Reporting and Self-Assessment Template

Principles for Responsible Banking

SpareBank 1 Østlandet
2023

Reviewed version (V2) from September 2022
Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals’ needs and society’s goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model
Describe (high-level) your bank’s business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank’s portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

SpareBank 1 Østlandet is a regional savings bank which operates in Norway. Its market area is Eastern Norway, including Innlandet County. Loans to the Retail Market (RM) and the Corporate Market (CM) are the largest business areas, with RM accounting for 72 per cent and CM 28 per cent in 2022.

Retail Division
The Retail Division serves our 377 000 retail customers. The Bank provides the financial services our customers need through our core activities, which include savings, financing, money transfer services, insurance, accident prevention, and capital and investment management.

Corporate Division
The Corporate Division serves our 27 000 corporate customers, which are mainly small and medium-sized enterprises, the public sector, as well as clubs, teams and associations. An important part of the Bank’s contribution to society involves financing good projects that stimulate job growth and development, which in turn contributes to local prosperity in our market area and makes the region more attractive.

The Corporate Division offers financing for investments and operations, advice, money-transfer services in Norway and abroad, interest rate and currency hedging, investment of surplus liquidity, and insurance cover for people and commercial buildings and property. In much of what it does it works closely with the Retail Division and subsidiaries and associated companies that offer leasing, factoring, accounting and advisory services. The division has specialists within insurance, pensions and money transfer services.


P.46 for business areas and support functions, p.48 specifically for retail division and p.56 for corporate division.
In addition to banking, investment and insurance services, we also offer real estate, accountancy, leasing and other financial services through our subsidiary companies.

Organisation Market and Capital Market

The capital market division serves high-net-worth individuals and companies, providing good advice and solutions to achieve risk-adjusted returns on free capital. The Bank’s brokerage desk helps to ensure that the needs of import and export companies for foreign currency are met. It also helps customers identify a significant proportion of their currency and interest rate risk.

The organisation market (OM) serves the Norwegian Confederation of Trade Unions (LO) and LO affiliated associations and unions, which are important partners, owners, investors and customers. The department works closely with elected representatives in our market area in which the OM’s role is to highlight, present and train elected representatives and LO members in LO’s advantage programme, including LOfavør residential mortgages.

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

☑ Yes
☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

☑ UN Guiding Principles on Business and Human Rights
☑ International Labour Organization fundamental conventions
☑ UN Global Compact
☐ UN Declaration on the Rights of Indigenous Peoples

☒ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: The Bank is subject to the requirements of section 3-3(c) of the Accounting Act, which requires it to disclose information to the extent necessary to understand the Bank’s development, performance and financial position, as well as the consequences of the Bank’s activities in relation to the environment, social conditions, working environment, compliance with human rights and combating corruption and bribery.

☒ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: The Transparency Act, which entered into force in June 2022, requires the Bank to carry out due diligence assessments in line with the OECD Guidelines for Multinational Enterprises and to publish an account of the due diligence assessments by the end of June each year.

☐ None of the above
Sustainability is at the core of our corporate strategy, and is one of 4 main goals for the bank: Our vision for 2025 is that “We are a clear driving force for sustainable change”. In our efforts on sustainability, we are focusing on priority areas like responsible lending, combating economic crime, ethics and anti-corruption, requirements for providers of financial services, and ethical marketing of products and services. We are making the investments necessary to achieve the Bank’s long-term sustainability goals.

This means, for example, that our sustainability efforts are based on a research-based concept. We are contributing to sustainable transition in our market area by channelling capital into sustainable projects, and to the necessary transition to a sustainable and climate-neutral society. To succeed, we must also ensure that sustainability is an integral part of the Bank’s operations and that we are actively contributing to achieving the UN Sustainable Development Goals, both in customer-oriented work and in internal operations, including in our supply chains.

See our reporting from the annual report referenced in the right column. For an overview of our strategy see Sustainability Strategy document on our website. For an overview of how we are implementing sustainability in our business operations, see our policies available on our websites.


For in depth of our strategy, see Strategic vision for 2025 p.34. For our sustainability strategy see A clear driving force sustainable transition p.36 and Our approach to sustainability p.38


Implementation to our policies see our page: https://www.sparebank1.no/en/ostlandet/about-us/sustainability/guidelines-and-policies.html

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**Principle 2: Impact and Target Setting**
We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)
Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly\(^1\) and fulfil the following requirements/elements (a-d)\(^2\):

a) **Scope:** What is the scope of your bank’s impact analysis? Please describe which parts of the bank’s core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Geographical scope:
SpareBank 1 Østlandet operates in Norway with a market area in Eastern Norway and Innlandet county.

Business areas in scope of the impact analysis:
Lending to the retail division (RD) and the corporate division (CD) are the largest business areas, where RD accounts for approximately 75% and CD around 25% of the size of the lending portfolio (using financial numbers from 2021). In the impact analysis tool we have used accounting numbers from 2021 from the initial analysis conducted (Impact analysis 2021), but the composition and size of our business areas has remained relatively stable. With no significant changes to today’s composition or size, we can say with confidence that the incremental changes to 2022 numbers would not have a material impact on the scope nor conclusions of our impact assessment. This analysis has been carried out for the business areas RD and CD.

Scope of retail division:
RD serves our 377 000 retail customers. The Bank provides the financial services our customers need through our core activities which in the impact analysis tool consists of mortgages, credit cards, savings account, current accounts, education related loans and consumer loans & overdraft.

Scope of Corporate division:
CD serves our 27 000 corporate customers, which are mainly small and medium-sized enterprises, the public sector, as well as clubs, teams and associations. In the impact analysis we have analysed our main industries with Real estate activities, Financial service activities, except insurance and pension funding, Crop

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1 That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

2 Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](https://www.sparebank1.no/en/ostlandet/about-us/sustainability/guidelines-and-policies.html).


For more information on the size of our business areas see annual report p. 46

For a comparative view of how the size and composition of our portfolio has evolved during the years we have conducted the impact analysis see annual reports 2021 p.57 and 2020 p.57 found on our website: [https://www.sparebank1.no/en/ostlandet/about-us/sustainability/guidelines-and-policies.html](https://www.sparebank1.no/en/ostlandet/about-us/sustainability/guidelines-and-policies.html)
and animal production, hunting and related service activities, Construction of buildings, Forestry and logging, Electricity, gas, steam and air conditioning supply, Wholesale trade, except of motor vehicles and motorcycles, Specialised construction activities, Retail trade, except of motor vehicles and motorcycles. In total this consist of 88% of our Corporate portfolio. The remaining 12% are from various industries that would individually consist of far less than 1% of the portfolio, which in turn makes them irrelevant to the impacts analysed from the greater industries.

**b) Portfolio composition:** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope
- i) by sectors & industries\(^3\) for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank’s scale of exposure, please elaborate, to show how you have considered where the bank’s core business/major activities lie in terms of industries or sectors.

**Sectors and industries:** For the corporate market we have looked at which main industries we lend money to. The largest industries in our CD portfolio have been registered, which corresponds to 88% of the lending portfolio: Real estate activities (36%), Financial service activities, except insurance and pension funding (24%), Crop and animal production, hunting and related service activities (12%), Construction of buildings (9%), Forestry and logging (3%), Electricity, gas, steam and air conditioning supply (1%), Wholesale trade, except of motor vehicles and motorcycles (1%), Specialised construction activities (1%), Retail trade, except of motor vehicles and motorcycles (1%).

**Products and services:** Home loans / mortgages, credit cards, savings account, current accounts, education related loans and consumer loans and overdraft which is 100% of the Retail portfolio for the applicable products in the Impact analysis tool.

In addition, information from Statistics Norway has been entered on low, medium and high income distribution in the population in Norway.

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\(^3\) ‘Key sectors’ relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

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About the business p. 7
c) **Context:** What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank’s portfolio impacts into the context of society’s needs.

Understanding context is key to identifying our significant impact areas. The context part of the tool is to identify the level of need of the bank’s countries’ of operation vis a vis the 22 impact areas of the UNEP FI Impact Radar. The tool provides a predetermined need score which highlights the country’s need for change in a certain sustainability topic.

The result of this section is that all parameters receive a score from 1 (lesser need for change) to 4 (greater need for change). This part of the analysis shows that Norway has challenges especially with resource utilization (score 4), where a high energy consumption per inhabitant is particularly highlighted, and food (score 3) where the increase in obesity in the population is identified as a decisive factor. This provides a context for how we should prioritize our most significant impacts in our portfolio.

Dialogue and collaboration with various stakeholders are essential if the Bank is to achieve its ambitions and maintain its credibility and good reputation in society. Our key stakeholders, who are customers, owners, employees, authorities, investors and organisations, are all interested in how the Bank is addressing its social responsibility and contributing to a more sustainable world. Maintaining a good dialogue with stakeholders is important with respect to anchoring our work locally, regionally and internationally. In our dialogue with stakeholders we reevaluate among other things the most important impacts on people, the environment and society, reinforced with our impact analysis. See the full list of which stakeholders and excerpts from our interaction with them in our annual report p. 40 and 41.

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)? Please disclose.

From both Retail and Corporate divisions the significant impact areas were established based on the following considerations:
- impact areas with the highest levels of country needs
- impact areas associated with large parts of the bank’s portfolio

Context see p. 8, and more in depth description of selected sustainability topics see p. 13 and 14

Stakeholders see annual report p. 40 and 41.

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4 Global priorities might alternatively be considered for banks with highly diversified and international portfolios.
5 To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.
impact areas associated with countries and or sectors where the bank is a market leader

7 impact areas in total were recognized as significantly positive (+) and negative (-) impacts: food(+), housing(+), employment(+), resource efficiency(-), climate(+-), waste(-) and inclusive, healthy economies(+/). From these impact areas we decided to prioritize climate and resource efficiency as it is two areas with a high country need for change, especially resource efficiency, and both impact areas are recognized as significant negative impacts from both our business divisions.

| d) For these (min. two prioritized impact areas): **Performance measurement**: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank’s context.  
In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank’s current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank’s activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.  
If your bank has taken another approach to assess the intensity of impact resulting from the bank’s activities and provision of products and services, please describe this.  
The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact. |
| Our two prioritized sustainability topics are Climate and resource efficiency. We address our most significant impacts through our work within responsible lending: from our materiality assessment along with our impact analysis we have identified 5 strategic initiatives to address the sectors with the most significant negative impacts:  
- Retail Division: Greener buildings and responsible consumption  
- Corporate Division: Greener buildings/construction and greener agriculture  
- We also have an overarching strategic initiative for net zero greenhouse gas emissions in 2050 where we comply with our commitment to Net Zero Banking Alliance  
In our annual report we describe how we measure and address the impacts on climate and resource efficiency. Extensive work is put in measuring our performance on climate: see references in the right column. See also annex 1 in this report for details.  
Our work on climate is the most mature of the two impact areas, but we have recognized the distinct connection between reduction in greenhouse gases and better utilization of... |
resources in the economy. The reporting on these impacts will reflect this, e.g. our work on measuring and reducing energy consumption in buildings or financing reductions in nitrogen and phosphorus in our agriculture portfolio.

We have started to map our impact on resource use in our Corporate division’s portfolio in 2022, but the work is still in its early stages. The data gathering from our customers (mostly SME’s and agriculture) is still a major challenge in regards to measure this impact in detail, but our report on impacts on nature maps out resource use in the most significant industries on an aggregate level. For real estate the most significant driver for resource use is the material footprint. The Nature report shows that Norway has a 21.6 tonnes per year per capita footprint in raw material use. This will have to be reduced by 76% to 5.2 t. in order to be in line with the planetary boundaries by 2030. For agriculture it is phosphorous and nitrogen footprint which are both above the planetary boundaries in a Norwegian context. The phosphorous balance in Norway rests at 8.5 Kg P per year per capita, and has to be reduced by 90% to 0.8KG P by 2030. Nitrogen must be reduced 30% from 12.1 KG N to 8.4 KG N.

See our annual report 2022:

For measurement and performance on climate and resource efficiency see Responsible lending retail division (p.52) and Corporate division (p.59). We have several appendices that includes our climate performance:

Energy and climate in our business operations, and science based targets p.226; Share of green loans and greenhouse gas emissions in the loan portfolio p.232; Responsible lending within liquidity management p.242; Greenhouse gas emissions in funds p.244; Total greenhouse gas emissions and zero-emission reporting – NZBA p.248; Taxonomy-related disclosures p.252
Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?6

<table>
<thead>
<tr>
<th>Component</th>
<th>Yes</th>
<th>In progress</th>
<th>No</th>
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<tr>
<td>Scope</td>
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<td>Portfolio composition</td>
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<td>Context</td>
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Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

*Climate change mitigation, resource efficiency & circular economy,*

How recent is the data used for and disclosed in the impact analysis?

☒ Up to 6 months prior to publication
☐ Up to 12 months prior to publication
☐ Up to 18 months prior to publication
☐ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: The data input to the impact analysis is from early 2022 where we used the Impact analysis tool v2. There haven’t been significant changes in the context, portfolio composition or country needs meanwhile, so we have postponed the adoption of the v3 of the tool. Our performance measurement is updated from the latest reporting period and reflects the continuous work we put in to identify and address our most significant impacts. This means that we measure our portfolio’s climate impact for each year (climate report), and we have started to map performance on key impact areas within the use of natural resource use on an aggregate level (nature impact report), which defines our performance measurement. What we measure, we can manage.

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6 You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.
### 2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

**a) Alignment:** which international, regional or national policy frameworks to align your bank’s portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

We have used the method developed by the Science Based Targets initiative (SBTi) to set science based targets for reducing greenhouse gas emissions to zero by 2050. This is the main goal that guides our sustainability work and mitigates our two most significant impacts, climate and resource efficiency. In order to achieve this goal our overarching net zero kpi is the share of green loans in the portfolio. The KPI for this strategic period is that the green share shall be 21.3 per cent in 2025. This translates to two main targets for our two business areas from the scope of this analysis:

**The mortgage portfolio (retail division):**  
Green share 2025 target: 20 per cent of total mortgages must be green.

**The corporate portfolio:**  
Green share 2025 target: 18 per cent of total corporate market loans must be green.

A) The UN Sustainable Development Goals (SDGs) provide the framework for the Bank’s global initiative. SpareBank 1 Østlandet has identified seven SDGs that are especially relevant to our operations. They are in areas where the Bank has significant risk and an opportunity to have an impact in a positive or negative direction. The SDGs are integrated into our daily work. Other commitments that drives alignment towards the SDGs and international climate goals are the UN Global Compact, UNEP FI Net Zero Banking Alliance, The Collective Commitment to Climate Action and The European Climate Pact.

The work is rooted in the climate targets in line with the goals set in the Paris Agreement and the UN Intergovernmental Panel on Climate Change, as well as Norway’s Climate Act, where the...
Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank’s targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

The science based targets for our retail division is based on Retail Division’s goals for 2025 and 2030 and uses SBTi’s method as a starting point. This is a ‘well below 2ºC pathway’ because SBTi has not yet developed a 1.5ºC pathway for residential buildings: the reductions are relatively small in the first few years before the emissions are reduced more quickly from around 2030. This means that the Bank is not adhering to SBTi’s ambitions in the first few years, but the CO2 reduction from the housing mortgage portfolio will increase all the more from 2030 onwards. The measures that have already been planned show that the loan portfolio is projected to be 0.76 kgCO2e/m2 off the target of zero emissions in 2050. This means that the measures we have are largely adequate but that we must, nevertheless, keep working on strengthening the customer-related measures to some extent in order to cut emissions related to homes. See the graph for net zero by 2050 in our annual report p. 233.

For the Corporate Division’s credit portfolio we have set a goal that from 2020 to 2030 there must be a minimum 42 per cent cut in total emissions. This corresponds to an annual reduction of 4.2 per cent of the 2020 level and is in line with the level of ambition of the SBTi of reducing emissions to 1.5ºC. Projections of total emission pathways for the Corporate Division by industry can be seen in the graph on page 237 in our annual report. The overview shows an increase from 2021 to 2022, mainly due to high lending growth in the Corporate Division’s portfolio.

b) **Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

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7 Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank’s targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.
If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

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<tr>
<th>Impact area</th>
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<th>Response</th>
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In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Mortgage portfolio: 2020 base year for total emissions 21 244 tCO2e, and a carbon intensity to 5.37 kgCO2e/m2. In 2022 our emission were 18 673 tCO2e and carbon intensity 5.06

Corporate market portfolio: 2020 base year for total emissions 221 609 tCO2e, carbon intensity 6.49 kgCO2e/milli.NOK. The emissions for 2022 are estimated to be 248 660 tCO2e. This represents an increase in direct emissions of 7 per cent. The main explanatory factor for this increase is lending volume. Emission intensity is reduced to 5.67 tCO2e/NOK million in loans.

For resource efficiency baseline we are working on getting better data input to measure our impact and baseline for a quantitative reduction in our portfolio. In this reporting period we only started with a qualitative analysis on an aggregate level. However we believe that there is a significant link between resource efficiency and climate impact. Thus, an increased effort in resource efficient actions will have an impact on achieving the targets for climate where we have a more mature data collection. An example is our work on our agriculture portfolio where our expanded green loans are closely connected to better resource management on the farm, ultimately reducing the climate footprint of our portfolio and fosters a more circular approach for our customers. Still, an important indicator to work from is the amount of green loans we have in the agriculture portfolio, and by how many of our agriculture customers that have established a climate action plan for their farm in order to reduce resource input on the farm. Another important measure for resource efficiency is the climate footprint from material used in construction projects that we finance. See nature report referenced in the right column for more information on resource


Share of green loans and greenhouse gas emissions in the loan portfolio p.232


Nature report:
- Material footprint p.7
- Phosphorous footprint p.12
- Nitrogen footprint p.13

Climate report:
- Climate footprint, mortgage portfolio p.14
- Corporate portfolio p.16
SMART targets (incl. key performance indicators (KPIs))

Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

We have used the method developed by the Science Based Targets initiative (SBTi) to set science based targets for reducing greenhouse gas emissions to zero by 2050. This is the main goal that guides our sustainability work and mitigates our two most significant impacts, climate and resource efficiency.

Overarching net zero KPI is the share of green loans in the portfolio and is the main target we measure success for both sustainability themes Climate and Resource Efficiency. Our bond framework defines what is considered a green asset in this regard. This is published on our website. Here you will also find Cicero’s second-party assessment and an assessment in relation to the EU Taxonomy. Goal attainment within ‘responsible lending’ is measured using an overarching key performance indicator (KPI), which shows the green share of total lending. The KPI for this strategic period is that the green share shall be 21.3 per cent in 2025. This is divided into annual goals. The goal for 2022 was 16.9 per cent. We ended on 17.2 per cent, reaching our target this year.

In order to achieve the overarching green KPI we break it down to the mortgage portfolio for retail market and various industries from the corporate market that has an significant impact on the themes climate and resource efficiency.

The mortgage portfolio (retail division):
Green share 2025 target: 20 per cent of total mortgages must be green.

The KPI’s here tackle energy efficiency which is a driver for both our significant themes climate and resource efficiency. A greener home helps reduce energy consumption and protect long-term assets for both customers and the Bank through lower energy costs and less need for upgrading, as well as by making homes more attractive when they are sold.

* Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.
The corporate portfolio:

Green share 2025 target: 18 per cent of total corporate market loans must be green.

There is also a duality between climate and resource efficiency for the corporate portfolio. Energy efficiency and renewable energy is at the core of the green projects. Our targets:

Commercial buildings (rental):
• At least 40 per cent of the commercial buildings in our portfolio must be ‘green’ (as defined by our green bond framework) by the end of 2025 and 50 per cent by the end of 2030. Broken down into annual goals. Goal for 2022: 29.4%.

Renewable energy:
• 100 per cent of the renewable energy portfolio must be ‘green’ (as defined by our green bond framework).
• The share of lending to the renewable energy industry (small-scale hydro, solar, wind and geothermal power) must be increased by 50 per cent measured against the same share of the Corporate Division’s loan portfolio as at 31.12.2021.

Agriculture:
• At least 1 per cent of the agricultural portfolio must be ‘green’ (as defined by our green bond framework) by the end of 2025. Broken down into annual goals. Goal for 2022: 0.4%.
• 80 per cent of our agriculture customers have started using the climate calculator, received climate advice and established a climate action plan for their farm (data collection will start in 2023).
• 25 per cent of our agriculture customers who have established a climate action plan have implemented measures in line with this action plan. To provide an incentive to do this, the Bank must:
  • Have granted and paid out green agriculture loans to at least 100 customers by the end of 2025 (target will be increased in 2023).
The action plans from the strategic initiatives which encompass both climate impact and resource efficiency is a direct contributor to this target for a green portfolio. More specific for resource efficiency, we want increase our green portfolio in agriculture to 1% of total agriculture portfolio by 2025. As we still don’t have a clear definition of what can be considered a green farm, we measure what we define from our green bond framework as green activities (and resource efficient activities), thus a large volume of green investment compared to the whole portfolio can’t be expected here yet. We also have resource efficient targets for construction projects. By no later than the beginning of 2025, greenhouse gas accounts must be published for loans financed by the Corporate Division for emissions from materials (produced in accordance with recognised regulations) for all construction projects (where the law stipulates that such accounts must be produced). And by no later than the beginning of 2025, we must require a 20 per cent reduction in greenhouse gas emissions (in relation to the average building in 2021) from materials in construction projects that we finance.

**d) Action plan:** which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

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<thead>
<tr>
<th>Strategic initiatives for net zero in 2050, Retail division (Greener buildings and responsible consumption) and Corporate division (greener buildings and agriculture) is where the significant impacts are being addressed. The action plans with corresponding milestones (which are used interchangeably as the KPI’s green share of total lending as reported in c)smart targets) for how to achieve a greener portfolio can be found in their respective chapters (annual report 2022).</th>
</tr>
</thead>
</table>

In order to achieve the kpi’s / milestones listed under c) SMART targets we have three important tools: exclusion policy, due diligence assessments / dialogue and green loans. Execution of these tools will address our two impact areas climate and

See targets for the strategic initiatives on p.38 our approach to sustainability. Retail division, p.52 Corporate division, p.59

https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/omoss/investor/2023/ost-
resource efficiency: exclusion policies and due diligence assessment will decrease the “brown” share of our lending portfolio, while green loans incentivize green transition for our customers, thus increasing green share.

Exclusion policy:
The bank does not provide loans to, among others: Fossil energy – coal, oil or gas • Nuclear power • Mining • Using timber obtained from parties that fell illegally, sell illegally felled timber or engage in deforestation and/or the destruction of tropical rainforests, remove primary forest or protected forests (see full list annual report p. 64).

Due diligence assessment / dialogue:
We assess new customers against our ‘Guidelines for corporate social responsibility and sustainability for the corporate market’
The corporate market had a dialogue about sustainability with almost all the customers who applied for financing in 2022 and we conducted thorough sustainability analyses of around 710 loan applications. This represents approximately 46 per cent of all customers who submitted a loan application in 2022 for more than NOK 1 million. 20 per cent of customers have an earlier analysis that is not older than 1.5 years and is still valid. This is higher than in 2021.

• 46 % Thorough sustainability analysis
• 20 % Thorough sustainability analysis from before
• 34% Basic dialogue on sustainability

We also assess the customer’s knowledge, motivation and plans, as well as clarify any measures that have been implemented to contribute to the green transition. Raising the awareness of customers and encouraging them to implement sustainable changes are important elements of the dialogue with customers. In this way, we also illustrate the business opportunities offered by the sustainable transition.

The green loans:
To realize the opportunities in the green transition our most important tool emerges as green loans incentivize our customers to increase their focus on climate mitigation and adaptation, while also focusing on using resources in a more effective and sustainable way. Our green loans are closely linked with our green bond framework, thus directly contributing to our green kpi’s linked above.

The largest emissions from properties occur during construction. Therefore, it is important to take care of and update the existing
building stock. In 2022, we established a green product for energy efficiency measures in commercial properties already in our loan portfolio. We have also established a green loan for newer commercial buildings with extra high climate standards and a loan for solar panels for commercial buildings.

In 2022, we added more purposes for our agriculture loans. The product is designed to finance measures in line with the Agricultural Climate Action Plan. We require customers to start using the climate calculator and encourage customers to receive climate advice and establish a climate action plan for their farm. Measures we can finance include equipment for eco-friendly operations, better resource utilisation of factor inputs, renewable energy production, phasing out non-renewable energy or other measures such as improving soil health or animal welfare.

### Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your…

<table>
<thead>
<tr>
<th></th>
<th>… first area of most significant impact: climate mitigation</th>
<th>… second area of most significant impact: resource efficiency</th>
<th>(If you are setting targets in more impact areas) … your third (and subsequent) area(s) of impact: … (please name it)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alignment</td>
<td>☒ Yes</td>
<td>☒ Yes</td>
<td>☐ Yes</td>
</tr>
<tr>
<td></td>
<td>☐ In progress</td>
<td>☐ In progress</td>
<td>☐ No</td>
</tr>
<tr>
<td></td>
<td>☐ No</td>
<td>☐ No</td>
<td>☐ No</td>
</tr>
<tr>
<td>Baseline</td>
<td>☒ Yes</td>
<td>☒ Yes</td>
<td>☐ Yes</td>
</tr>
<tr>
<td></td>
<td>☐ In progress</td>
<td>☐ In progress</td>
<td>☐ No</td>
</tr>
<tr>
<td></td>
<td>☐ No</td>
<td>☐ No</td>
<td>☐ No</td>
</tr>
<tr>
<td>SMART targets</td>
<td>☒ Yes</td>
<td>☒ Yes</td>
<td>☐ Yes</td>
</tr>
<tr>
<td></td>
<td>☐ In progress</td>
<td>☐ In progress</td>
<td>☐ No</td>
</tr>
<tr>
<td></td>
<td>☐ No</td>
<td>☐ No</td>
<td>☐ No</td>
</tr>
<tr>
<td>Action plan</td>
<td>☒ Yes</td>
<td>☒ Yes</td>
<td>☐ Yes</td>
</tr>
<tr>
<td></td>
<td>☐ In progress</td>
<td>☐ In progress</td>
<td>☐ No</td>
</tr>
<tr>
<td></td>
<td>☐ No</td>
<td>☐ No</td>
<td>☐ No</td>
</tr>
</tbody>
</table>
2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank’s progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

A new sustainable strategy is set from 2022-2025 where sustainable transition is one of 4 main goals for the bank.

The strategic initiatives form RD and CD all have comprehensive reporting on goal attainment in our annual report. Same applies for the overarching KPI on green assets which is disclosed in quarterly reports and the annual report. See p.38 in our annual report for the overview of our reporting structure and implementation.

We also have comprehensive climate reporting in our annual report, both for the mortgage portfolio and corporate market where estimated climate footprint is measured and compared to SBTi net zero goals. See graphs and expleanations referenced in the right column (p.232).

Here are goal attainments from previous periods:

The KPI for this strategic period is that the green share shall be 21.3 per cent in 2025. The goal for 2022 was 16.9 per cent. We ended on 17.2 per cent, reaching our target this year

Retail division: By the end of the strategy period (2025), 20 per cent of the loan portfolio must be ‘green’, and by the end of 2022 the share was 18.1 per cent. The Retail Division is regarded as being well on track to achieving the 2025 goal.

Corporate division: increase the green share of the corporate market portfolio from 12.9 per cent in 2021 to 18 per cent in 2025. This includes loans transferred to Næringskreditt. The goal for 2022 was 13.9 per cent. The result was 12.5 per cent. This is how we perform in the key industries (see detailed info in annual report p.60-63):

In our annual report: See our goal achievement for the strategic initiatives on p.38 our approach to sustainability.
Retail division, p.52
Corporate division, p.59
‘Proportion of green loans and greenhouse gas emissions in the loan portfolio’ p.232


Quarterly reports can be found here: https://www.sparebank1.no/en/ostlandet/about-us/investor/reports.htm
### Commercial buildings:

<table>
<thead>
<tr>
<th>Goal for the area</th>
<th>At least 40% of the commercial buildings in our portfolio must be green by the end of 2025 and 50% by the end of 2030, broken down into annual goals. Goal for 2022: 20.4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measurement parameter</td>
<td>Green share of commercial buildings measured in lending volume.</td>
</tr>
<tr>
<td>Goal attainment</td>
<td>2022</td>
</tr>
<tr>
<td></td>
<td>20.4%</td>
</tr>
</tbody>
</table>

### Agriculture:

<table>
<thead>
<tr>
<th>Goal for the area</th>
<th>At least 1% of the agricultural portfolio must be green by the end of 2025, broken down into annual goals. Goal for 2022: 0.4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measurement parameter</td>
<td>Green share of agriculture portfolio measured in lending volume.</td>
</tr>
<tr>
<td>Goal attainment</td>
<td>2022</td>
</tr>
<tr>
<td></td>
<td>✓ 0.4%</td>
</tr>
</tbody>
</table>

### Forestry:

<table>
<thead>
<tr>
<th>Goal for the area</th>
<th>100% of the forest portfolio must be green.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measurement parameter</td>
<td>Green share of forestry portfolio measured in lending volume.</td>
</tr>
<tr>
<td>Goal attainment</td>
<td>2022</td>
</tr>
<tr>
<td></td>
<td>✓ 100%</td>
</tr>
</tbody>
</table>

### Renewable energy:

<table>
<thead>
<tr>
<th>Goal for the area</th>
<th>100% of the renewable energy portfolio must be green.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measurement parameter</td>
<td>Green share of renewable energy portfolio measured in lending volume.</td>
</tr>
<tr>
<td>Goal attainment</td>
<td>2022</td>
</tr>
<tr>
<td></td>
<td>✓ 100%</td>
</tr>
</tbody>
</table>
Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?

☑ Yes  ☐ In progress  ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☑ Yes  ☐ In progress  ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. It should include information on relevant policies, actions planned/implemented to support clients’ transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

We prioritise the business areas and topics that have been highlighted by our materiality and impact analysis (see previous pages). We have five material sustainability topics. From among these we have chosen in the current strategy period to focus in particular on responsible lending. Lending is the Bank’s biggest business area and where we have the greatest potential impact.

During the year, the Retail Division increased its focus on sustainability, including by developing more green products and services. The Bank’s impact analysis shows that the Retail Division has a negative impact on resource utilisation and resource security. Much of this negative impact relates to housing, both the construction of new ones and the expenditure of resources on existing homes. Another element is about responsible consumption, and here the Bank has great opportunities to encourage customers to move in a more sustainable direction. The circular mindset of reusing and repairing rather than discarding and buying new may lead to lower customer consumption and more saving. Two strategic initiatives spring out from RD to help our customers with their climate and resource impacts: Greener buildings and responsible consumption.

See our annual report 2022:

A clear driving force for sustainable transition p.36-39

Our client engagement retail market p.52, corporate market p.59 and asset management p.70

Our guidelines for the specific business areas:
A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

The main thing for the corporate market is to focus on resource utilisation and greenhouse gas emissions when it comes to both reinforcing positive impacts and reducing negative impacts. Based on the impact analysis, our greatest focus is on real estate (commercial buildings for rent and development) and agriculture industries. We use a number of measures to encourage customers to make sustainable changes, including:

- Excluding certain industries, as well as business practices with major negative impacts.
- Analysing sustainability risk and opportunities when processing applications for loans and credit facilities.
- Offering products or measures that encourage green restructuring.
- Requiring proof of improvement of energy efficiency and/or reduction of greenhouse gas emissions.

The Bank does not manage any funds of its own, instead we distribute a wide range of mutual funds provided by recognised portfolio managers. 2022 was the first year of a new strategy period and we have set ourselves ambitious goals for ESG in the area of mutual funds for the period up to 2025. The fact that an increasing proportion of fund capital is being channelled into funds with increasingly stricter ESG requirements is an important contributing factor.

### 3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Goal attainment within 'responsible lending' is measured using an overarching key performance indicator (KPI), which shows the green share of total lending. The KPI for this strategic period is that the green share shall be 21.3 per cent in 2025. This is divided into annual goals. The goal for 2022 was 16.9 per cent. We ended on 17.2 per cent, reaching our goal. We have several strategic initiatives designed to achieve our main strategic goal.

New financial products from the Corporate market: In 2022, we established a green product for energy efficiency measures in commercial properties already in our loan portfolio. We have also established a green loan for newer commercial buildings with extra high climate standards and a loan for solar panels for commercial buildings. We added more purposes for our agriculture loans. The product is designed to finance measures in line with the Agricultural Climate Action Plan.

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8 A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

10 Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.
Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?

☒ Yes ☐ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Dialogue and collaboration with various stakeholders are essential if the Bank is to achieve its ambitions and maintain its credibility and good reputation in society. Our key stakeholders, who are customers, owners, employees, authorities, investors and organisations, are all interested in how the Bank is addressing its social responsibility and contributing to a more sustainable world. Maintaining a good dialogue with stakeholders


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11 Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations
| **is important with respect to anchoring our work locally, regionally and internationally.** | **Stakeholder map and stakeholder engagement p.40 & 41** |
Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?
☒ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about:

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Responsibilities and the Sustainability Committee:
The Board of Directors bears overall responsibility for the Bank’s sustainability work, see the Board of Directors’ Report, p. 110. Responsibility for delivering on targets is delegated to the relevant executive vice presidents, and quarterly reports are sent to Group Management and forwarded to the Board of Directors.

The chair of the committee is Siri J. Strømmevold (born 1961) Chair, lives in Tynset. Strømmevold is a qualified computer engineer. She is currently the general manager of Tynset Bokhandel. Strømmevold was elected to the Board in 2006. Chair of the Board since 2012.

The Board gets oversight over PRB and sustainability implementation quarterly, where sustainability is integrated as all other goals and targets, and is being reported on similarly.

The Bank has a Sustainability Committee with oversight of our comprehensive efforts on sustainability and acting as an advisory body for Group Management. The committee is made up of representatives from 12 different departments. Everyone on the committee plays a strategic role in the work on sustainability, such as Heads of Credit for the Corporate Division and Retail Division, Chief Compliance Officer, Head of Marketing, Head of Products and Solutions and Head of Capital Markets. The committee is


Information about the board of directors p.104
Board of Directors’ Report p. 110
Our strategic vision for 2025: We are a clear driving force for sustainable transition, p.35
Chapter: A clear driving force for sustainable transition, p.36 &37
chaired by the Bank’s Head of Sustainability and had 11 meetings in 2022.

There is no remuneration practices linked to targets or based on performance indicators. The Bank has a pay system where remuneration for all positions is based on fixed pay only – without variable items. The purpose of this is to stimulate long-term thinking and not give employees incentives to influence customers or make decisions that promote their own interests at the expense of customers’ interests. See our policy document for remuneration p.2-3.

The board and management group have established a number of policies and strategy documents that describe how the bank works with sustainability and manage impacts in all its business areas. These policies can be found on our website, as referenced in the right column here.

5.2 Promoting a culture of responsible banking:
Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

We have comprehensive training regime closely linked with our material sustainability topics. See different training activities under each reported material topic in the annual report.
5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Due diligence assessments and credit ratings

We assess new customers against our ‘Guidelines for corporate social responsibility and sustainability for the corporate market’. Assessments of new customers particularly focus on:

- industries and types of activities we do not wish to finance
- risk of breaches of working environment and labour rights
- breaches of human rights, risk of statutory non-compliance, including economic crime and money laundering

We have rejected requests for financing from a significant number of customers in 2022 based on sustainability assessments. The reason is usually industry-related challenges related to social conditions for employees and money laundering risk or inadequate fulfilment of information requirements related to our anti-money laundering routines. These primarily involved smaller enterprises that applied online.

The corporate market had a dialogue about sustainability with almost all the customers who applied for financing in 2022 and we conducted thorough sustainability analyses of around 710 loan applications. This represents approximately 46 per cent of all customers who submitted a loan application in 2022 for more than NOK 1 million. 20 per cent of customers have an earlier analysis that is not older than 1.5 years and is still valid. This is higher than in 2021.

We also have several policy documents describing how we address environmental and social risk.


Corporate Division p.59

Our policies can be found here: https://www.sparebank1.no/en/ostlandet/about-us/sustainability/guid elines-and-policies.html

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank’s governance system?

☑ Yes ☐ No

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12 Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.
Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

- ☒ Yes
- ☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

- ☒ Yes
- ☐ In progress
- ☐ No
# Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society’s goals.

<table>
<thead>
<tr>
<th>6.1 Assurence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?</td>
</tr>
<tr>
<td>☒ Yes ☐ Partially ☐ No</td>
</tr>
</tbody>
</table>

If applicable, please include the link or description of the assurance statement.

<table>
<thead>
<tr>
<th>Response</th>
<th>Links and references</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6.2 Reporting on other frameworks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does your bank disclose sustainability information in any of the listed below standards and frameworks?</td>
</tr>
<tr>
<td>☒ GRI ☐ SASB ☒ CDP ☐ IFRS Sustainability Disclosure Standards (to be published) ☒ TCFD ☒ Other: PAI</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>6.3 Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis(^\text{13}), target setting(^\text{14}) and governance structure for implementing the PRB)? Please describe briefly.</td>
</tr>
</tbody>
</table>

| More focus on engaging our clients regarding resource efficiency and circular economy. |

\(^{13}\) For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

\(^{14}\) For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.
| Data gathering and portfolio analysis will have a growing importance |  |
6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

☐ Embedding PRB oversight into governance
☐ Gaining or maintaining momentum in the bank
☐ Getting started: where to start and what to focus on in the beginning
☐ Conducting an impact analysis
☐ Assessing negative environmental and social impacts
☒ Choosing the right performance measurement methodology/ies
☐ Setting targets
☐ Other: …

If desired, you can elaborate on challenges and how you are tackling these:
A set of indicators has been produced for the impact areas of climate mitigation and financial health & inclusion. These indicators will support you in your reporting and in showing progress against PRB implementation. Banks are expected to set targets that address minimum two areas of most significant impact within the first four years after signing the PRB. That means that Banks should ultimately set targets using impact indicators. Acknowledging the fact that banks are in different stages of implementation and on different levels of maturity and therefore might not be able to report on impact from the beginning, a Theory of Change approach has been used to develop the set of indicators below. The Theory of Change shows the **pathway to impact** and considers the relationship between inputs, actions, outputs, and outcomes in order to achieve impact. The Theory of Change for climate mitigation can be found [here](#), the Theory of Change for financial health & inclusion can be found [here](#).

**How to use**: Both practice (action, outcome and output) and impact performance need to be understood because practice is the conduit for achieving desired impacts (including targets). The Theory of Change allows to identify metrics and set targets which align with a bank’s maturity. The indicators below are all connected to a bank’s impact and can be considered as steps towards measuring impact. Some of the practice indicators (on the action, output, and outcome levels respectively) are connected to portfolio composition and financial targets (highlighted in green) or to client engagement targets (highlighted in blue), which enable your overall target. If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex to measure your performance and baseline. Once you have set the target, you can use the indicators as guidance for your action plan as well as defining Key Performance Indicators (KPIs) which you can then use to measure progress against the set targets.

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15 It is not required from banks to work with the Theory of Change concept internally. In fact, the Theory of Change has been used to structure the requirements of setting SMART targets using relevant indicators.

16 Financial targets also aim for real economy outcomes but are not directly expressed as such. Instead, they are expressed with financial indicators and metrics, e.g., to redirect flows of lending and investments to sectors, activities or projects aligned with SDGs and/or related to the selected impact area. Banks can also set financial targets related to specific types of customers e.g., low-income customers or female entrepreneurs.

17 Client engagement targets involve engaging relevant clients and customers to enable your overall target. The purpose of client engagement is to support clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

18 You might not be able to report on all indicators and/or levels of practice (i.e. from left to right), in which case you should report on all applicable indicators on the respective level of practice no matter if it is an action, output or outcome indicator.
For Signatories of the Net-Zero Banking Alliance: please report on the climate targets set as required in the Guidelines for Climate Target Setting. As a member of the Alliance, you are required to publish first 2030 targets for priority sectors within 18 months and further sectoral targets within 36 months after signing. You can use the PRB template to disclose the required climate target information if its publication date is in line with the committed NZBA timeframe.

For Signatories of the Collective Commitment to Financial Health & Inclusion: please report on financial health and/or financial inclusion targets set as required in the Financial Health and Inclusion Commitment Statement. As a signatory to the Commitment, you have agreed to set a SMART ambitious target within 18 months after signing. To facilitate your process, please refer to the Guidance on Target Setting for Financial Health and Inclusion and the Core Indicators to measure financial health and inclusion. Keep in mind that signatories of the Commitment are encouraged to measure as many indicators as possible from the Core Set or their equivalent to be able to set a SMART impact driven target.
### Impact area

<table>
<thead>
<tr>
<th>Practice(^{19}) (pathway to impact)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Action indicators</strong></td>
</tr>
<tr>
<td>A. Climate change mitigation</td>
</tr>
<tr>
<td>A.1.1</td>
</tr>
<tr>
<td>A.2.1</td>
</tr>
<tr>
<td>A.3.1</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

**Impact\(^{20}\)**

- **A.4.1** Reduction of GHG emissions: how much have the GHG emissions financed been reduced?
  - PCAF calculation retail division:
    - Carbon intensity (kgCO2e/m2) baseline year 2020: 5.37 2022: 5.06
    - Total emissions (tCO2e) baseline year 2020: 21 244 2022: 18 673
  - PCAF calculation Corporate division:
    - Carbon intensity (kgCO2e/mill.NO K) baseline year 2020: 6.49 2022: 5.67
    - Total emissions (tCO2e) baseline year 2020: 221 609 2022: 248 660

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\(^{19}\) Practice: the bank’s portfolio composition in terms of key sectors, its client engagement, and its relevant policies and processes, and, if applicable, its advocacy practices

\(^{20}\) Impact: the actual impact of the bank’s portfolio
<table>
<thead>
<tr>
<th>A.1.2</th>
<th>Paris alignment target: Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes; Our ambition is net zero by 2050. We started measuring climate footprint with our current methodology from the 2020 reporting which marks our emissions baseline. We will be aligned according to the SBTI targets for greenhouse gas reductions to limit global warming to 1.5°C or at least 2°C.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>A.2.2</th>
<th>Absolute financed emissions: What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or investment portfolio?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total emissions for 2022 were estimated to be 268,036 tCO2e.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>A.3.1</th>
<th>Financial volume lent to / invested in carbon intensive sectors and activities and transition finance: How much does your bank lend to / invest in carbon-intensive sectors and activities? How much does your bank invest in transition finance?</th>
</tr>
</thead>
<tbody>
<tr>
<td>From the definition of the climate target setting guidelines we have these relevant high emitting sectors (percentage of total lending portfolio): Agriculture (4% including forestry) Commercial real estate (14%) Residential real estate (72.7%)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>A.4.2</th>
<th>Portfolio alignment: How much of your bank’s portfolio is aligned with Paris (depending on the target set [A.1.2] either 1.5 or 2 degrees)?</th>
</tr>
</thead>
<tbody>
<tr>
<td>We have estimated portfolio alignment based on Retail Division’s goals for 2025 and 2030 and use SBTI’s method as a starting point. This is a ‘well below 2°C pathway’ because SBTI has not yet developed a 1.5°C pathway for residential buildings. Total tCO2e by 2050: 5,080. SBTI pathway: 2,596. Portfolio alignment Retail: 51%</td>
<td></td>
</tr>
</tbody>
</table>

21 A list of carbon-intensive sectors can be found in the Guidelines for Climate Target Setting.
22 Transition finance is defined as financing the transition towards a low-carbon future in alignment with the Paris climate goals. It entails any form of financial support for non-pure play green activities to become greener and reduce emissions.
<table>
<thead>
<tr>
<th>A.1.3</th>
<th>Policy and process for client relationships: has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients’ activities and business model?</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.2.3</td>
<td>Sector-specific emission intensity (per clients’ physical outputs or per financial performance): What is the emission intensity within the relevant sector?</td>
<td>Mortgage portfolio: 5.06 kgCO2e/m2  Corporate portfolio: 5.67 tCO2e per NOK million  Some specific sectors in the corporate portfolio (tCO2e per NOK million):  Agriculture: 31.2  Forestry: 10.9  Commercial services: 8.6  Wholesale and retail trade: 7.1  For the whole list of sectors, see annual report p.235</td>
</tr>
</tbody>
</table>
| A.1.4 Portfolio analysis: | **Yes:**
Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?
Using the PCAF-method we have estimated the climate footprint of both the corporate portfolio and the mortgage portfolio. |
| --- | --- |
| A.2.4 Proportion of financed emissions covered by a decarbonization target: | **100% of our lending portfolio targets a net zero emissions by 2050**
What proportion of your bank’s financed emissions is covered by a decarbonization target, i.e. stem from clients with a transition plan in place? |
| A.1.5 Business opportunities and financial products: | **Yes:**
Has your bank developed financial products tailored to support clients’ and customers’ reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?
We have green financial products mainly linked with our strategic initiatives in our most high emitting sectors: Residential real estate, commercial real estate and agriculture.
Our green bond framework defines what we consider to be a green activity / asset which we measure as a central kpi for our sustainability work. In 2022 we had a 17.2% green share of total lending. Our financial products helps our customers on a sustainable... |
transition and thus increase our green share.
Annex 2 Statement by the management

On behalf of the management of SpareBank 1 Østlandet we have approved the 2022 self-assessment report, which details our reporting on the principles for responsible banking, developed by UNEP FI (United Nations Environment Program Finance Initiative).

By applying the self-assessment template, published by UNEP FI PRB in September 2022, we disclose the actions undertaken in order to progress our work on the 6 principles we have committed to. This ensures our reporting remains accurate, balanced and transparent which is crucial for a more sustainable banking sector.

Hamar, May 2023

[Signature]

Chief Executive Officer
Richard Heiberg

[Signature]

Head of Sustainability
Karoline Bakka Hjertø