

# Sustainability Impact Analysis Principles for Responsible Banking

SPAREBANK 1 ØSTLANDET SEPTEMBER 2020



## Contents

Summary .....	2
Background for the analysis .....	3
About the impact analysis .....	4
Conducting the analysis .....	5
Step 1: About the business.....	7
Step 2: Sustainability parameters .....	8
Step 3: Impacts.....	9
Step 4: Context .....	10
Step 5: Results .....	10
Results and context.....	12
Stakeholder engagement .....	15
Conclusion .....	16
Contact details.....	16
Appendix 1.....	16
SpareBank 1 Østlandet Climate Action Plan for 2019-2021 .....	17

## Summary

The United Nations Environment Programme Finance Initiative (UNEP FI)<sup>1</sup> launched the Principles for Responsible Banking in 2019.<sup>2</sup> SpareBank 1 Østlandet was the first Norwegian bank to sign up to the principles.

One of the first steps the Bank took was to conduct an impact analysis. The Bank established an internal working group that carried out the analysis and monitored the work of UNEP FI.

The impact analysis determined that the Bank could have positive and negative impacts in the following six areas: climate, resources efficiency/security, waste, housing, work and inclusive, healthy economies.

The results of the analysis will be used in the Bank's future sustainability work and changes to the Bank's focus areas and targets are being assessed. These will be clarified in a second report.



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<sup>1</sup> United Nations Environment Programme Finance Initiative, often abbreviated as UNEP FI, <https://www.unepfi.org/about/>

<sup>2</sup> The Principles for Responsible Banking, often abbreviated as PRB <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 Programme (UNEP) has established a partnership with the financial services sector called the United Nations Environment Programme Finance Initiative (UNEP FI). *The Principles for Responsible Banking*<sup>3</sup> (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. SpareBank 1 Østlandet was the first Norwegian bank to sign up to the PRB. The aim is for banks around the world to take on a driving role in the work on achieving the UN Sustainable Development Goals and fulfilling the obligations of the Paris Agreement.



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

<sup>3</sup> *The Principles for Responsible Banking, UNEP FI.* <https://www.unepfi.org/banking/bankingprinciples/>

## About the impact analysis

By signing up to the PRB, SpareBank 1 Østlandet committed itself to conducting an impact analysis. The analysis shows where the Bank has positive and negative impacts in relation to various sustainability issues. The analysis was conducted using the *Portfolio Impact Analysis Tool for Banks*<sup>4</sup> developed by UNEP FI. The step by step structure of the analysis can be seen in Figure 2. The analysis was based on this tool as well as integrated guidance.

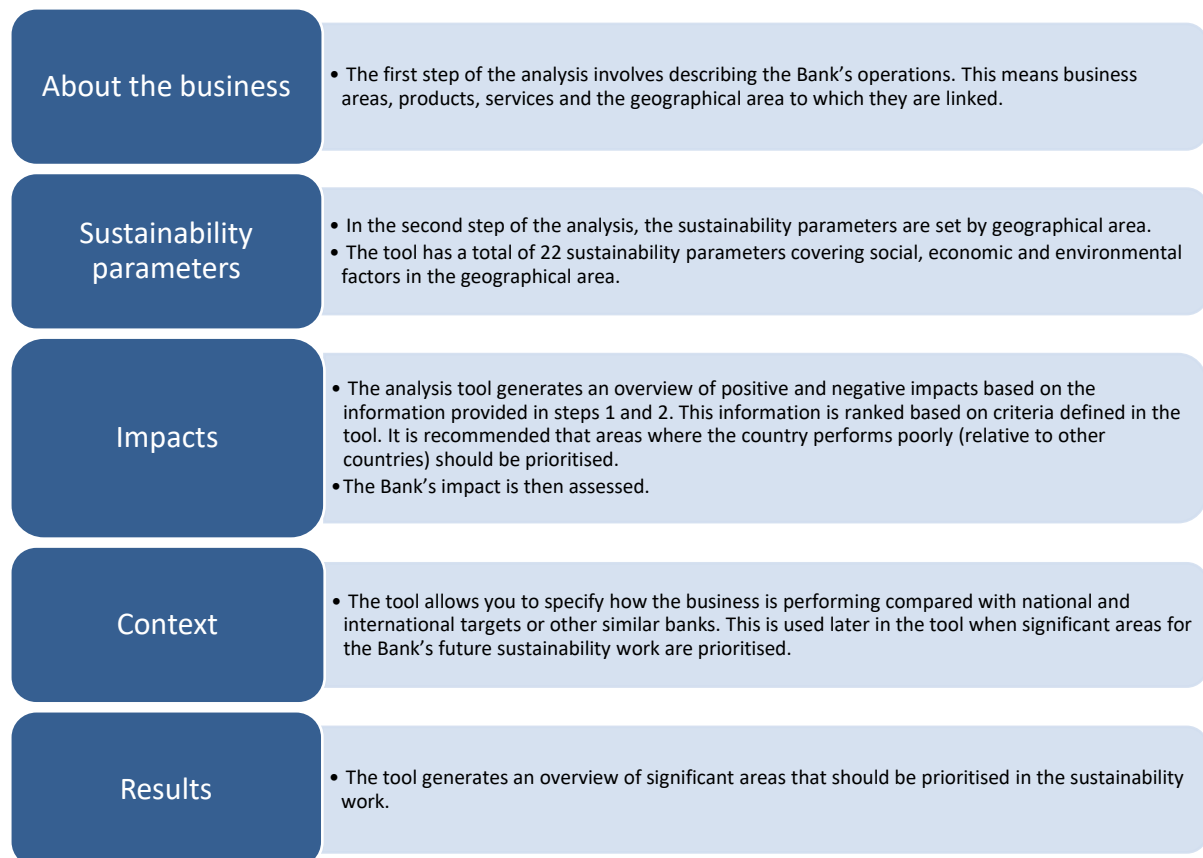


Figure 2: The impact analysis steps that have been completed.

An internal working group was set up to conduct the analysis. The group comprised representatives of Sustainability and Risk Management. The working group received good support from other internal departments throughout the process, especially Corporate Market (CM) and Retail Market (RM), which were the focus of the analysis. The group management team received this report in September 2020.

SpareBank 1 Østlandet also took part in working groups in UNEP FI, where the Bank worked with other banks nationally and internationally on both carrying out the analysis and further developing

<sup>4</sup> Portfolio Impact Analysis Tool for Banks: <https://www.unepfi.org/publications/positive-impact-publications/portfolio-impact-tool-for-banks/>

the tool. The tool is under continuous development and the completed analysis therefore represents a preliminary impact analysis of the Bank.

SpareBank 1 Østlandet regards the impact analysis as an important supplement to other sustainability analyses, especially to the materiality analysis completed in 2017. The impact analysis provides valuable new insights that makes it possible for the Bank to better target its sustainability work. Nevertheless, it is important to note the weaknesses of the analysis. It provides an indication of the most important impact topics for each bank. It is, in other words not definitive, but rather an attempt to map out relevant material topics. This means there could be other areas where the banks have major positive and negative impacts, and which require attention, but which are not identified in the analysis. It must, therefore, be supplemented with other analyses, such as a materiality analysis.

It is also important to note that the mapping is done on a global scale. The sources are therefore global sources and may on occasion be perceived as less relevant to Norway. This mapping must therefore be updated over time as better data become available and the tool is further developed.

Notwithstanding this, it was important to carry out this preliminary impact analysis for a number of reasons and it provides important information for the Bank's future work. By signing up, the Bank committed itself to conducting the analysis and starting the work even though all of the data are not available. This is an important element of the obligations of the PRB, since waiting for a complete overview could result in a failure to fulfil responsibilities or an inability to act. This analysis can be seen as an important step in the direction of steadily better impact analyses with an overview of the positive and negative impacts of banks. Like everything else in the work on sustainability, analyses and data will gradually improve. However, this does not mean that one can forgo working with the starting point that is available today.

## Conducting the analysis

In this part of the report we will take a closer look at the practical conduct of the analysis. We have highlighted the information that was inputted, the assessments that were made and what the results show. The aim is to give readers of the report an insight into the process behind the results, and the basis on which assessments were made. The analysis consisted of five parts and we will review these step by step. A summary of the most important steps is also shown in Figure 3 to provide a better overview.

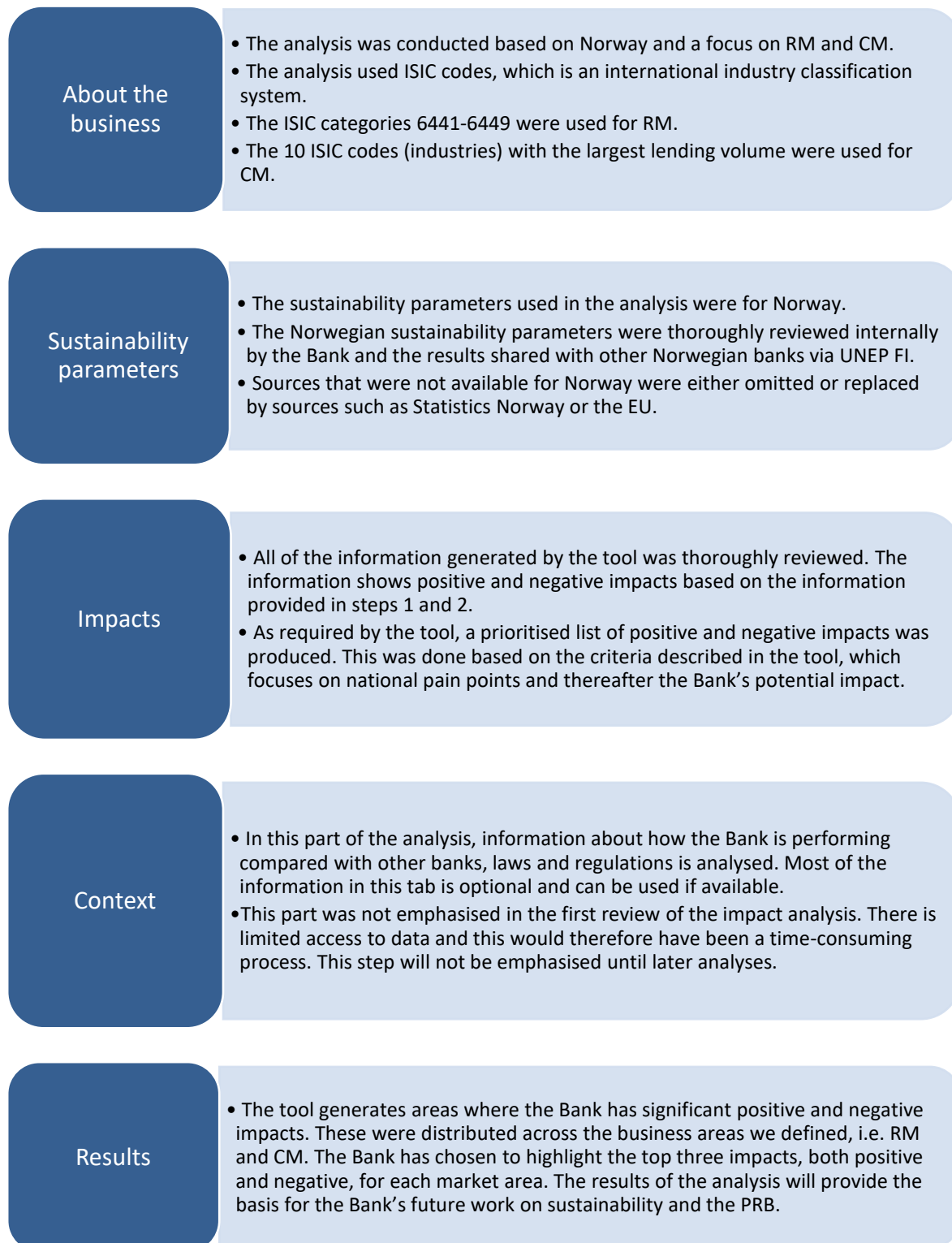


Figure 3: Basis for SpareBank 1 Østlandet's impact analysis.

## Step 1: About the business

In the first step of the analysis, banks are asked to enter information about their business. Multiple business areas can be analysed and this is one area in particular where UNEP FI is working on further developing the tool.

SpareBank 1 Østlandet operates in Norway. Its market area is Eastern Norway, including Innlandet County. Loans to the RM and the CM are the largest business areas, with RM accounting for around 75 per cent and CM around 25 per cent. Nonetheless, according to the Bank's analyses, CM is the area where the Bank has the most significant impact on sustainability. In this analysis, the RM and CM business areas were analysed. Internal data about RM and CM were inputted, as were statistics from Statistics Norway.

In the case of CM, we looked at the largest industries in the Bank's loan portfolio. The tool asks for the ten largest industries in our CM portfolio to be inputted. This accounted for around 88 per cent of the loan portfolio as it stood in June 2020. The smallest of the ten largest industries accounted for just under 1 per cent. The information was entered using level two ISIC codes, for example ISIC = 41 - Construction of buildings.

In the case of RM, we looked at the services the Bank offers retail customers. The Bank's impact on sustainability in our market area is calculated based on this. The tool requires information about the percentage of customers with the following: housing-related loans (mortgages), money transfer services, savings accounts, current accounts, credit cards, car loans and loan for education. This information is supplemented with information from Statistics Norway about low, medium and high income distribution among Norway's population.

**Notes regarding this part of the analysis:** The information collected about RM makes comparisons between the results for CM and RM difficult. The figures for RM overlap because the same customer will have several of the relevant products. A single customer is therefore counted multiple times. This means that the analysis produces an impact rate of more than 100 per cent for some of the sustainability parameters. There is no overlap in the case of CM, so the maximum impact rate for a sustainability parameter is 100 per cent.





## Step 2: Sustainability parameters

The second step of the analysis involves ensuring that the 22 sustainability parameters shown in Table 1 are properly registered and adjusted for the countries the Bank operates in. The sustainability parameters for Norway were already registered, but there were some shortcomings and changes in sources so that a full review was required. SpareBank 1 Østlandet’s working group carried out a full review of the sustainability parameters for Norway and shared the results with other banks operating in Norway, via UNEP FI.

The result from this part was that all parameters were assigned a score from 1 (good) to 4 (poor). This part of the analysis shows that Norway scores particularly poorly (3 and 4) on the following parameters: resource efficiency/security, climate and waste.

*Table 1: Overview of the sustainability parameters in the analysis*

Availability, accessibility, affordability and quality of...	Quality and efficient use of...	Economic value creation for people and society
<ul style="list-style-type: none"> <li>• Water</li> <li>• Food</li> <li>• Housing</li> <li>• Health &amp; Sanitation</li> <li>• Education</li> <li>• Employment</li> <li>• Mobility - Information</li> </ul>	<ul style="list-style-type: none"> <li>• Culture &amp; Heritage</li> <li>• Integrity &amp; security of person</li> <li>• Justice</li> <li>• Strong institutions, peace &amp; stability</li> </ul>	<ul style="list-style-type: none"> <li>• Water</li> <li>• Air</li> <li>• Soil</li> <li>• Biodiversity &amp; Ecosystems</li> <li>• Resource efficiency/ security</li> <li>• Climate</li> <li>• Waste</li> </ul>

**Notes regarding this part of the analysis:** The sources used to adjust the parameters are chosen by UNEP FI and pre-defined in the tool. As far as possible, the sources are good international sources that cover most countries. Nevertheless, there are only one to three sources per parameter and often only one source. This is important to be aware of when interpreting the results. For example, the tool only includes one source for housing in Norway. The housing source is an indicator of overcrowding for low-income families and does not provide a complete and nuanced picture of the housing situation.

### Step 3: Impacts

In this step of the analysis, the banks do not enter information, but receive information generated by the tool. The tool generates an overview of the correlation between the data inputted in step 1 and step 2. Figure 4 (below) is an example of such an overview and shows in graphic form where SpareBank 1 Østlandet could have the most significant positive and negative impacts on sustainability through its portfolios in RM and CM, respectively. Lists are also generated with the same overview as in Figure 4. In addition, an overview is generated of which areas Norway has the greatest need to implement sustainability measures. In total, the information generated in this step of the analysis provides the basis for the subsequent steps of the analysis.

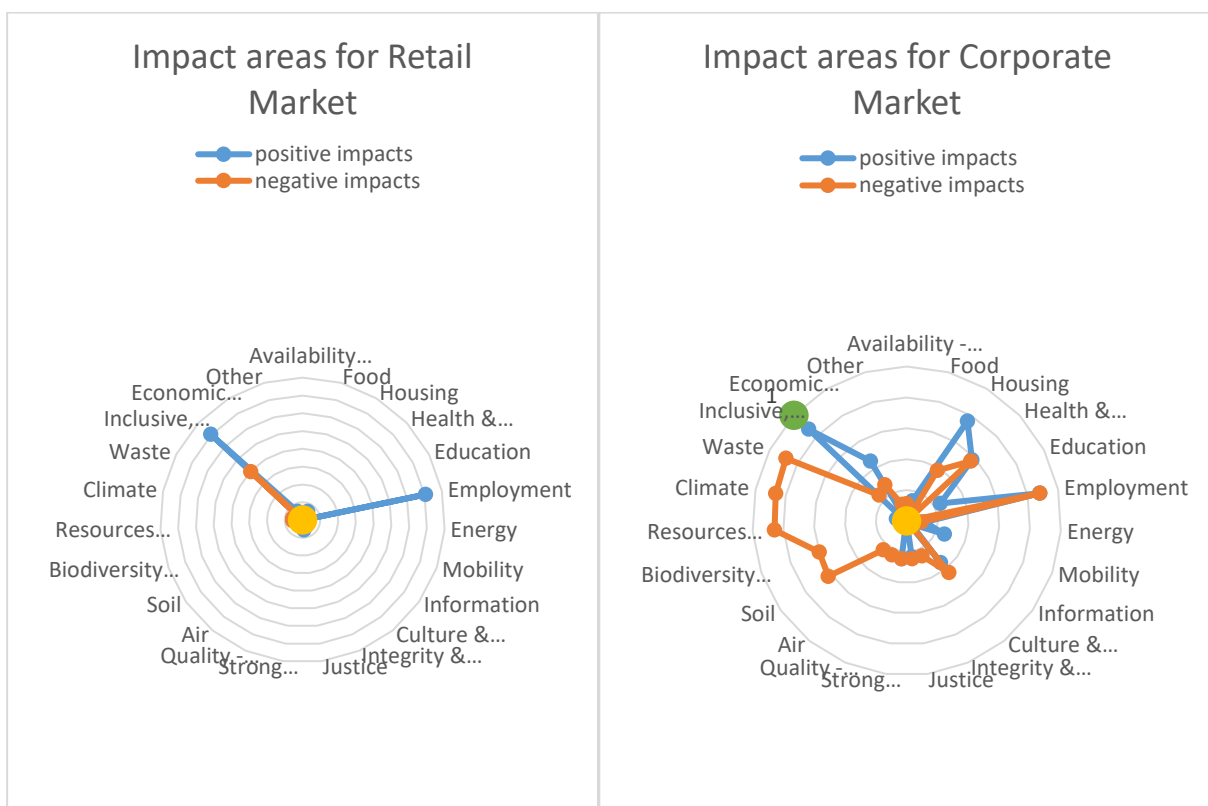


Figure 4: The figure shows the sustainability issues where SpareBank 1 Østlandet could have positive and negative impacts through its portfolios.

## Step 4: Context

This step of the analysis is intended to provide context for understanding how the Bank works on the most important sustainability parameters today and how the Bank is performing compared with other banks, laws and / or other obligations. As far as we are aware, no data and good analyses are available that compare the banks with respect to the sustainability parameters in the tool. Therefore, in the analysis, this step was instead reviewed internally by Compliance, CM and RM. Assessments were made of what we are working on today, and what we should prioritise focusing on going forward in order to rank the most important impact areas. Internal status information has been inputted into the tool.

**Notes regarding this part of the analysis:** This step of the analysis has been taken into account and minor adjustments have been made in the prioritisations of areas. It would be natural to update the analysis if relevant sources of good external data sources are found that can be used in this step. Nevertheless, this step is only a means of *adjusting* where the focus on positive and negative impacts should lie in relation to current performance. It was, therefore, completed using the data and information available to us at the time.

## Step 5: Results

In the fifth and final step of the analysis, we get the results that show where we could have positive and negative impacts. The tool generates a list of results as shown in Table 2. The list shows the areas where SpareBank 1 Østlandet could have major positive and negative impacts on sustainability issues in its portfolios. The results of the analysis were distributed over the business areas we have inputted, in other words RM and CM. In total, the following six sustainability parameters were highlighted that SpareBank 1 Østlandet could have positive or negative impacts on:

- Climate
- Resource efficiency and resource security
- Waste
- Housing
- Work
- Inclusive, healthy economies

The sustainability parameters highlighted in step 2 as being especially important for Norway to focus on in its work on sustainability are shown in bold in Table 2.

Table 2: Results of SpareBank 1 Østlandet's impact analysis.

Corporate Market → Areas affected	
Positive impacts	Negative impacts
<ol style="list-style-type: none"> <li>1 Climate</li> <li>2 Resources efficiency/security</li> <li>3 Inclusive, healthy economies</li> </ol>	<ol style="list-style-type: none"> <li>1 Resources efficiency/security</li> <li>2 Climate</li> <li>3 Waste</li> </ol>
Retail Market → Areas affected	
Positive impacts	Negative impacts
<ol style="list-style-type: none"> <li>1 Housing</li> <li>2 Inclusive, healthy economies</li> <li>3 Work</li> </ol>	<ol style="list-style-type: none"> <li>1 Resources efficiency/security</li> <li>2 Climate</li> <li>3 Inclusive, healthy economies</li> </ol>

**Notes regarding this part of the analysis:** The tool is designed to arrive at the top five positive and negative impact areas for each market area. SpareBank 1 Østlandet has chosen to show the top three positive and negative impacts for each business area. There are several reasons for this, but some of those that weighed the heaviest are:

- The tool only generates a total of three negative impacts for RM in our bank.
- The tool is designed for large global and internationally active banks. The overview shows the global results based on the sum of multiple countries. Since SpareBank 1 Østlandet is a regional Norwegian savings bank, and the analysis naturally only generates results for Norway, we believe that it is natural to have fewer focus areas than a large global bank.
- We have included the areas in which the tool says Norway needs major improvements.

## Results and context

The banks that have signed up to the *Principles for Responsible Banking* are not required to produce a report of this scope based on the impact analysis. Nevertheless, SpareBank 1 Østlandet has chosen to publish one, along with an account of the methods, process and main conclusions from the impact analysis, in order to reinforce principle 6 of the PRB and the Bank's expressed goal of accountability and transparency.

In the results of the analysis, the Bank has chosen to highlight three positive and three negative impact areas in each business areas, as shown in Table 2.

We now want to take a closer look at the results and show the context behind the sustainability parameter in the tool. Table 3 provides an overview showing each sustainability parameter together with UNEP FI's description of the potential positive or negative impacts associated with the parameter. Only those parameters with a score of level 3 or 4 have been highlighted here. SpareBank 1 Østlandet's work with the results will primarily focus on where Norway's needs are great and where, at the same time, the Bank could have a major impact. The results shown in Table 3 will provide the basis for the Bank's future work on sustainability and the PRB.

### Retail Market (RM)

For RM, the results of the analysis are closely linked to the products and services we provide for housing, as well as loans for vehicles. The *positive impacts* in RM were primarily linked to providing people with access to housing, either through products such as residential mortgages or by offering security deposit accounts. The *negative impacts* in RM are also linked to housing and vehicles. Here the results focused on both greenhouse gas emissions linked to housing and vehicles and also the fact that these are resource-intensive products to produce and use.

### Corporate Market (CM)

CM has multiple parameters to take into account, within several sectors. The results here are not distributed by sector, but provides an overarching picture of where we should focus our sustainability work, according to the analysis. The climate is important with respect to both *positive* and *negative* impacts. There must be, and currently is, a focus on reducing greenhouse gas emissions in the Bank's portfolio. Furthermore, there must also be a focus on resource efficiency and transitioning to a circular economy. We can see that the results in CM are closely linked and largely are about thinking smart, using less resources, emitting less greenhouse gases and thereby also producing less waste.

Corporate Market → Areas affected

Positive impacts	
<b>1 Climate</b>	<ul style="list-style-type: none"> <li>- Improved CO2 capture opportunities within forestry</li> <li>- Reuse of materials resulting in avoided emissions from the extraction and production of new materials</li> <li>- Reduced need for further material extraction</li> </ul>
<b>2 Resources efficiency/security</b>	<ul style="list-style-type: none"> <li>- Collection of waste and scrap that supports recycling and a circular economy mindset</li> <li>- Reduced need for further material extraction</li> </ul>
Negative impacts	
<b>1 Resources efficiency/security</b>	<ul style="list-style-type: none"> <li>- Potential high energy and water consumption</li> <li>- Energy use (for transport fleets and warehouses)</li> <li>- Use of energy, water, metals, minerals, chemicals, wood and land areas</li> </ul>
<b>2 Climate</b>	<ul style="list-style-type: none"> <li>- Emissions of greenhouse gases linked to: production, consumers, machines, transport, warehouses, intensive agriculture, downstream heating, etc.</li> <li>- Reduced CO2 capture capacity</li> </ul>
<b>3 Waste</b>	<ul style="list-style-type: none"> <li>- Disposal of waste from: chemical containers, animal waste, processing waste, old machines and materials</li> <li>- Packaging</li> <li>- Waste management can be complicated</li> <li>- Waste generated by and in office facilities</li> </ul>

Retail Market → Areas affected	
<b>Positive impacts</b>	
<b>Housing</b>	- Contributing to access to housing
<b>Negative impacts</b>	
<b>Resources efficiency/security</b>	- Energy intensive products (housing and vehicles)
<b>Climate</b>	- Greenhouse gas emissions (housing and vehicles)

**Notes regarding the table:**

The information in the table is retrieved from a background tab in UNEP FI's Excel tool. The tab contains information from the first step about the Bank's sectors and products entered into a cross tabulation, together with the sustainability parameters from step 2. Then sectors are linked to relevant sustainability parameters, and crossed off. To show how the Bank has an impact, UNEP FI has in the cross tabulation provided a brief description of how the different sectors and the products can have an impact on the parameters. This is what is summarised in the table above.



## Stakeholder engagement

Stakeholder engagement forms an important part of the PRB. We have, therefore, been in contact with two non-government organisations (NGOs) with special expertise in sustainable/responsible finance: The Norwegian Forum for Development and Environment (Forum for utvikling og miljø, ForUM),<sup>5</sup> and Future in our Hands (Framtiden i våre hender).<sup>6</sup> At the same time, ForUM is an umbrella organisation for NGOs and has specialized networks for the organisations working with responsible business and finance.

Both organisations underscore that they have not reviewed SpareBank 1 Østlandet's analysis in detail but say at a general level that the intentions behind the PRB are good. They both believe that carrying out various analyses of banks' positive and negative impacts is an important step towards making banking more sustainable.

ForUM also wanted to point out that banks must remember that the sustainability agenda is a comprehensive agenda. All stakeholders must be aware of *all the areas* they are impacting.

Future in our Hands wanted to point out that many NGOs have been critical of the PRB. In short, the NGOs believe that it is problematic that minimum requirements for banks are not set underway, that the time horizon (up to four years after signing up to the initiative) for starting to report on specific targets is too long, and that what must be reported on is largely based on the banks' own assessments. These are criticisms that have been published and they have been in contact with UNEP FI in order to change what they believe is a structural error.<sup>7</sup>

SpareBank 1 Østlandet is open to views and criticisms of both the PRB and the impact analysis. We believe that it is important to mention these in this report in order to create a nuanced picture of both the strengths and weaknesses of the PRB and the analysis. We want to continue our engagement with all stakeholders interested in our sustainability work in general, our work with the PRB or the impact analyses in particular. Engagement and a critical focus are completely necessary in order to strengthen and improve the work, both for the financial services sector and for our bank.

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<sup>5</sup> <https://www.forumfor.no/>

<sup>6</sup> <https://www.framtiden.no/>

<sup>7</sup> Banktrack: [https://www.banktrack.org/article/we\\_seek\\_commitments\\_not\\_just\\_more\\_principles](https://www.banktrack.org/article/we_seek_commitments_not_just_more_principles)



## Conclusion

SpareBank 1 Østlandet takes a systematic approach to sustainability and has set both internal and external goals for its sustainability work. We are already systematically working on the themes emerging in the analysis. For those interested in our ongoing work, Appendix 1 should be of particular interest, as should SpareBank 1 Østlandet's annual report.

The results of the analysis are interesting and SpareBank 1 Østlandet will use them in its continued work on sustainability and the PRB. The main areas with positive and negative impacts from table 3 will be reviewed and seen in relation to the current work on sustainability in the Bank. Viewing this impact analysis in the context of the materiality analysis conducted in 2017 is particularly interesting.

When the impact analysis has been viewed in relation to the Bank's other sustainability work, the next step will be to look at *Principle 2: Impacts and goals*. It is important to look at how the Bank's current goals match the areas in which, the impact analysis shows, the Bank has material impact. This will make it possible to adjust the direction of the sustainability work in SpareBank 1 Østlandet such that it is in line with the PRB. This work will be clarified in a second report, which will be published in the autumn.

We would like to thank the stakeholders for their valuable input and wish to maintain stakeholder dialogue in our future work in order to strengthen and improve our work on responsibility and sustainability.

## Contact details

For more information about SpareBank 1 Østlandet's sustainability work, see our [website](#). If you have any questions about the impact analysis, please be kind to contact us via email at [barekraft@sb1ostlandet.no](mailto:barekraft@sb1ostlandet.no).

## Appendix 1

The climate is defined as one area where the Bank has a negative impact, both in Corporate Market (CM) and Retail Market (RM). This appendix is an abstract from SpareBank 1 Østlandet's guidelines and action plan for the climate and climate risk. Below is the action plan produced by SpareBank 1 Østlandet detailing how it will work on the climate in the period 2019-2021.

## SpareBank 1 Østlandet Climate Action Plan for 2019-2021

This action plan for the climate and climate risk makes reference to where this can be found in the Sustainability Strategy 2019-2021, Action Plan for Sustainability 2019-2021 (internal), Roadmap for Green Competitiveness in the Financial Sector, UNEP FI's six climate obligations for banks (CCCA, UNEP FI) and guidelines for CM (CM guidelines) and RM (RM guidelines).

Area	Scope	Goal	Action	Department	CO2 effect
Internal climate and environmental work (BS, 2.4)	1, 2	We shall work to become a climate neutral group and continually reduce the environmental impact from our own business.  (BS 2.4 and goal 2.2.25 in HP)	<ul style="list-style-type: none"> <li>• We are using the Eco-Lighthouse environmental management system. (HP, goal 2.2.26)</li> <li>• We are certified according to the Eco-Lighthouse standards. (HP, 2.2.26) (This is externally verified).</li> <li>• We use, develop and invest in technology to reduce environmental impact. (BS, 2.4)</li> <li>• We facilitate for employees so that environmental impact is reduced and the employees can make environmentally-friendly choices. (BS, 2.4)</li> </ul>	Business operations	Moderate
Internal climate and environmental work (BS, 2.4)	1, 2, 3	We shall help to raise expertise on climate, so that our employees become aware of their impact on climate and the environment, both through their own actions and through their work at the Bank. (VK #3 and BS, 2.4)	<ul style="list-style-type: none"> <li>• We participate annually in "Arbeidslivets klimauke". (BS, 2.4)</li> <li>• All employees in the Bank shall have attended a sustainability workshop. (HP 2.1.1)</li> <li>• All employees shall have received training relevant to their own position. (HP 2.2.2)</li> <li>• Risk/Compliance has contributed to training in ESG risk (e.g. climate risk) and compliance (regulations, e.g. the EU Sustainable Finance package). (HP 2.1.3)</li> </ul>	HR, Risk/Compliance.	Moderate

<p>Sustainable granting of credit and establishment of customer relationships (BS 2.2)</p>	<p>3</p>	<p>Work continuously towards a sustainable credit portfolio. (SS, 2.2)</p> <p>Contribute to our customers having a conscious relationship with sustainability and climate risk, and expect them to take an active approach to their own practice in this field (BS, 2.2).</p>	<p><u>From our guidelines:</u></p> <ul style="list-style-type: none"> <li>- Conduct dialogue and work with our customers on the necessary changes. (UNEP FI 2, RM and CM guidelines)</li> <li>- We expect our customers to have a clear awareness of climate risk and are focused on reducing their negative impact on the climate and environment. (CM guidelines)</li> <li>- We encourage customers to set energy efficiency goals and reduce greenhouse gases, work to reduce pollution and contribute to good waste management and recycling procedures and use renewable energy where appropriate. (CM guidelines)</li> <li>- We do not grant loans to enterprises that carry out extraction of or power production based on coal or tar sands, or use timber obtained from organisations that perform illegal logging, sell illegally felled timber or engage in deforestation and/or destroy tropical rainforests, remove primary forest or protected forests (High Conservation Value Forests). (CM guidelines)</li> <li>- We currently do not lend to businesses that engage in the production of fossil fuels. No do we have any ambition to do so. (BM guidelines)</li> </ul> <p><u>From our Action plan:</u></p> <ul style="list-style-type: none"> <li>- We have implemented absolute requirements, both in the establishment of customer relationships and the credit process. (SAP 2.2.5, CM)</li> <li>- We conduct due diligence in connection with establishing customer relationships, to reduce the risk of negative impact on the environment and climate. (SAP 2.2.4, CM)</li> <li>- We conduct due diligence on our corporate customers, to reduce the risk of negative impact on the environment and climate. (SAP 2.2.1, CM) This involves certification, energy consumption, energy labelling, impact on vulnerable ecosystems such as wetlands, roadmap measures, climate adaptation and certified input factors.</li> <li>- We include climate as part of the credit process. (SAP 2.2.2, CM and RGC)</li> <li>- We set climate requirements for loans for housing and commercial buildings. (HP 2.2.3 BM, and VK)</li> <li>- We measure<sup>8</sup> carbon-related credit exposure. (HP 2.2.7 BM and VK)</li> </ul>	<p>CM, RM and Risk/Compliance</p>	<p>Significant</p>
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			<ul style="list-style-type: none"> <li>- We offer several green products to corporate market customers, which stimulate sustainable change. (SAP 1.2.1, CM)</li> <li>- We offer good advice and sell good products and solutions that result in the smallest possible environmental footprint for customers, the community and the Bank. (SAP 1.2.2, RM)</li> <li>- At the latest by the end of 2022 (3 years after signing), we will set and publish sector-specific, scenario-based goals for portfolio prioritisation. (UNEP FI)</li> </ul>		
Responsible investment and ownership (BS 2.3)	3	We will be investing in sustainable companies as capabilities capable of adapting their operations to a changing world (BS 2.3).	<ul style="list-style-type: none"> <li>• We integrate climate into our investment analyses and work to reduce our negative impact. (BS 2.3)</li> <li>• Climate assessment is included in the Bank's assessment of new equity investments. (HP 2.2.10)</li> <li>• The entire liquidity portfolio is assessed against the guidelines every year and deviations are followed up.<sup>9</sup> (HP 2.2.11)</li> <li>• A clear expectation is expressed that all subsidiaries with activities within the financial group have goals for climate and the environment and report on the status in the annual business review. (HP 2.2.12)<sup>10</sup></li> </ul>	Economics and Finance (Treasury and ownership)	Moderate

<sup>8</sup> Due to lack of information and data, estimate are a more correct term than measure.

<sup>9</sup> For descriptions of how this is undertaken, see the corporate social responsibility and sustainability guidelines for liquidity management: [https://www.sparebank1.no/nb/ostlandet/om-oss/samfunnsansvar/retningslinjer-og-rammeverk.html#par\\_title](https://www.sparebank1.no/nb/ostlandet/om-oss/samfunnsansvar/retningslinjer-og-rammeverk.html#par_title)

<sup>10</sup> For a description of how, see the corporate social responsibility and sustainability guidelines for corporate governance, the same link as above.

Responsible investment and ownership (BS 2.3)	3	We set requirements to third-party providers of funds and capital/pension insurance that they must follow internationally-recognised principles of sustainability in their investments and document their monitoring and control of companies in relation to this. (BS 2.3)	<ul style="list-style-type: none"> <li>We investigate the customer's climate preferences as part of the customer suitability survey in connection with investment advice, and offer products that fit the customer's climate preferences. (HP 1.1.4)</li> <li>We provide the customer with good information about the climate profile of all our funds. (HP 1.1.5)</li> <li>We have arranged at least two client events on fund placement where ESG is the theme. (HP 1.1.6)</li> <li>We do not wish to offer funds that invest in organisations that <ul style="list-style-type: none"> <li>perform extraction or power generation where a large proportion, more than 10 per cent, is based on coal, oil sands or palm oil production that is not sustainable.</li> <li>use timber obtained from organisations that perform illegal logging, sell illegally felled timber or engage in deforestation and/or destroy tropical rainforests, remove primary forest or protected forests (High Conservation Value Forests).</li> <li>Have activities that cause severe climate and environmental damage. (Asset management guidelines).<sup>11</sup></li> </ul> </li> </ul>	Organisation and Asset Management	Moderate
Sustainability requirements for suppliers and partners (BS 2.5)	3	We shall make demands that our suppliers and partners have a conscious attitude to climate (BS 2.5)	<ul style="list-style-type: none"> <li>We carry out due diligence for our procurement, which entails clear requirements for, dialogue with and follow-up of suppliers and partners. (BS 2.5)</li> <li>We use our self-certification from suppliers. (BS 2.5)</li> <li>Environmental and social requirements are set for all procurements and these are prioritised in the selection of suppliers. (HP 2.2.27)</li> </ul>	Business operations (procurement)	Moderate/limited
Reporting	1, 2, 3	Described in separate point			Limited

<sup>11</sup> See the corporate social responsibility and sustainability guidelines for asset management. <https://www.sparebank1.no/nb/ostlandet/om-oss/samfunnsansvar/retningslinjer-og-rammeverk.html>