

Sustainability Impact Analysis SpareBank 1 Østlandet 2023

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Summary

In 2019, the UN Environment Programme for the Financial Sector (UNEP FI) launched the Principles for Responsible Banking (PRB).¹ The purpose of the principles is to ensure that the banking sector is a driving force behind the UN Sustainable Development Goals and the objectives of the Paris Agreement. SpareBank 1 Østlandet was a founding signatory and actively involved from the start. A part of the work on this initiative involved the development of an impact analysis that shows the banks where they have major positive and negative impacts on sustainability topics.

SpareBank 1 Østlandet operates exclusively in Norway, more specific in Innlandet, Oslo and Akershus, so the analysis has been conducted for Norway. The Bank has previously carried out analyses that show where we have the greatest impacts on society via our value chain, mainly through the services we offer to private customers and businesses. This means we are talking about indirect impacts. The impact analysis examines data from these business areas, as well as statistics on relevant sustainability topics for Norway.

The analysis provides us with a gross list for the retail market (RM) and the corporate market (CM). Based on this gross list, we have selected the most significant topics within the bank's context. These are:

- Climate – RM and CM
- Circular economy – RM and CM
- Financial inclusion - RM

To address the material topics identified in the analysis, we have adopted six strategic initiatives for the strategy period 2022-2025:

- Greener agriculture - CM
- Greener real estate - CM
- Greener real estate - RM
- Responsible consumption - RM
- Net zero greenhouse gas emissions by 2050 - cross-cutting
- Inclusive finance – RM

The main objectives for these strategic initiatives are summarized in the report. When the bank last conducted this impact analysis, the topics of climate, resource utilization, and resource security emerged as the most negatively impactful, both in the RM and CM sectors. The topic of "inclusive, healthy economies" ranked third in the RM, so we also began work on financial inclusion. This year's analysis reaffirms the same topics, with some slight changes in terminology. It confirms that we have had the correct thematic focus in our sustainability efforts.

¹ <https://www.unepfi.org/banking/bankingprinciples>

Background for the analysis

SpareBank 1 Østlandet wants to contribute to the banking industry's collective global sustainability work. The UN Environment Program (UNEP) has a partnership with the financial sector through the Finance Initiative (UNEP FI). The Principles for Responsible Banking (PRB) were officially launched by UNEP FI in September 2019. Banks that sign up to the PRB commit themselves to complying with the six principles shown in Figure 1. The aim of the principles is to ensure that banks around the world assume the role of being a driving force in the efforts to meet the UN Sustainable Development Goals and the commitments set out in the Paris Agreement.

 <p>PRINCIPLE 1: ALIGNMENT</p> <p>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.</p>	 <p>PRINCIPLE 2: IMPACT & TARGET SETTING</p> <p>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.</p>	 <p>PRINCIPLE 3: CLIENTS & CUSTOMERS</p> <p>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.</p>
 <p>PRINCIPLE 4: STAKEHOLDERS</p> <p>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p>	 <p>PRINCIPLE 5: GOVERNANCE & CULTURE</p> <p>We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</p>	 <p>PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY</p> <p>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.</p>

Figure 2: Overview of the Principles for Responsible Banking.

Principle 1 – Alignment: Banks must align their 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.

Principle 2 – Impact and target setting: Banks must continuously increase their positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from their activities, products and services. To this end, banks must set and publish specific targets where they can have the most significant impacts.

Principle 3 – Clients and customers: Banks must work responsibly with their clients and their customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Principle 4 – Stakeholders: Banks must proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

Principle 5 – Governance and culture: To achieve their goals for responsible and sustainable banking operations, banks implement their commitment to these Principles through effective governance and a culture of responsible banking.

Principle 6 – Transparency and accountability: Banks must periodically review their individual and collective implementation of these Principles and be transparent about and accountable for their positive and negative impacts and their contribution to society's goals.

About the impact analysis

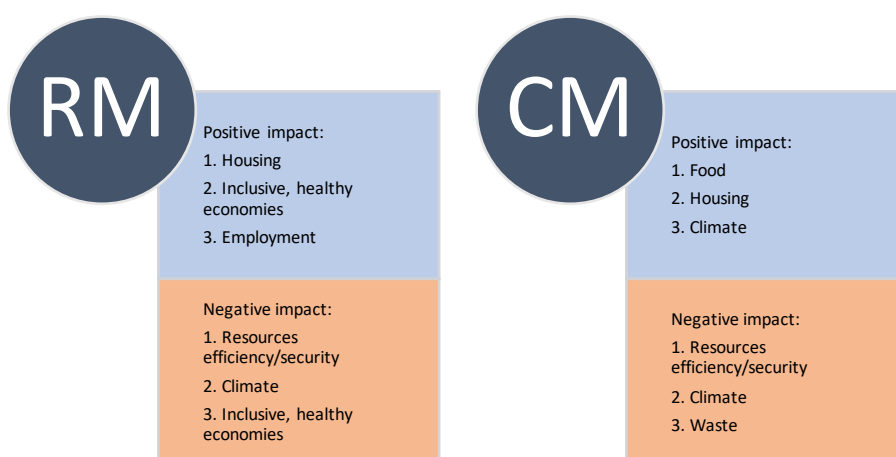
A significant part of UNEP FI's PRB work has been the development of an impact analysis, where banks can assess their significant positive and negative influences on their surroundings. SpareBank 1 Østlandet was involved in the development of this tool and conducted the analysis for the first time in 2020. Starting in 2022, UNEP FI's impact analysis gradually transitioned to a "modular" format, where the various components, namely "context," "identification," and "assessment," make up the analysis.

The analysis shows where the bank has a positive and negative impact on various sustainability topics. SpareBank 1 Østlandet operates exclusively in Innlandet, Oslo, and Akershus, so the analysis has been conducted within these counties. Previous analyses conducted by the bank have shown that our greatest societal impact is through our value chain, primarily through the services we offer to private customers and businesses. This pertains to indirect influence. In the UNEP FI impact analysis, we examine this through the bank's major business areas: the retail market (RM) and the corporate market (CM). Lending is the bank's largest business area, complemented by the services offered to the retail market. The analysis utilizes data from these business areas, as well as statistics on relevant sustainability topics for Norway.

The Bank uses *UNEP FI Portfolio Impact Analysis Tool For Banks - V 3²* to conduct its analyses. This was developed in a collaboration between the member banks, and, as previously mentioned, SpareBank 1 Østlandet was involved in both the tool's initial development and the tool's revision. The analysis was based on the tool and integrated guidance. Generally, the analysis follows a series of steps, and this report is based on the same structure:

The result from the previous analysis

The bank updated the Impact Analysis last in 2022. At that time, we identified the following seven sustainability themes where the bank has the greatest potential for positive and negative impact: Food, housing, employment, resource utilization, climate, waste, and inclusive, healthy economies. The impact is distributed across the business areas as shown in the figure to the right. Based on this analysis, we chose to emphasize climate and resource utilization and



² <https://www.unepfi.org/impact/unep-fi-impact-analysis-tools/portfolio-tool/>

security. We also initiated work in the area of "Inclusive, healthy economies."

The steps in the analysis

Roughly speaking, the analysis follows these steps, and this report will henceforth follow the same structure:

1. About the business

- The first step of the analysis involves describing the Bank's operations. This means its business areas, products, services and the geographical area to which they are linked.

2. Sustainability topics and national needs (context)

- In the second stage of the analysis, national needs are mapped according to the chosen geographical area. In our case, the tool maps Norway's needs and challenges within the various sustainability topics.
- The tool has a total of 22 sustainability topics covering social, economic and environmental factors in the geographical area.

3. Impacts (identification)

- The analysis tool then generates an overview of positive and negative impacts based on the information provided in steps 1 and 2. This information is ranked based on criteria defined in the tool. It is recommended that topics in which the country performs poorly (relative to other countries) should be prioritized.
- Next, the Bank's impacts are assessed.

4. Results and evaluation (assessment)

- The tool generates an overview of material topics that should be prioritized in the sustainability work based on the needs in the country in which the Bank operates, the size of the portfolio and whether we are market leaders in this area.

The first time the analysis was conducted in the Bank, an internal working group was set up comprising representatives of Sustainability and Risk Management and analysts from the CM and the RM. SpareBank 1 Østlandet views the impact analysis as an important supplement to the materiality analysis. The impact analysis provides valuable insights into the Bank's indirect positive and negative impacts on society, which enables us to better target our sustainability work.

Weaknesses in the analysis

Nevertheless, it is important to note the weaknesses of the analysis. It only provides an indication of the impacts that are typical for the relevant industries the Bank finances and the products we offer. In other words, it is not a direct mapping of the impact on our customers, rather it is a general overview of typical challenges related to industries and products in our market area. It thus provides an indication of the most important impact areas for each bank. It is not an exhaustive overview, which means there could be other topics where the banks have major positive and negative impacts, and which require attention, but which are not identified by the analysis.

It's also important to note that this mapping is done globally. Therefore, the sources are global sources and may sometimes be perceived as less relevant for Norway. The analysis must, therefore, be complemented with other analyses, such as a robust stakeholder dialogue as part of the materiality analysis.

Step 1 About the business

In the first step of the analysis, banks are asked to enter information about their business. It is possible to analyze multiple business areas and different countries if the banks are global. SpareBank 1 Østlandet operates in Norway with a market area in Innlandet, Oslo, and Akershus. Lending to the retail market (RM) and the corporate market (CM) are the largest business areas, with RM accounting for approximately 75% and CM around 25% of the loan portfolio's size. This analysis has been conducted for these two business areas.

For CM, we have examined the primary industries to which we lend money. The largest industries in our CM portfolio have been included, representing approximately 90% of the loan portfolio. For RM, we have analyzed the range of services the bank offers to its customers. The bank's impact on sustainability in the market area is calculated based on this. Additionally, information from Statistics Norway (SSB) regarding low, medium, and high-income distribution in the Norwegian population has been included.

Step 2 Sustainability topics and national needs

The second step of the analysis involves ensuring that the sustainability topics shown in Table 1 have been input into the tool and adjusted for the countries where the Bank operates.



Figure 3: Overview of the sustainability themes in the analysis.³

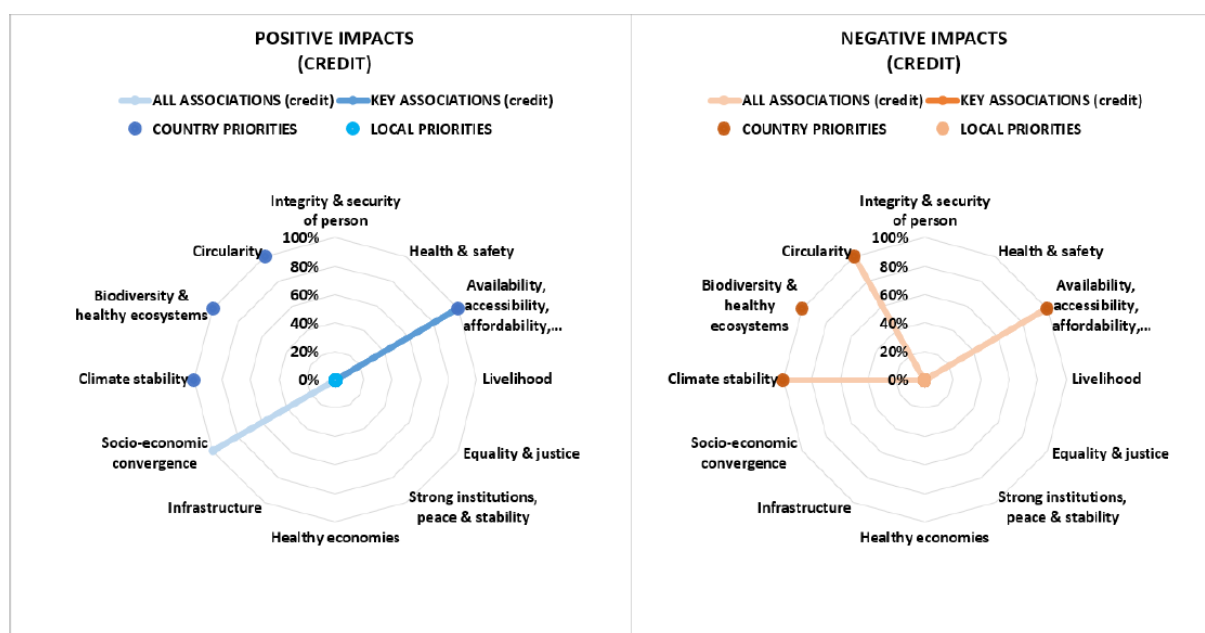
The result of this section shows that all parameters receive a score from 1 (good) to 4 (poor). This part of the analysis reveals that Norway faces specific challenges in Circular Economy (score 4), with a particular emphasis on high energy and material consumption per capita. Other factors that also score relatively high (3) include large amounts of waste, loss of natural habitats, high greenhouse gas emissions per capita, housing, especially within low-income households, and access to healthy food.

Step 3 Impact

After entering the figures from the CM and the RM into the analysis tool, it indicates on which sustainability topics the Bank has a positive and negative impact. The figures below depict, for RM and CM respectively, where the bank has the greatest potential for positive and negative impact on sustainability through its portfolio. Additionally, an overview is created to identify which of these areas require sustainability measures the most in Norway. Collectively, the information from this stage of the analysis is intended to serve as the basis for further prioritization of various themes.

Retail Market – RM

The tool provides us with a figure for both credit products and current accounts and savings products. The blue lines indicate a positive connection from the product portfolio to the sustainability topic, while an orange line indicates a negative connection. If the line is dark in color, the connection is strong, whereas a light color indicates a weaker linkage to the theme. The further the line extends towards the edge of the figure, the larger a portion of the portfolio is connected to the topic (also indicated by a percentage). The dots on the edge of the figure represent the topics where Norway has the greatest need for change.



³ <https://www.une-pfi.org/impact/impact-radar-mappings/>

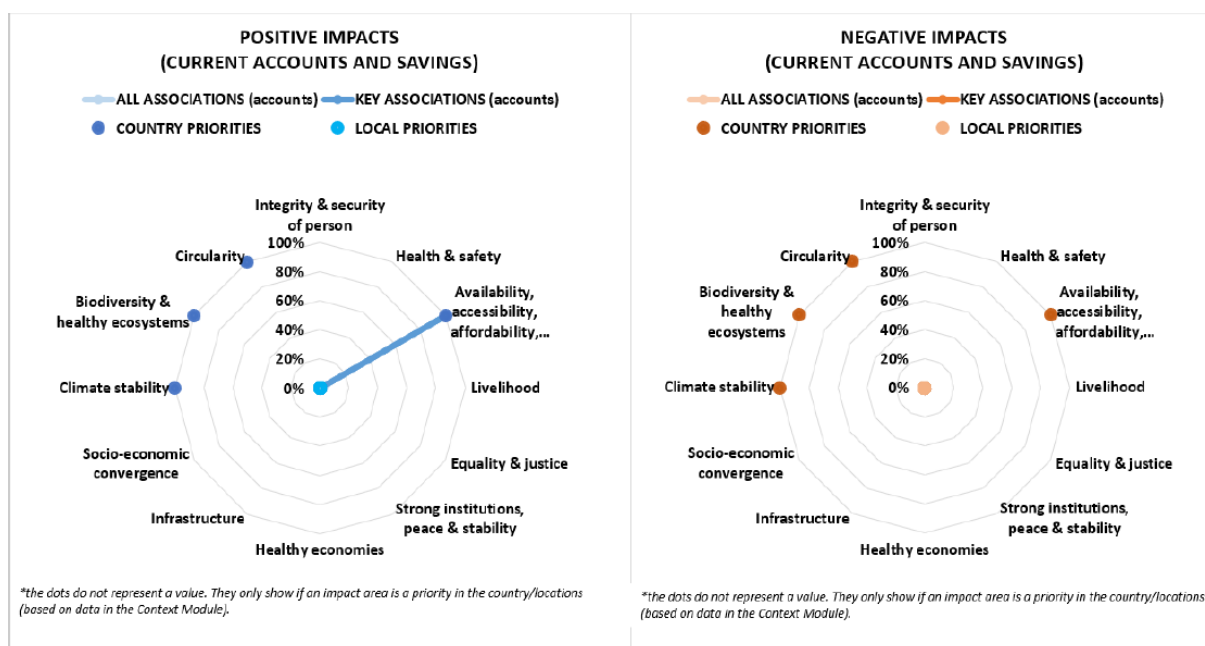


Figure 4: Positive and negative impact on sustainability topics for RM (credit and savings).

The topic that has the most significant positive impact on the product portfolio for RM is inclusive finance. We observe this with a dark blue line on both credit and savings related to the main topic "availability accessibility, affordability, quality of resources & services" in Figure 4 (refer to Figure 3 for an overview of sub-themes). The impact tool operates with this definition of the topic:

*"Population's accessibility to the use of financial services by individuals and firms. Financial inclusion allows individuals and firms to take advantage of business opportunities, invest in education, save for retirement, and insure against risks. Financial health means a state in which an individual, household, micro, small or medium-sized enterprise can smoothly manage their current financial obligations and have confidence in their financial future. This includes four elements; managing day-to-day finances to meet short term needs; capacity to absorb financial shocks (resilience); capacity to reach future goals; feeling secure and in control of finances (confidence)."*⁴

Here, the portfolio exhibits a strong positive connection. However, there is also a weaker connection to the same topic. This is within the credit side and pertains to the risk that some customers experience in relation to debt burden.

There is also a strong positive connection from RM's housing portfolio to the housing topic:

*"Population's accessibility to adequate, safe and affordable housing: a place where to live in security, peace and dignity."*⁵

However, the housing portfolio has some weaker negative connections. These are towards crucial areas such as circular economy and climate, primarily occurring because homes in Norway have high energy and material consumption, resulting in a significant environmental footprint.

Explanation of the topic "climate":

⁴ UNEP FI, Påvirkningsverktøy. Kilde Hentet fra The World Bank

⁵ Source: OHCHR, UN-Habitat

Human activities change the composition of the global atmosphere with the exposure to greenhouse gas (GHG) emissions being a direct factor contributing to climate change. Climate stability can be achieved through the:

- avoidance of GHG emissions (avoided emissions are emission reductions that occur outside of a product's life cycle or value chain, but as a result of the use of that product)
- reduction of GHG emissions (limitation of emissions directly related to the product)
- removal of GHG emissions (anthropogenic activities removing CO₂ from the atmosphere and durably storing it in geological, terrestrial, or ocean reservoirs, or in products. It includes existing and potential anthropogenic enhancement of biological or geochemical sinks and direct air capture and storage)⁶

Explanation of the topic "circular economy" (comprising sub-themes resource efficiency and waste):

Circular processes contributing to circularity can be grouped into four categories, from the most impactful to the least:

1. *Reduce by design: reducing the amount of material used, particularly raw material, should be applied as an overall guiding principle from the earliest stages of design of products and services.*
2. *From a user-to-user perspective: Refuse, Reduce and Re-use.*
3. *From a user-to-business intermediary perspective: Repair, Refurbish and Remanufacture*
4. *From business-to-business: Repurpose and Recycle.*⁷

Corporate Market- CM

Below is an overview of CM's most significant impact based on the industries the bank finances. The symbols in the figures have the same meaning as in the RM figure, but here, a purple dot is also added to indicate the portion of the portfolio associated with the SME (Small and Medium-sized Enterprises) market.

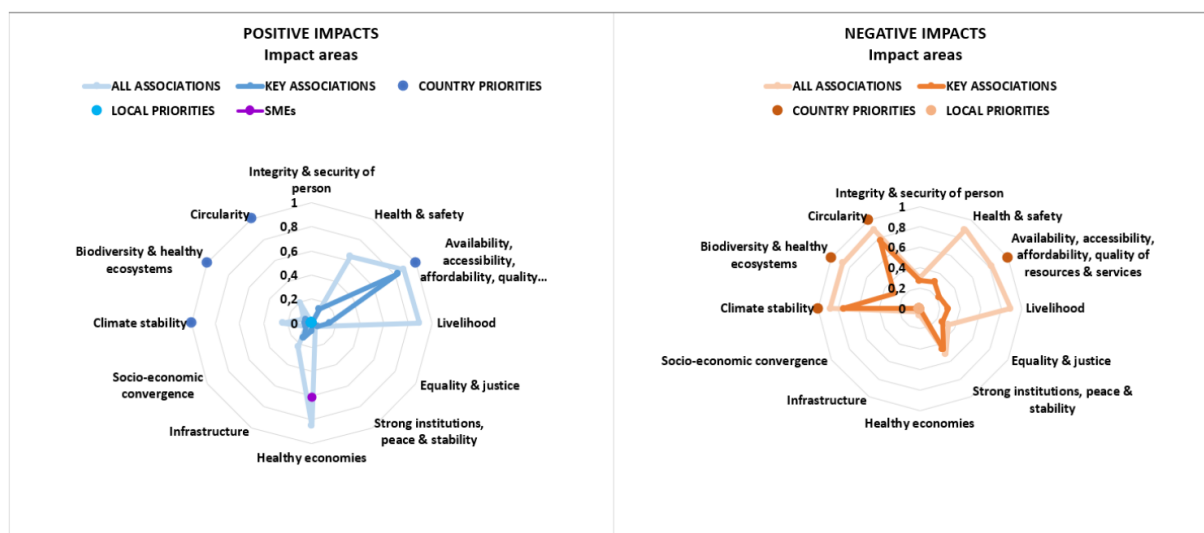


Figure 5: Positive and negative impact on sustainability themes for CM

Positive contributions are again reflected in the main topic "availability, accessibility, affordability, quality of resources & services," but this time it affects the sub-themes of housing (from the real

⁶ UNEP FI, Påvirkningsverktøy, kilde: Intergovernmental Panel on Climate Change, Global CCS Institute, World Resources Institute

⁷ UNEP FI, Påvirkningsverktøy: kilde: UNEP

estate portfolio) and sustainable food production (from the agriculture portfolio). We also have a relatively large proportion of SMEs in the portfolio, which has a positive impact in this tool. As for the negative connections, circular economy and climate largely have the strongest negative linkages, and these are important topics in the context in which we operate. There are also strong connections to loss of biodiversity and ecosystem loss, but we do not consider the size of the portfolio associated with these topics to be significant enough for further prioritization in our analysis. It is important to note that several topics are interconnected here. By focusing on key areas such as climate and transitioning to a circular economy, we will also indirectly contribute to addressing biodiversity.

Step 4: Results and Conclusion

Based on the results from the tool, the bank has generated a list of findings that indicate areas where we have the potential for significant positive and negative impact on sustainability topics within our portfolio. We are challenged by UNEP FI to prioritize topics based on the following considerations:

- Impacts on topics where there is the greatest need for change in Norway.
- Impacts on topics that constitute a significant portion of the bank's portfolio.
- Impacts on topics where the bank is a market leader.

From these criteria, we derive the topics summarized in the table below, which partially overlap with each other:

Impact RM		Impact CM	
Sustainability topics the bank has an impact on	Explanation	Sustainability topics the bank has an impact on	Explanation
Financial inclusion	Population's access to financial services, especially vulnerable groups in society. Here, the entire portfolio scores significantly positively, but with some negative connection to customer debt burden.	Circular economy	The economy's ability to use renewable and non-renewable natural resources more efficiently and reduce or repurpose waste in new processes or products. Business in Norway is largely linear, and as a result, significant portions of the CM portfolio have a negative connection to this prioritized area in Norway.
Housing	The population's access to a healthy housing market. Here, the housing portfolio scores positively in a prioritized area in Norway.	Climate	Human impact on the climate through greenhouse gas emissions. Also, a prioritized area in a Norwegian context, where a very significant portion of the portfolio has a negative impact

			on greenhouse gas emissions.
Circular economy	The economy's ability to use renewable and non-renewable natural resources more efficiently and reduce or utilize waste in new processes or products. The housing portfolio has a significant consumption of materials and energy, resulting in an unfavorable environmental impact, which is a prioritized area in Norway.	Successful small and medium-sized enterprises (SMEs)	Development and value creation through successful SMEs in our market area. Our high proportion of SMEs in the portfolio results in a significant positive impact on this theme.
Climate	Human impact on the climate through greenhouse gas emissions. A prioritized area in Norway, and a negative connection through our housing portfolio, which has a significant carbon footprint.	Housing	The population's access to a healthy housing market. The portfolio has a positive connection through involvement in construction projects and other real estate development.
		Food	The population's access to safe, healthy, accessible, and affordable food for an active and healthy life. A prioritized area in Norway, and our agriculture portfolio has a positive connection.

Table 1: Impact Analysis Results

Retail Market – RM

Housing, Climate, and Circular Economy

For the retail market, the analysis results are closely related to the products and services we provide for housing and other consumption. The positive impact on the RM is mainly associated with providing individuals with financing for housing, either through products like home loans or by offering deposit accounts. The negative consequences for RM include both greenhouse gas emissions associated with housing and a growing focus on promoting more resource-efficient, circular solutions for housing construction in Norway going forward.

Financial Inclusion

For RM, the topic of financial inclusion is an essential influence and promotes an inclusive and healthy economy. Both the public sector and financial institutions play critical roles in contributing to inclusive, healthy economies. The public sector's role includes ensuring a business-friendly environment and maintaining control and balance for healthy competition. Financial products and services that meet the needs of entrepreneurs, SMEs, low-income customers, and women are crucial for achieving diverse and healthy economies, as well as financial inclusion.

Guidelines addressing gender inequality and aiming for equal gender representation in institutions are equally critical for inclusive, healthy economies. Access to education and the provision of social services are essential for addressing poverty and inequality. Access to economic hubs/workplaces is also crucial for healthy and inclusive economies. Effective mobility, delivered through transportation systems and associated infrastructure, is a key factor in providing access to the job market and a healthy economy. Access to information and communication technology has become critical for a well-functioning economy and is a vital component for access to employment, information, and finance.

RM's financial services are positive contributors to providing these services and creating this dynamic in the Norwegian economy. However, there are still challenges in achieving even better financial inclusion for segments that may currently be excluded to varying degrees.

Corporate Market – CM

The corporate market has several sustainability topics that are significantly impacted, as shown in the radar chart. Several of these topics are interconnected.

Resource Utilization, Circular Economy, and Waste

A significant portion of the portfolio is linked to greenhouse gas emissions, which the bank has already been working on for several years to address. This is a core topic for prioritizing sustainability efforts. Furthermore, there must also be a focus on resource utilization and a transition to a circular economy mindset. We see that the results for CM are closely interconnected and largely revolve around thinking smart, consuming fewer resources, emitting fewer greenhouse gases, and consequently producing less waste. These are the primary impacts from CM's loan portfolio that should be addressed going forward. The analysis tool provides further context for some of the negative impacts that can arise from these categories.

The production of biomass (wood, crops, livestock, fuels, raw materials, and plant-based materials) is resource-intensive and significantly contributes to water scarcity and reduced access to water and loss of land use related to biodiversity (IRP⁸). Other drivers for this impact may include:

- Potentially high energy and water consumption.
- Energy usage.
- Use of energy, water, metals, minerals, chemicals, wood, and land area.

Industrial waste is generated in much larger quantities globally compared to other hazardous wastes such as agricultural waste, construction and demolition waste, hazardous, electronic, and municipal waste. Agriculture and construction and demolition waste are the second-largest contributors (World Bank)⁹. Globally, food loss and food waste constitute a significant portion of food and green waste, estimated to account for approximately 30 percent of all food globally (World Bank). These industrial activities generate toxic and/or non-biodegradable waste that can lead to lasting pollution of water, soil, ecosystems, and serious health problems. A good example is nuclear and biochemical waste,

⁸ Global impacts of extraction and processing by resource type, remaining economy and households and Material consumption trends per country income groups

UN environment, IRP (2019). Global Resources Outlook summary business. Implications for business leaders.
<https://www.resourcepanel.org/reports/global-resources-outlook> p.18-20

⁹ Food accounts for 44% of global waste composition, followed by paper and plastic.

Kaza, S., Yao, L., Bhada-Tata, P., Van Woerden, F.(2018). What a waste 2.0. A global snapshot of solid waste management to 2050. global waste composition. World bank group <https://openknowledge.worldbank.org/handle/10986/30317> p.29.

another is plastic. There is also increasing concern about technological waste that contains both plastic and metals, including rare metals.

Other drivers of impact may include:

- Disposal of waste from: Chemical containers, animal waste, processing waste, old machinery, and materials.
- Packaging.
- Waste management.
- Waste generated by and in office facilities.

Climate

Energy, transportation, industry, construction, agriculture, and real estate are the largest sectors for greenhouse gas emissions in the world today. The energy sector is the largest contributor to global greenhouse gas emissions (GHG). Energy-related fugitive emissions include emissions from the exploration, production, processing, transmission, storage, and use of fuels. Greenhouse gas emissions from the agricultural sector come from livestock farming, which releases methane, fertilizer use, deforestation (to create agricultural land), and emissions from soil (associated with crop cultivation and planting). Emissions related to real estate can be attributed to the energy used to operate buildings and the greenhouse gas emissions generated to produce, maintain, and dispose of a built asset (including carbon emissions). This includes emissions related to the extraction, production, transportation, and assembly of every building material used in construction projects. Forests contribute significantly to carbon capture. Timber harvesting limits the amount of CO₂ emissions that could be captured if trees were not cut down. Deforestation also releases significant amounts of greenhouse gases, which can be attributed to tree cutting and land clearing, often for agricultural purposes.

Major drivers of this impact can include:

- Greenhouse gas emissions associated with: Production, consumers, machinery, transportation, storage facilities, intensive agriculture, downstream heating, etc.
- Reduced CO₂ capture capacity

The bank has signed the Net Zero Banking Alliance (NZBA) and is committed to achieving net-zero greenhouse gas emissions by 2050 from its own operations, loans, and investments. In the annual report, we have reported emissions from operations and loans, among other things. To comparison, we provide a summary of some of this information here. For a more in-depth understanding of how we work with sustainability and how we plan to achieve our goals, we refer to the annual report.

Housing

On the positive associations, the contribution to housing is highlighted based on CM's real estate portfolio, which includes rental and housing construction. This constitutes a significant part of the portfolio and is an important area for further development in Norway.

Food

CM's focus on investments in agriculture contributes positively to the sustainability topic of food. The bank is a major agricultural bank with customers throughout Eastern Norway. Through financing these customers, CM's portfolio is a positive contributor to healthy, Norwegian food, and improved food security for the country.

SMEs (Small and Medium-sized Enterprises)

We also play a key role in the healthy economic development of towns and cities in Eastern Norway through the growth of SMEs. We prioritize this theme based on the significant portion of our business associated with this sustainability topic.

Conclusion

From UNEP FI PRB, we are challenged to select at least two topics for closer analysis. This is done by measuring actual impact, setting good goals, and creating a plan for how to achieve these goals.

To address two of the most important sustainability topics in the Norwegian context, climate and circular economy stand out. This applies to negative impacts from both RM and CM, making them thematically important for the bank's overall sustainability efforts. In addition, we choose to analyze financial inclusion as it is a core theme for social sustainability in RM with the associated product portfolio. Therefore, we end up with these three main topics:

- Climate – RM and CM
- Circular Economy – RM and CM
- Inclusive Finance – RM

How has this been further integrated into the bank's work

In the bank's current business strategy, we have adopted sustainability as one of four overarching goals. Our aim:

“We are a clear driving force for sustainable transition.”

This entails a primary focus on what we can support our customers with. This is a result of our analyses showing that we have the greatest impact within our value chain, through the products and services we offer to our customers.

Guidelines and Strategies

This work is further anchored in our overarching sustainability strategy, and we have developed clear guidelines to guide our actions and decisions within this framework. Sustainable transition is strategically embedded as one of the main objectives in the overarching group strategy for 2022-2025. The bank's strategy for corporate responsibility and sustainability is the governing document for guidelines on corporate responsibility and sustainability, and we have clear guidelines addressed on our website that address our most significant sustainability themes:

- General guidelines (policy document) - nature and agriculture
- Guidelines and action plan for climate and climate risk
- Guidelines for Lending and Investments in Power and Energy Production
- General guidelines (policy document) - labour and human rights
- Code of Conduct
- Anti-Corruption policy
- Programme for SpareBank 1 Østlandet's work against corruption and bribery
- Business ethics and whistleblower programme
- General Guidelines for Equal Opportunities and Diversity (Policy Document)
- Guidelines for identifying and avoiding conflicts of interest
- Health, safety and the environment (HSE)
- Guidelines for sustainability in procurement
- Financial inclusion

- Corporate governance
- Guidelines for internal control and communication – anti-money laundering
- Strategy and policy for managing conduct risk
- Policy for New and Revised Products and Solutions

Strategic Initiatives

The topics that emerged from the impact analysis led to the adoption of the following 6 strategic initiatives in the current strategic period (2022-2025):

- Greener Agriculture - CM
- Greener Real Estate - CM
- Greener Real Estate – RM
- Responsible Consumption – RM
- Ensuring Service Concept with Financial Inclusion - RM
- Net Zero Greenhouse Gas Emissions by 2050 – cross-cutting and overarching

The bank has a significant agricultural portfolio and specialized agricultural advisors. Both general advisory services for agriculture and the focus on greener agriculture are essential to strengthen the bank's positive impact on the food sector in Norway. Through this, we contribute to financing healthy and cost-effective food for the Norwegian population, as well as a good and safe working environment for the farmers who produce the food.

Additionally, the bank has a significant real estate portfolio, including residential properties for individuals (RM) and commercial real estate (CM). Our efforts in the real estate sector, including promoting greener real estate in both RM and CM, contribute to ensuring a healthy housing market. This includes property rentals, construction of residential projects in CM, and home loans in RM.

Alongside our commitment to a more responsible consumption, this contributes to an inclusive, healthy economy where we offer products that support a housing market for most people, as well as an inclusive financial market.

In addition, the majority of the work towards achieving net-zero carbon emissions by 2050 is directed towards our customers and their efforts to achieve zero emissions. We estimate the carbon intensity in all our customer portfolios and have established concrete reduction targets using the Science Based Target methodology. Additionally, we offer specific products and services that provide incentives for emissions reductions among our customers.

However, the analysis reveals some challenges associated with our customers that we need to consider as we move forward in operationalizing the strategic initiatives. Focusing more on circular business models is crucial for Norway's role in a more sustainable world, and a significant portion of both RM and CM portfolios is linked to this challenge. The same applies to reducing greenhouse gas emissions, with agriculture and real estate being industries with substantial emissions. To achieve the vision of a more circular, zero-emission economy, these are challenges we must prioritize moving forward, in collaboration with our customers.

Targets to address the sustainability topics identified in the analysis

RM

The impact analysis provided us with the following themes for RM:

- Climate
- Circular economy

- Inclusive finance

In this strategic period, we have the following strategic initiatives:

- Greener real estate
- Responsible consumption
- Ensuring service concepts with financial inclusion
- Net zero greenhouse gas emissions by 2050 (overarching and cross-cutting)

Below are some of the targets within these strategic initiatives. As mentioned, we need to strengthen the goals related to the circular economy and have therefore developed an action plan for this.

Topic	Segmentation	Strategic initiatives	Description of targets	Starting point 2022	Short-term goals	Years to achieve the goal	Long-term goals	Years to achieve the goal
Financial inclusion	Portfolio composition and financial flows	Ensure service concept with financial inclusion	Use of flexibility quota in loan cases: To be utilized for young customers in the age group 18-34 years.	45,00 %	50 %	2025	N/S	N/S
	Portfolio composition and financial flows	Ensure service concept with financial inclusion	Our target for the minimum share of loans with a social profile. This includes products such as Restart, LO Wage Guarantee Fund Loan, conflict loans, Youth Housing Loans, First-time Homebuyer Loans, and security deposit loans.	29,30 %	25 %	2025	N/S	N/S
Circular Economy	Customer engagement	Greener real estate	Number of residential houses energy-upgraded by at least 30%	50	1681	2030	8629	2050
Climate	Portfolio composition and financial flows	Net zero greenhouse gas emissions	Reduction in tCO ₂ e/MNOK in the Loan Portfolio	5,06 tCO ₂ e/MNOK	14,8%	2025	1,27 tCO ₂ e/MNOK	2050
	Customer engagement	Greener real estate	Percentage of green homes in the portfolio.	18,10 %	20 %	2025	65 %	2050

Table 2: Priority Areas for RM

CM

The impact analysis provided us with the following topics for CM:

- Climate
- Circular economy

In this strategic period, we have the following strategic initiatives:

- Greener real estate
- Greener agriculture

- Net zero greenhouse gas emissions by 2050 (overall and cross-cutting)

Below are some of the targets within these strategic initiatives. We need to strengthen the targets related to the circular economy, so we have developed an action plan for this work.

Topic	Segmentation	Strategic initiatives	Description of targets	Starting point 2022	Short-term goals	Years to achieve the goal	Long-term goals	Years to achieve the goal
Circular Economy	Customer engagement	Greener agriculture	The numbers indicate the financed volume. The goal is to increase the share from 0.4% to 1% of the financed volume in green agricultural loans.	0,40 %	1 %	2025	N/S	N/S
	Customer engagement	Greener agriculture	Share of green agricultural loans.	14	100	2025	N/S	N/S
	Impact	Greener agriculture	The proportion of agricultural customers who have started using the climatecalculator. Figures for the percentage that have adopted the climate calculator are not included initially.	0	80 %	2025	N/S	N/S
Climate	Portfolio composition and financial flows	Net zero greenhouse gas emissions	Reduction in tCO ₂ e per MNOK in the agricultural sector.	31,6 tCO ₂ e/MNOK	55 %	2030	3,2 tCO ₂ e/MNOK	2050
	Portfolio composition and financial flows	Net zero greenhouse gas emissions	Reduction in tCO ₂ e per MNOK in the building sector.	1,03 tCO ₂ e/MNOK	55 %	2030	0,10 tCO ₂ e/MNOK	2050
	Portfolio composition and financial flows	Net zero greenhouse gas emissions	Reduction in tCO ₂ e per MNOK in the commercial building sector.	0,25 tCO ₂ e/MNOK	55 %	2030	0,02 tCO ₂ e/MNOK	2050
	Customer engagement	Greener agriculture	The numbers indicate the financed volume. The goal is to increase the share from 0.4% to 1% of the financed volume in green agricultural loans.	0,40 %	1 %	2025	N/S	N/S
	Customer engagement	Greener real estate	Percentage of commercial buildings energy-efficient by 30% or more in the portfolio.	0 %	10%	2025	N/S	N/S
	Impact	Greener real estate	Percentage of green commercial buildings in our portfolio.	28,9 %	40 %	2025	50 %	2030

Table 3: Prioritized Areas for CM

Ending

The impact analysis provides SpareBank 1 Østlandet with valuable insights into the topics the bank should focus on in the future. The analysis is an important contribution to our double materiality analysis in the fall of 2023. As previously mentioned, climate, resource utilization and security, and inclusive, healthy economies ranked highest in negative impact in both RM and CM in the 2022 analysis. Additionally, waste management was also highlighted, which we choose to categorize under "circular economy." Therefore, the updated analysis confirms that we have had the right thematic focus in our sustainability work, but we need to strengthen our efforts in the field of circular economy.