.g. social dumping.
	Risk in input factors or suppliers/supply chain.		The extent to which the company has relevant guidelines.
Environmental and climate risk (the environment)	Environmental certification and environmental management system.	Finances/ governance risk (governance)	Acts and regulations regarding health, safety and the environment (HSE).
	Measures to cut greenhouse gas emissions.		The company's familiarity with industry risk related to economic crime such as corruption, money laundering and bribery.
	Measures to cut energy consumption.	The extent to which the company has relevant guidelines and/or routines.	
	Energy labelling (construction).	Separate form for anti-money laundering due to the anti-money laundering regulations.	
	Risk of natural disasters: How the project impacts vulnerable ecosystems.	Other	Other measures that have a positive impact on the environment or social or economic conditions.
	Familiarity with, and any measures implemented from, the industry's roadmap.		Other things that indicate the company is involved in harming/ having a negative impact on the environment or social/ economic conditions?
	Climate risk: How the project has been adapted for climate change and changing framework conditions. More specific questions here for agriculture.		
Environmentally certified input factors (e.g. construction materials).			

Please provide more detail on this measure, considering the following guiding questions. We would expect your response to be between 750 and 1250 words. Please do not submit more than 1500 words.

Guiding Questions:

- What is the rationale for selecting this specific measure?
- What outcomes/impacts do you expect from this measure?
- How are you implementing/planning to implement this measure?
- What results have been achieved to date?

## 2. Which customer segments of your loan book does the measure apply to?

- Households / individuals
- Small- and medium-sized companies
- Larger companies (corporations)
- Projects (infrastructure)
- Other: if applicable, please specify

[Click here to provide additional comments.](#)

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## 3. Which sector(s) is the measure being applied to?

If the measure is being applied in **corporate lending**, please pick the sector(s) within which the measure is being applied:

**Electricity, gas, steam and air conditioning supply**

*If possible, specify further:*

- Electric power generation, transmission and distribution*
- Manufacture of gas; distribution of gaseous fuels through mains*
- Other: if applicable, please specify*

**Agriculture, forestry and fishing**

*If possible, specify further:*

- Growing of non-perennial crops*
- Growing of perennial crops*
- Animal production*
- Forestry & logging*
- Other: if applicable, please specify*

**Mining and quarrying**

*If possible, specify further:*

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- Mining of coal and/or lignite*
- Extraction of crude petroleum and natural gas*
- Other: if applicable, please specify*

**Transportation and storage**

*If possible, specify further:*

- Land transport and transport via pipelines*
- Water transport*
- Air transport*
- Other: if applicable, please specify*

**Manufacturing**

*if applicable, please specify*

**Construction**

*if applicable, please specify*

**Real estate activities**

*if applicable, please specify*

**Other:** *if applicable, please specify*

[Click here to provide additional comments.](#)

If the measure is being applied in **retail lending**, please pick the client groups within which the measure is being applied:

- Mortgages**
- Auto loans**
- Other:** *if applicable, please specify*

[Click here to provide additional comments.](#)

If the measure is being applied in **project lending**, please pick the relevant categories:

**Electricity (generation, transmission)**

**Fossil fuel extraction and storage**

**Transport (roads, airports, ports)**

**Other:** if applicable, please specify

[Click here to provide additional comments.](#)

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**4. Please indicate the timing of key milestones (planned or already accomplished) related to the measure, as follows:**

Please specify in the comments if the milestone is either not applicable or not yet determined. If no specific date is known please make use of the relevant comment box to indicate an approximate date (e.g. Q3 2020, second half of 2020 etc.)

4.1. When was (will) the objective and/or target (be) established?

**01.01.2019**      **We have been working with this since early 2018.**

4.2. When was (will) it (be) publicly announced, if at all?

**30.03.2019**      **It was announced in our annual report.**

4.3. When did (will) the measure commence?

**01.09.2019**      **From September 2019 the measure have been integrated in our customer dialogue.**

4.4. Does the measure have an end-date? If yes, when?

**NO**

4.5. When was (will) the success of the measure (be) assessed?

**They will continuously be developed and improved.**

4.6. When was (will) the success of the measure (be) publicly communicated?

**We report on the work in our annual reporting.**

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5. Select the indicators that will be used and/or your bank has used to assess and/or determine the success of the measures in section 5.1 (for quantitative indicators) and section 5.2 (for qualitative indicators). If corresponding targets exist, please provide the values of and milestones for those in the corresponding fields. As far as already available, please provide the first results of the measures taken in section 5.3.

5.1. Quantitative indicators

- Change in technology and/or efficiency-level specific financial flow or exposure  
*[Examples: i) Increase of USD XYZ per year provided for the purchase of electric vehicles; ii) Increase in the exposure to renewable technologies to XYZ % of the power portfolio; iii) Decrease in the exposure to coal-related businesses by USD XYZ; iv) increase of the proportion of certified efficient buildings in the real estate portfolio by XYZ etc.]*

Please click here to insert the corresponding target, if applicable.

- Increase in the number of customers

Please click here to insert the corresponding target, if applicable.

- Decrease in the number of customers

Please click here to insert the corresponding target, if applicable.

- Change in sector-specific energy or GHG intensity at portfolio level  
*[Examples: i) reduction in the average energy-intensity of the mortgage book by XYZ % / by XYZ kWh/m<sup>2</sup> ; ii) reduction in the average CO<sub>2</sub>-intensity of the auto loan book by XYZ % / XYZ grams/km; iii) etc.]*

**The effect of our work is indirectly linked to this measure. We have calculated GHG emissions in our portfolio and will set specific targets during 2020.**

- Reduction in financed emissions (reduction in Scope 3 portfolio-level emissions)

Please click here to insert the corresponding target, if applicable.

- Other: if applicable, please specify

Please click here to insert the corresponding target, if applicable.

## 5.2. Qualitative indicators

Please provide more details on the qualitative indicators you are using or will be using.

This measure is set in place to support customers and make them aware of their impacts. If a customer does not take adequate risk mitigation measures, the case may be passed up to the Sustainability Section for a professional assessment. We are, as mentioned in the first question, tracking to what extent sustainability is a part of the customer dialogue, by tracking forms filled out. We refused two loan applications for ESG reasons in 2019.

Further, all our employees have had training in relation to sustainability. As mentioned, Real Estate and Agriculture, are the sectors where our bank has the most significant impact. Therefore all our employees working with loan applications in these sectors have received and completed specific training related to this measure.

We track the forms filled out in the loan process and this gives an overview of the climate risk for each loan case.

## 5.3. Progress

Please outline the results already achieved (quantitative and/ or qualitative) and/or the corresponding targets, values and milestones.

Initially, we made forms for the sectors in our loan portfolio with the most impact potential, being Agriculture / Forestry and Corporate Real Estate / Real Estate Development. These are also the two largest sectors in our portfolio by volume. Later, these have been assessed and revised, and we have made assessments for the Retail sector, Industry sector, and a General form for other sectors.

We are monitoring the number of ESG-forms being filled out together with our corporate customers and the answers we get to see where we want to start new measures.

So far in excess of 300 forms have been filled out, the majority in the agriculture and forestry sector.