Climate Report 2022

SpareBank 1 ØSTLANDET

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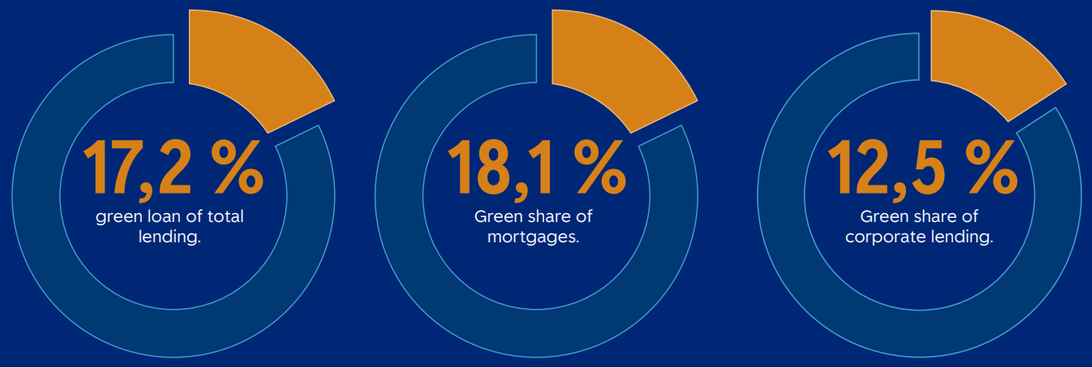
Green loan ratios



Total greenhouse gas emissions

The bank's total greenhouse gas emissions calculated in tCO2e are shown below.

	Own operations	Housing mortgage portfolio retail market	Lending portfolio corporate market	Total emissions
Direct emissions (scope 1)	8 t CO2	-	-	8 tCO2
Indirect emissions from purchased energy (scope 2)	516 t CO2	-	-	516 tCO2
Indirect emissions from supply chain (scope 3)	179 t CO2	18 673 t CO2	248 660 t CO2	267 512 t CO2
Total	703 t CO2	18 673 t CO2	248 660 t CO2	268 036 t CO2

Introduction

The bank has the following 2050 goal: We have been part of creating a sustainable zero-emission society within the planet's tolerance limits.

A very important part of this work is to limit the harmful climate changes through net zero emissions of greenhouse gases in 2050. The bank has therefore signed the Net Zero Banking Alliance (NZBA) and works for net zero emissions by 2050 both from its own operations and from our value chain. In this report, we explain how we work with the net zero ambition.

To succeed in our ambition, we must deploy our resources where we have the most emissions. For the bank, this applies in the value chain, linked to our lending. We are therefore working to reduce greenhouse gas emissions in both the private market and business market portfolios. This means that we are constantly increasing the proportion of the portfolio that is considered to have lower greenhouse gas emissions and can therefore be considered "greener".

The bank reports on both direct (scope 1) and indirect emissions (scope 2 and 3) for its own operations. Within indirect emissions (scope 3), we also report estimated greenhouse gas emissions from the bank's value chain, through lending to our customers. In our annual report, we also report on greenhouse gas emissions linked to the ODIN funds we offer to customers. The bank has indirect ownership in ODIN management through SpareBank 1 Forvaltning. Since the bank is part of the Collective Commitment on Climate Action (CCCA), we use the four guidelines set out in UNEP FI's "Guidelines for Climate Target Setting for Banks":

1. Set and report on long-term goals to reach the Paris Agreement.
2. Set a baseline for emissions in the portfolio with annual measurements.
3. Use science-based scenarios for decarbonisation that are aligned with the Paris Agreement.
4. Regularly update the targets to keep pace with the latest climate research.

Methods for calculating emissions

The bank is a member of and uses the Partnership for Carbon Accounting Financials (PCAF) method to calculate emissions for the corporate market portfolio, and this has also been used for the housing mortgage portfolio from 2022. We have actively participated in Finance Norway's work on harmonising reporting on greenhouse gas emissions from loan portfolios, for example by using the PCAF method.

Method for setting science based targets concerning zero emissions

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. The Bank was assisted by the company, Cemasys. The calculations are not submitted to SBTi for approval because in addition to housing mortgages we almost only have small and medium-sized enterprises in the loan portfolio. SBTi does not have a method suited to such a portfolio. However, we have signed up to SBTi and will submit the targets for approval as soon as SBTi has a method we can use.

Method for calculating share of green loans

In 2021, the Bank developed a green bond framework in which parts of the loan portfolio is defined as light, medium or dark green based on various criteria. The framework is subject to third-party verification by Cicero Shades of Green, which rated the general framework 'medium green'. Our criteria have also been assessed in relation to the EU Taxonomy as it was proposed at the time. Essentially, the definition used in our bond framework is the definition used to define what is 'green'. If the reporting deviates from this, this is stated.

Strategic anchoring, framework and commitments

Strategic anchoring

Through a number of global initiatives and frameworks, SpareBank 1 Østlandet has committed itself to taking its share of the responsibility for addressing the climate crisis we are facing. From 2022, sustainability is reinforced in the bank's main strategy, as one of our four main goals towards 2025. The goal is:

› We are a clear driving force for sustainable transition.

This means, among other things, that we channel capital to sustainable projects, and to the necessary transition to a sustainable and climate-neutral society. We ensure that sustainability is an integral part of the bank's operations and that we actively contribute to achieving the UN's sustainability goals, both in customer oriented work, through our internal operations, and that we include the work in our supply chains.

We have carried out an Impact analysis (UNEP FI Impact analysis). This shows that we have a negative and positive impact on the climate within both lending to both the retaill market (PM) and the Corporate market (BM). Therefore, work with climate is a central part of the bank's sustainability work. In the bank's strategy, which runs from 2022 to 2025, various strategic initiatives are defined, where "Zero emissions 2050" is an overall strategic initiative to achieve the bank's goals. Within this strategic initiative, we will work towards net zero emissions by reducing CO2 emissions from our operations and in our lending and investment portfolios.

Impact analysis of the Bank's largest business areas: Retail Division (RD) and Corporate Division (CD)

	Areas that are positively affected +			÷ Areas that are negatively affected	
S	Food 1	Corporate Division	1	Resources efficiency/security	E
S	Housing 2		2	Climate	E
E	Climate 3		3	Waste	E
S	Housing 1	Retail Division	1	Resources efficiency/security	E
S G	Inclusive, healthy economies 2		2	Climate	E
S	Work 3		3	Inclusive, healthy economies	S G

E Environment, climate and nature S Social conditions and Human rights G Governance

To achieve our overall goal of being a clear driving force for sustainable transition, the bank has adopted an overarching KPI at group level:

› From 2021 to 2025, the green share of the total lending portfolio must be increased from 16.3% to 21.3%..

The definition of "green" is given by our bond framework, with the exception of new housing, where we use a provisional definition pending an update of our framework after NZEB is defined in Norway. The goal must be achieved in the following way:

TOTAL GREEN ASSETS

	Actual Green Ratio			Target Green Ratio			
	2Q 2022	3Q 2022	4Q 2022	2022	2023	2024	2025
Total green assets - own balance	19,1%	19,9%	21,5%				
Total green assets incl. assets transferred to covered bond companies	16,2%	16,4%	17,2%				
Total Green Assets - KPI path	16,5%	16,5%	16,9%	16,9%	17,5%	18,8%	21,3%

RESIDENTIAL MORTGAGES

	2Q 2022	3Q 2022	4Q 2022	2022	2023	2024	2025
Residential mortgages - own balance	15,3%	16,3%	17,1%				
Residential mortgages - tranferred SB1 Boligkreditt	19,8%	19,4%	19,8%				
Residential mortgages - KPI path	17,0%	17,3%	17,5%	17,5	18,0%	19,0%	20,0%

CORPORATE MARKET (CM)

	2Q 2022	3Q 2022	4Q 2022	2022	2023	2024	2025
Corporate Real Estate	23,2%	23,0%	28,9%	29,4%	32,9%	36,5%	40,0%
Agriculture	0,2%	0,3%	0,4%	0,4%	0,6%	0,8%	1,0%
Forestry	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Renewable Energy	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Total Green Assets CM - own balance	11,9%	11,6%	12,9%				
Total Green Assets CM incl. Assets transferred to SB1 Næringskreditt	11,6%	11,3%	12,5%				
Corporate Market - KPI path	13,1%	13,5%	13,9%	13,9%	15,4%	16,7%	18,0%

SpareBank 1 Finans Østlandet

	2Q 2022	3Q 2022	4Q 2022	2022	2023	2024	2025
Clean Transportation	11,8%	12,1%	12,5%				
KPI path	11,8%	12,2%	13,6%		17,4%	21,2%	25,0%

UN Sustainable Development Goal 13, the Paris Agreement and the planetary boundaries.
We use a number of frameworks and commitments to support our climate work. From the UN's Sustainable Development Goals (SDG), we have selected eight goals that we consider essential for our bank, and one of them is SDG 13 – stopping climate change. Together with the Paris Agreement, it forms the basis for climate work. The bank has also decided to have a research-based starting point for sustainability work in the current strategy period. Concretely, this means that research into the planetary boundaries is the basis[1]. As the figure shows, climate is one of the planetary boundaries which is "In zone of uncertainty - increasing risk". Therefore, we do not only work with climate, but we also look at connections with the other planetary boundaries. For more information, see the report SpareBank 1 Østlandet's impact on nature, which is available on our website.

The nine planetary boundaries - from Stockholm Resilience Centre

To succeed in the fight against the climate challenges, we must collaborate with other players in the financial industry, both nationally and internationally. Below follows a description of which initiatives we have joined in this work, and how we use these to achieve our objectives.

1 https://www.jus.uio.no/forskning/omrader/selskaper/aktuelle-saker/fns-berekraftsmal-april-2018.html

Initiatives and framework

Collective Commitment to Climate Action - CCCA
This initiative was launched by the United Nations Environment Program (UNEP FI) in September 2019[1]. The bank signed these climate commitments for banks the same autumn, which means that we are taking clear steps towards adapting our operations to the international climate goals. These are the obligations:

1. Focus our efforts where we have or can have the greatest effect, i.e. first focus on the most carbon-intensive and climate-vulnerable sectors in our lending portfolios.

2. Have dialogue and cooperation with our customers about the necessary changes.

3. Work together and support each other to develop banks' ability and methods to measure climate impact and adaptation to global and local climate targets.

4. Interact with authorities, scenario providers and other relevant actors on the development of clear and feasible sector-specific roadmaps to reach well below 2 and strive for 1.5 degrees of warming, for all relevant sectors and across different geographical areas.

5. No later than three years after signing this commitment, set and publish sector-specific, scenario-based targets for portfolio prioritization.

6. Take action now, while working with methods and developing goals. We commit, within 12 months of signing, to start publishing and implementing measures we will take in the bank and together with our clients to support and accelerate the shift towards low-carbon, climate-adapted technology, business models and society.

In September 2020, the bank submitted a report on the status of our work within the commitment, and we contributed in 2021 to a joint report from CCCA. See more information on our websites[2]. However, some of the work in CCCA has been moved to the initiative below.

1 https://www.unepfi.org/banking/bankingprinciples/commitments/ccca/
2 https://www.sparebank1.no/nb/ostlandet/om-oss/samfunnsansvar/tilslutning-globale-initiativer.html

Net Zero Banking Alliance - NZBA
The United Nations Environment Programme's (UNEP FI) net zero initiative for banks was launched in April 2021 in the run-up to the climate summit in Glasgow that same year. The bank joined the initiative at the start and, one year after it started, is still one of only two Norwegian banks to have joined the climate initiative[3]. A central part of the work is to prepare methods and guides for working with zero emissions, and the bank actively participates in several working groups. The NZBA has a "Commitment statement" which, among other things, obliges us to:

- Adjust emissions from own operations, lending and investments to a net zero emissions path by 2050.

- Within 18 months, set a 2030 target and a 2050 target, with intermediate targets to be set every 5 years from 2030 onwards.

- The 2030 target must focus on priority sectors where the bank can have the greatest influence, i.e. the most greenhouse gas-intensive sectors.

- Annually publish absolute emission and emission intensity figures in line with best practice and within one year of setting targets, show progress according to given criteria

- Take a robust approach to compensating emissions [4].

See the bank's reporting to the NZBA on our websites.

Eco-Lighthouse
Since 2008, the bank has used this environmental management system (EMS) to become environmentally certified. We also use it to report on our own direct (scope 1) and indirect (scope 2 and 3) greenhouse gas emissions. The figures that appear in this report on own emissions are taken from the Environmental Lighthouse report

Partnership for Carbon Accounting Financials - PCAF
PCAF is a global partnership between financial institutions that work to gain access to data, and report on greenhouse gas emissions. The bank joined in 2020 and actively uses the method to estimate emissions from the lending portfolio. The figures appearing in this report on emissions from the lending portfolio have been arrived at using PCAF.

Science Based Target

The bank has implemented a science-based target to reduce greenhouse gas emissions for both scope 1, 2 and 3 (including the lending portfolio). This is shown through the report.

CDP
In recent years, the bank has reported on its climate work via the internationally recognized non-profit climate organization CDP. We achieved the grade A in 2020, A- in 2021 and A in 2022[5]

Task Force on Climate-related Financial Disclosures - TCFD
TCFD is used in the assessment of climate risk, and the bank has reported annually according to TCFD since 2018 through our annual reports[6].

EU taxonomy
The EU's classification system for sustainable activities will become part of Norwegian law during 2022. The bank works to classify the portfolio according to the EU's classification system and according to the Act on the publication of sustainability information and publish taxonomy-related information in the annual report for 2021.

European Climate Pact
In 2021, the bank joined The European Climate Pact, which obliges us to take concrete measures for climate and the environment. The Climate Pact is part of the EU's Green Deal[7].

3 https://kommunikasjon.ntb.no/pressemelding/sparebank-1-ostlandet-oppfordrer-norske-banker-til-a-signere-mal-om-nullutslipp-innen-2050?publisherId=17847612&releaseId=17908948
4 https://www.unepfi.org/banking/bankingprinciples/commitments/ccca/
5 https://www.cdp.net/en/companies/companies-scores
6 https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html
7 https://www.sparebank1.no/nb/ostlandet/om-oss/samfunnsansvar/tilslutning-globale-initiativer.html

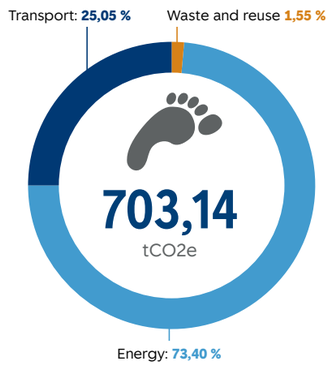
Emissions and zero emission plan for our business operations

SpareBank 1 Østlandet has been Eco-Lighthouse certified since 2008 and we are always exploring ways to cut our greenhouse gas emissions and climate impact.

The Bank's total greenhouse gas emissions amounted to 703.14 tCO2e in 2022, and we bought EUA climate quotas to compensate for our emissions. We also purchased guarantees of origin to ensure that renewable electricity is generated for our consumption in Innlandet County.

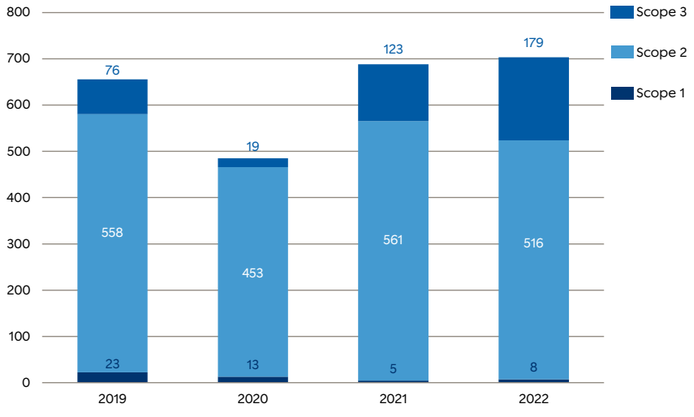
Eco-Lighthouse is a recognised and effective environmental management system (EMS), which is approved by the EU. The report covers all of the Bank's registered emissions. The analysis is based on the international standard, A Corporate Accounting and Reporting Standard', which was developed by the Greenhouse Gas Protocol Initiative – the GHG protocol.

Percentage distribution of CO2 emissions



The Bank has significantly reduced its emissions in recent years; they were halved between 2013 and 2017. We gradually reduced emissions from 2018 to 2020, but they have increased from 691 tonnes CO2e in 2021 to 703 tonnes in 2022. This was due to the increase in activity after the Covid-19 pandemic and the higher number of indicator types to report on. In 2021, Eco-Lighthouse added more types of indicators that must be reported on, for example mileage allowances. They also updated the conversion factors and the biggest changes were made in energy consumption. The previous factor for electricity related to the Nordic production mix while the new factor relates to the Norwegian production mix. This makes comparing our historically reported figures difficult. We have, therefore, restated historical figures using the new method.

Scope 1 emissions increased from 4.6 to 7.6 tCO2e due to more travel using the Bank's hybrid cars. Our electricity consumption, district heating and district cooling have all been reduced, resulting in an 8.3 per cent reduction in our Scope 2 emissions from 562.9 tCO2e to 516.1 tCO2e. As far as Scope 3 emissions are concerned, emissions from air travel have increased, while emissions from waste have decreased from 18.92 tCO2e to 10.86 tCO2e. The figure for mileage allowances has increased from 362 761 km to 559 939 km due to more travel activity after the pandemic. Overall, this results in indirect emissions in Scope 3 increasing from 123.8 tCO2e in 2021 to 179.4 tCO2e in 2022.



Total tonnes CO2e emissions 2018-2021

Emission source	Consumption	Emission factor	Emissions in CO2 equivalents
Scope 1			
Petrol (company cars)	2 634 litres	2.89 kgCO2e/litre	7.61 tCO2e
Total Scope 1:			**7.61 tCO2e**
Scope 2			
Remote cooling	21 431 kWh	0.026 kgCO2e/kWh	0.56 tCO2e
District heating	1 879 520 kWh	0.187 kgCO2e/kWh	351.47 tCO2e
Electricity	4 102 162 kWh	0.04 kgCO2e/kWh	164.09 tCO2e
Total Scope 2:			**516.11 tCO2e**
Scope 3			
Waste			10.86 tCO2e
Residual waste, two categories	33 775 kg	Different per category	7.74 tCO2e
Sorted waste, 10 categories	65 410 kg	Different per category	3.12 tCO2e
Business trips			168.55 tCO2e
Air travel, Nordic countries	151 flights	104 kgCO2e/journey	15.70 tCO2e
Air travel, Europe	9 flights	185 kgCO2e/journey	1.67 tCO2e
Air travel, rest of world			
Mileage allowance	559 939 km	0.27 kgCO2e/kg	151.18 tCO2e
Total Scope 3:			**179.42 tCO2e**
TOTAL CO2 EMISSIONS			**703.14 tCO2e**

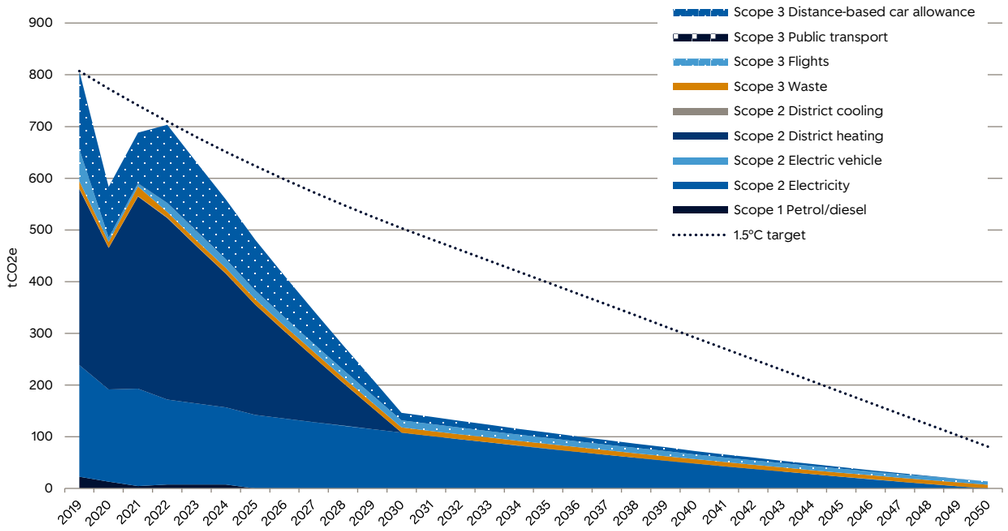
1) 32 252 km were driven by electric car.

Overview of goals and goal attainment for 2022

Scope 1: Company cars, fuel	The Bank's company vehicles will be replaced with electric vehicles by 2030. Emissions from company cars will therefore be almost zero from 2030 onwards. In 2022, the Bank's employees had one electric car and two hybrid leased cars at their disposal. Total petrol consumption amounted to 2 634 litres, mainly from the Bank's teaching about personal finances to school students in our district.
Scope 2: Electricity and district heating	The Bank has cut its electricity consumption significantly over the past 13 years. Our goal is to reduce consumption continuously in the period up to 2030 and thereafter up to 2050. Electricity consumption, district heating and district cooling all decreased in 2022. The main reasons for this were a warmer climate and better energy monitoring systems at many of our branches. This resulted in an 8.3 per cent reduction in our Scope 2 emissions from 562.9 tCO2e to 516.1 tCO2e.
Scope 3: Flights	The Bank sets clear restrictions in its travel regulations meaning that all air travel must be justified by a clear need and that other options such as telephone, Skype or video meetings must be considered as alternatives to travel. Nine flights to Europe and 151 flights in the Nordic region were registered via our travel agent in 2022. These figures do not include flights booked by employees themselves. We are working to ensure that in the future all air travel must be booked via our travel agent. The flights that were registered were equivalent to 17.36 tCO2e in 2022. In 2021, only 57 flights were registered in the Nordic region with total emissions of 5.93 tCO2e. The increase is due to more travel after the pandemic. We aim to reduce the number of flights by 1 per cent per year in the period up to 2050.
Scope 3: Mileage allowances	From 2021, emissions from mileage allowances are also included in the Climate Report, which considerably increases our total CO2 emissions. The Bank encourages employees to reduce travel using their own car wherever possible and instead use public transport such as trains and buses. Alternatives such as telephone or video conferences must be considered as options instead of travel. The Bank offers green car loans to customers and employees who purchase electric cars. In 2022, we drove a total of 559 939 km. Of this, 35 252 km was driven by electric car, although there are no signs for these categories in the Eco-Lighthouse Portal. The total figures for 2021 was 362 761 km and 10 183 km by electric car (likely underreported). The reason for the increase is that travel has returned to its normal level after the pandemic.
Scope 3: Waste	The Bank aims to reduce emissions from waste by 50 per cent in the period 2018-2050. We have been a member of Grønt Punkt Norge ('Green Dot Norway') since 2011 and comply with its reporting and rules. All of the Bank's branches source separate waste and focus on residual waste, which is also in line with our Eco-Lighthouse certification. Further measures that are taken to reduce waste quantities include setting requirements for suppliers with respect to their use of packaging to limit the amount of waste collected from our branches. In line with Eco-Lighthouse's guidelines, disposable packaging must also be eliminated in the future. Please note that no waste figures are available where we only lease offices because we participate in common waste solutions. In 2022, we reduced our total waste quantity by 47 000 kg in spite of increased activity at the branches following the shutdown in 2021. Clearing out offices during the pandemic also resulted in more waste in 2021 than in 2022.

Science based plan for reductions
We have set a target for how we will cut our emissions in line with the Paris Agreement, a so-called science based target (SBT). In line with SBTi's method, we have adopted both short-term and long-term goals for the period up to 2050, as well as associated measures. The Bank's plans for cutting emissions in the period up to 2050 can be seen in the graph below. We have signed up to the Science Based Targets initiative, but do not yet have the opportunity to get our science based target approved by the Science Based Targets initiative because they do not have a method that is adapted to a bank of our size that mainly has SME customers. We hope this changes and will try to get the target approved as soon as possible.

Science based targets for greenhouse gas reduction in own operations



Emission from our value chain - the loan portfolio

The Bank's long-term ambition is to be net climate neutral by 2050, this includes in relation to loans. Therefore, we are working on cutting greenhouse gas emissions in our supply chain in both the retail market and the corporate market portfolios. This entails steadily increasing the share of the portfolio that is viewed as having low greenhouse gas emissions and that can, therefore, be considered 'greener'.

In 2021, the Bank developed a green bond framework in which parts of the loan portfolio is defined as light, medium or dark green based on various criteria. The framework is subject to third-party verification by Cicero Shades of Green, which rated the general framework 'medium green'. For more information, see our websites [1].

1 https://www.sparebank1.no/nb/ostlandet/om-oss/samfunnsansvar/rammeverk-for-gronne-obligasjoner.html

Mortgage portfolio

Greenhouse gas emissions
Total emissions from the mortgage portfolio were estimated to be 18 673 tCO2e for 2022, less than the target of 18 678 tCO2e. This emission target has therefore been achieved. Carbon intensity was 5.06 kgCO2e per m2, slightly above the target of 4.72 kgCO2e. This emission target has not been achieved yet.

For the first time, we have used PCAF to calculate emissions from the mortgage portfolio. The calculation takes account of whether the residential property is a detached house, terrace house or a flat, as well as the Energy Performance Calculation (EPC). It also includes total floor space and floor space scaled based on LTV ratio.

This is how the Bank determines the indirect emissions linked to mortgages.

Previously, we used Multiconsult to estimate emissions. This resulted in higher emissions, partly because they use a life cycle calculation. Different emission factors for electricity can potentially have a major impact as well. Because we have changed our method, we have also restated previously estimated emissions using new method. This gives the following result:

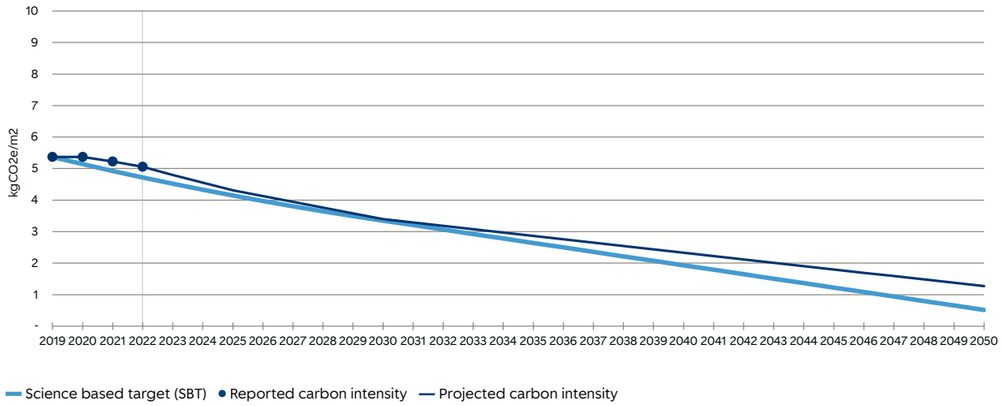
PCAF calculation	2022	2021*	2020*
Carbon intensity (kgCO2e/m2)	5,06	5,22	5,37
Total emissions (tCO2e)	✓ 18 673	20 214	21 244

*Simplified recalculation

Science based plan for reductions
The graph below projects emissions from the Bank's mortgage portfolio forward in time to 2050. It 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.

As the graph shows, 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.

Science based targets for greenhouse gas reduction for the housing mortgage portfolio



Share of green loans in the mortgage portfolio

The Bank is working to increase the green share of the mortgage portfolio, including to reduce greenhouse gas emissions linked to this. Cicero Shades of Green considers these buildings to be 'light green', which means the following requirements must be satisfied:

Existing buildings

- Buildings built prior to 2012 and that therefore comply with building codes older than TEK10 must have an energy class of A or B to be eligible.
- Buildings built between 2012 and 2021 must be TEK10 and TEK17 to be eligible.
- Buildings that have achieved a 30 per cent improvement in energy consumption, and/or that have improved their energy class by at least two levels to a grade of D or better, will qualify.

New buildings

- Buildings built after 2021 must be at least 20 per cent more energy efficient than the regulatory figure that applied at the time of construction. At the moment, this is a value that is hard to document, which results in no homes built after 1.1.2021 being regarded as 'green' in the calculations below.

Based on these assumptions, NOK 11.9 billion of lending qualifies as 'green'. Out of a total lending volume of NOK 83.7 billion linked to residential buildings in our portfolio, the 'green' share accounts for 14.3 per cent.

Using the same definition for 'green' for new homes for homes built between 2012 and 2021, the green share of total housing mortgages at the end of 2022 was 18.1 per cent. This includes housing mortgages transferred to Boligkreditt. This is well above the Retail Division's target for a share of 17.5 per cent, which is the Retail Division's key performance indicator for green growth in the housing mortgage portfolio.

Products and activities with environmental benefits – Retail division

In 2022, we relaunched our green energy loan product as a new fully fledged mortgage. The product is offered to customers who are upgrading their home or holiday home and will achieve at least a 30 per cent improvement in energy consumption. By offering a more favourable interest rate to finance the most energy-efficient homes, the Bank hopes to incentivise customers to make sustainable choices – which is positive for the customer, the Bank and the environment. The product has been well received by both customers and advisers.

Towards the end of the year, the Bank also established a green loan for customers who want to invest in solar cells on their property. This will be launched in 2023.

We will, therefore, be offering three different green loans for housing:

- Green energy loans offered to customers who upgrade the energy efficiency of their existing home or holiday home and improve its energy consumption by either 30 per cent or two energy classes (minimum class D).
- Green mortgages offered to customers whose home is energy class A or B.
- Green solar energy loans for solar panels.

Green car loans: The Retail Division distributes green car loans from our subsidiary SpareBank 1 Finans Østlandet. The loan product was launched in 2020 and is subject to a very competitive interest rate. The maximum repayment period is 8 years, although the customer achieves even better terms with faster repayment. Finans Østlandet had a goal of having 13.6 per cent green car loans in 2022. The result in 2022 was 12.4 per cent.

In collaboration with the other SpareBank 1 banks, the Bank has developed the 'My climate footprint' solution in the online and mobile banks. This shows the greenhouse gas emissions related to a customer's consumption. The solution calculates the customer's carbon footprint based on their bank transactions. The service is at the beta stage and will undergo further development. The Bank also discusses the topic of responsible consumption in webinars, seminars, social media, websites and newsletters.

Corporate market portfolio

Emissions
Total emissions in the corporate market portfolio for 2022 are estimated at 248 660 tCO2e, above the target of 194 842 tCO2e. However, total emissions do not provide an accurate picture of whether we are achieving emission targets because total emissions will increase with total lending, as was the case in 2022. Carbon intensity was 5.67 tCO2e per NOK million, just above the target of 5.52 tCO2e. The emission target is not reached with decimals. Annual carbon sequestration in the Bank's forest portfolio was estimated to be 158 000 tCO2e, adjusted for the Bank's funding, or about two thirds of annual carbon emissions in the remaining portfolio.

The Bank is not exposed to carbon-intensive industries such as oil and gas extraction, oil refining, metal production, shipping or aviation, and therefore has a relatively low carbon-intensive loan portfolio in the corporate market.

We want to publish the emissions in the loan portfolio because it is through our value chain that we have the greatest opportunity to help Norway achieve the ambitious goals in the Paris Agreement. The Bank has been reporting on greenhouse gas emissions in its loan portfolio since 2019 and has also set a science based target for credit portfolio.

When total greenhouse gas emissions are calculated in the loan portfolio, we limit ourselves to customers' Scopes 1 and 2 emissions, because including Scope 3 would involve a large degree of double counting as one company's direct emissions are another company's indirect emissions. Nevertheless, we want to illustrate the customers' Scope 3 emissions in the industry overview below since some industries, including construction, have relatively little direct emissions in relation to indirect emissions.

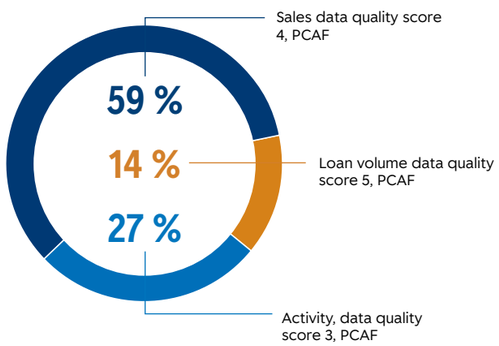
Method's assumptions and weaknesses
The calculations strive for the highest possible data quality, and this has been significantly increased since last year's reporting. For agriculture, the analysis is based on emission factors per animal, animal species and km2 of cultivated land. For commercial buildings, emissions are calculated primarily per square metre, taking into account the building type and energy class, with the exception of small exposures. This level of detail is new for the year and it corresponds to data quality 3 in PCAF, which uses a scale of 1-5, where 1 is the best. 27 per cent of the loan portfolio is now calculated using data quality 3. The best data quality in the calculations for 2021 was 4.

For other industries, the analysis is based on Norwegian emission factors at an industry group level (NACE code). For AS (limited companies), emission factors based on turnover are used, which corresponds to data quality 4 in PCAF (59 per cent of the portfolio). For sole proprietorships and the self-employed, an emission factor based on loan volume is used. This is equivalent to a score of 5 in PCAF (14 per cent of the portfolio). The calculation method used for limited companies and sole proprietorships differs due to the availability of data

	Total emissions (tCO2e)		**Carbon intensity** (tCO2e per NOK million in lending)	
Industry	**Scopes 1 and 2**	**Scope 3**	**Scopes 1 and 2**	**Scopes 1, 2 and 3**
Agriculture and associated services	181 092	243 175	31.2	73.1
Forestry and associated services	10 403	15 757	10.9	27.3
Commercial services	10 292	21 216	8.6	26.2
Wholesale and retail trade	14 663	29 170	7.1	21.2
Sale and operation of property	7 195	46 667	0.3	2.4
Manufacturing	6 273	43 396	4.3	46.6
Construction of buildings	6 649	134 274	1.1	24.2
Transport and storage	2 318	13 223	9.3	62.0
Professional and financial services	1 134	2 268	0.9	2.6
Hotels, restaurants and tourism	1 626	3 900	3.5	11.7
Energy production and supply	1 673	613	2.4	3.2
Public sector	996	9 426	1.5	16.1
Others	4 346	5 702	6.8	15.8
Total	**248 660**	**568 788**	**5.67**	**18.6**

Method: Partnership for Carbon Accounting Financials (PCAF). The Bank uses the Global GHG Accounting and Reporting Standard for the Financial Industry to estimate greenhouse gas emissions in its loan portfolio. The table shows direct emissions from our customers (Scopes 1 and 2) and emissions upstream in the value chain, like the production of raw materials at suppliers (Scope 3).

Data quality PCAF



The method has a number of weaknesses. These are some of them:

- Errors can occur in the source data in that individual customers may be assigned an industry code that does not reflect the enterprise's actual operations, and which therefore results in a misleading emission factor.
- The emission factors used for the calculations are partly rough estimates that do not provide information about emissions at a customer level. although the results nevertheless show where we should direct the focus of our sustainability work.
- Over time, as the data quality in our calculations improves, we will set increasingly more concrete goals and provide clearer incentives for specific industries and customers.
- We must expect relatively significant variation in emission measurements going forward because there will be steadily more updated information and the data quality will improve.

Development
The Bank published greenhouse gas emissions from the loan portfolio in the corporate market for the first time in the 2019 annual report and reported in line with the PCAF framework for the first time in 2020. Since this area has not been fully developed and is constantly being refined, including through constant improvements in methodology, the calculations are comparable from year to year. The change in the calculation method in this year's reporting, which has already been described under assumptions, results in significantly lower emissions. Therefore, the change in total emissions from last year's report is mainly methodical and does not reflect a genuine reduction in emissions. The method is now more detailed, and the emission factors more suited to Norwegian conditions. We have therefore recalculated the emission figures for 2020 and 2021 using this year's method in order to better keep up with developments.

The emissions for 2021 are estimated to be 232 340 tCO2e. 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 down from 6.19 to 5.67 tCO2e/NOK million in loans

PCAF calculation	2022	2021*	2020*
Carbon intensity (tCO2e/mill.kr)	5,67	6,19	6,49
Total emissions (tCO2e)	248 660	232 340	221 609

*Converted using updated method

Emissions from our sectors
The analysis shows that agriculture and associated services have the greatest direct emissions in our portfolio. This matches previous calculations. Agriculture is our second largest sector after commercial real estate, and given our geographical location and industry mix, it is natural that agriculture have high emissions. Norwegian agriculture focuses heavily on sustainability and significant resources are allocated to mapping and cutting greenhouse gas emissions in the industry. At the same time our agricultural customers have significant resources in forests. Active agriculture ensures the maintenance of forests and can contribute to sustainable forest production. Agriculture will continue to be a priority area for the Bank, and we will support and create incentives to cut greenhouse gas emissions in this sector.

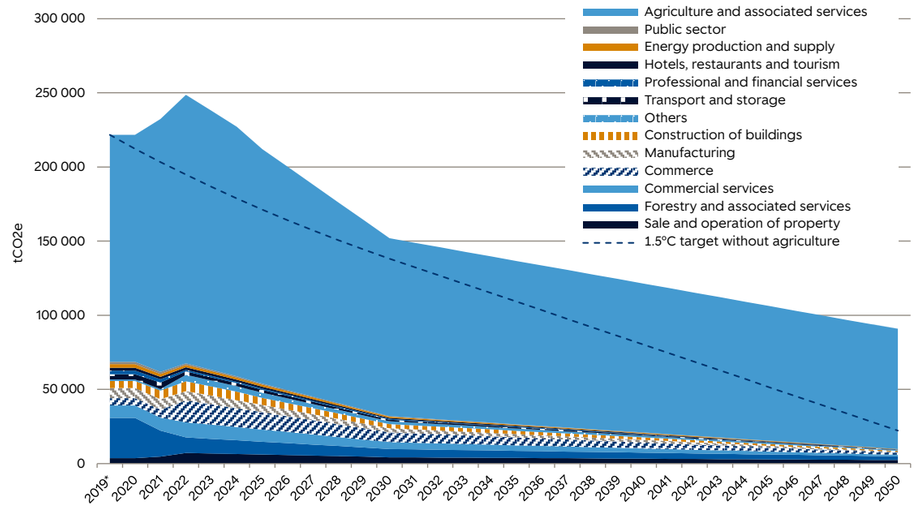
The analysis shows that, for example, the construction of buildings involves significant indirect emissions (Scope 3). These are emissions that typically come from the production and transport of materials, and they will therefore be shown as Scope 1 emissions in the manufacturing and transport sector in similar analyses.

The analysis shows that agriculture is also the most emission-intensive industry if we look at Scope 1 and 2 emissions. If we include upstream emissions in the value chain (Scope 3), agriculture and transport and storage are the most emission-intensive industry based on the Bank's lending, followed by manufacturing. The direct emissions in the manufacturing portfolio are relatively low, although the Scope 3 emissions are high.

Science based targets for reducing greenhouse gases in the Corporate Division's portfolio
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 1.5°C.

Projections of total emission pathways for the Corporate Division by industry can be seen in the graph on the next page. The overview shows an increase from 2021 to 2022, mainly due to high lending growth in the Corporate Division's portfolio.

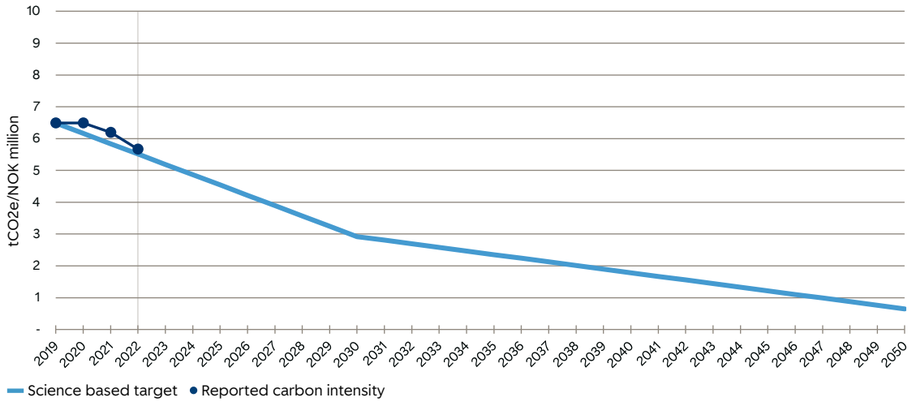
Calculation of total emissions for the Corporate Division's portfolio and projection of emission pathways



Science based intensity reduction targets
The Bank has increased its focus on measuring carbon intensity because this improves the amount of emissions in relation to activity. We believe that this provides a more accurate picture of the reduction in greenhouse gas emissions since it is not directly affected by lending growth in the portfolio as is the case with total emissions. Our target is a reduction of at least 50 per cent in emission intensity from 2020 to 2030, an annual reduction of 5 per cent on the 2020 level. Calculations show a carbon intensity of 5.67 tCO2e per NOK million in lending. This is a reduction of 8.4 per cent from 2021, which is clearly better than the target of 5 per cent.

The figures below show the development in emission intensity in the sectors we have the greatest impact on. Emission intensity for agriculture increased from 30.4 to 31.2 tCO2e/NOK million and is above the reduction target in SBTi. Emission intensity for real estate property sales and operation has increased from 0.30 to 0.53 tCO2e/ NOK million. The main explanation for the reduction in total carbon intensity at the same time as it increases for two of our most important industries is the relative increase in industries with low carbon intensity. As described in the section on greenhouse gas emissions in the loan portfolio earlier in this chapter, we have made methodological changes to improve the quantitative basis for the calculations. This means that we have been forced to make adjustments to the emission pathways. This does not affect our science based climate targets, which are still in line with SBTi.

Science based targets for greenhouse gas reduction in the corporate market portfolio



Emissions from our sectors

Agriculture
For the bank, "agriculture and related services" is the industry with by far the highest absolute emissions (from its own scope 1 and 2). See the figure with Projections of emission pathways at CD above. Agriculture accounts for 9.1% of greenhouse gas emissions in Norway[1]. The bank must work with the industry itself to reduce emissions from agriculture. The industry has ambitious goals. In 2019, the sector and the government entered into a collaboration for the period 2021-2030 to reduce greenhouse gas emissions from the sector and increase the absorption of carbon from the soil. The commitment to the agricultural sector involves contributing to an overall greenhouse gas reduction of 5 million tonnes of CO2 equivalents (tCO2e) in the period 2021 to 2030.

For our greener agriculture strategic initiative, we prepared a report in 2022 on the challenges agriculture faces in relation to a sustainable society. The planetary boundaries were used as an analytical framework to map where agriculture has the greatest impact on nature and the climate, and vice versa. Three of the main measures are:

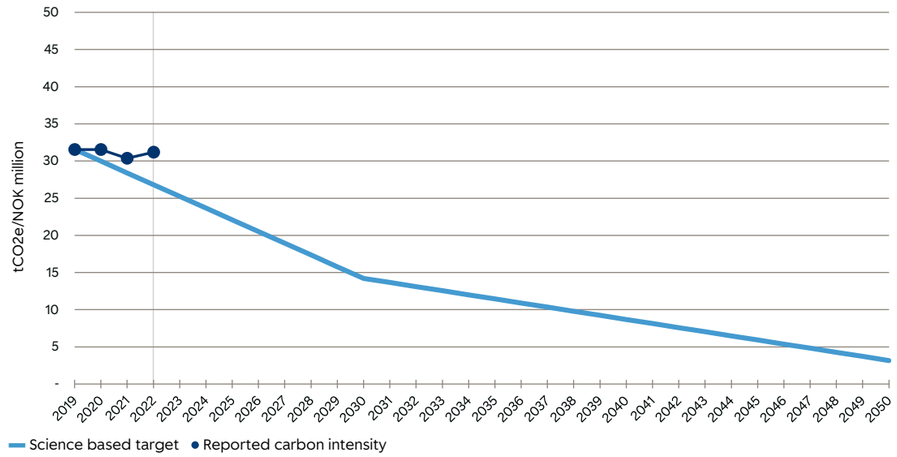
1 Reducing disturbances caused by nitrogen and phosphorus in order to stabilise the ecosystem.

2 Increasing agricultural biodiversity in order to strengthen the resilience of both the food sector and nature.

3 Reducing the greenhouse gas emissions linked to agriculture in line with the industry's climate plan.

1 https://miljostatus.miljodirektoratet.no/tema/klima/norske-utslipp-av-klimagasser/klimagassutslipp-fra-jordbruk/

Carbon intensity for agriculture



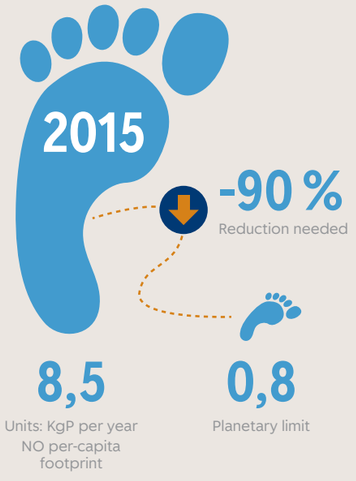
Investment in new climate smart technology and more circular resource utilisation are required to resolve the challenges. We are developing financial products that address these environmental challenges. See the section 'Products and activities with environmental benefits'. The report 'SpareBank 1 Østlandet's negative impact on nature', which is available on our website, analyses the indirect impact we have on nature via our loan portfolio.

The Bank's goals in agriculture are based on agriculture's focus areas, which are increasing the use of agriculture's climate calculator, receiving climate advice, developing a climate action plan and carrying out measures. We have adopted a new ESG module for due diligence assessments in 2023, which will help us collect data. Therefore, reporting on these targets will start in 2023.

Emissions from agriculture depend a lot on the operation of the farm. One of the measures the industry has developed itself is the Climate Calculator. This is a digital tool that gives the farmer an overview of his own greenhouse gas emissions. It also shows what opportunities exist both to reduce emissions and bind carbon that exist at farm level. The industry's aim is for as many Norwegian farmers as possible to use the calculator.[2]. The bank sees the climate calculator as a decisive tool for calculating emissions per farm, and finding the best measures to reduce emissions for that particular farm. Therefore, the bank's targets in agriculture are largely linked to the climate calculator.

2 https://klimasmartlandbruk.no/klimakalkulatoren/

Phosphorus footprint



The illustration was taken from the WWF report 'Reducing Norway's footprint - bringing our production and consumption within planetary boundaries' and shows there is a need for a 90 per cent reduction from the 2015 level in the use of phosphorus in order for Norway to be within the planetary boundaries. The equivalent for nitrogen is 30 per cent. The Bank is working to reduce both in its agriculture portfolio.

Goals for agriculture towards 2025:

- 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).

Goal attainment 2022:

Goal for the area	**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 %.**					
Measurement parameter	Green share of agriculture portfolio measured in lending volume.					
Goal attainment	2022	2021	2020	2019	2018	2017
	✓ 0.4 %	0.1 %	Project not started	Project not started	Project not started	Project not started

*As defined by our green bond framework. As of today, the green share is only made up of green agricultural loans. Even if the customer has implemented sustainability measures on their farm, we do not regard their entire loan exposure as 'green', only the activity to which the loan is linked. Therefore, the green share for agriculture is relatively low in relation to the total loan portfolio.

Goal for the area	**100 % of the forest portfolio must be green*.**					
Measurement parameter	Green share of forestry portfolio measured in lending volume.					
Goal attainment	2022	2021	2020	2019	2018	2017
	✓ 100 %	✓ 100 %	✓ 100 %	Project not started	Project not started	Project not started

* PEFC or FCS approved, as defined by our green bond framework.

Commercial buildings
Commercial buildings is also a portfolio with a very large environmental impact. Emission intensity for real estate property sales and operation has increased from 0.30 to 0.53 tCO2e/ NOK million in 2022.

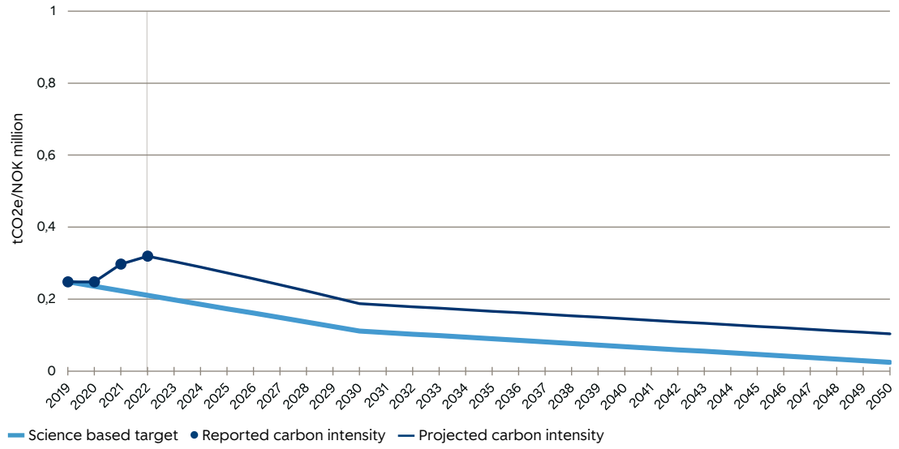
Construction and property is often called the 40% industry, because construction uses 40% of the energy in society and 40% of the material resources. In addition, buildings use large amounts of energy in heating the buildings. The greenhouse gases associated with heating buildings will depend on whether you use the Norwegian, Nordic or European energy mix in the calculation. But the construction industry is also responsible for emissions from other sectors (indirect emissions).

If one includes emissions related to the production and transport of materials for use in construction and construction work, we see that the construction, construction and property sector accounts for 16% of Norway's total emissions[1]. The industry has extensive targets to reduce its own emissions, one example is the Real Estate Sector's road map towards 2050, which was drawn up in 2016[2].

The green bond framework defines what are viewed as green assets in the corporate market portfolio, including in relation to commercial buildings. Cicero Shades of Green has assessed these buildings as being 'light green':

1 https://byggalliansen.no/kunnskapssenter/publikasjoner/infopakkeklimakjempen/#1610543721156-39143120-001d
2 https://www.norskeiendom.org/portfolio-items/eiendomssektorens-veikart-mot-2050/

Carbon intensity for commercial buildings



Existing commercial buildings

- Commercial buildings that are among the 15 per cent most energy efficient in Norway. This includes TEK10 and TEK17 (or later), energy class A or B, BREEAM or BREEAM-NOR Excellent or LEED Gold or Nordic Swan Ecolabel building.

New commercial buildings

- Since 2021, commercial buildings have had to have 20 per cent better energy efficiency than the applicable regulations, which are currently TEK17.

Rehabilitated commercial buildings

- Commercial buildings that have seen a 30 per cent gain in energy efficiency or that have risen by at least two energy classes and are at least energy class D.

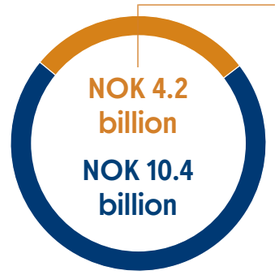
See our green bond framework on our website and on page 240 of our annual report for more detailed information. This includes information about the extent to which it is in line with the EU classification system for sustainable activities (the Taxonomy). Based on these assumptions, 28.9 per cent of the commercial property portfolio is green. This is up from 26 per cent in 2021. The loan volume is distributed as shown in the figure to the right.

There are three elements to the greener buildings initiative. We want to reduce the climate footprint of the Bank and our customers, as well as reduce credit risk. We also want to illustrate the business opportunities offered by the green transition.

Over time, we have seen a clear correlation between climate risk and credit risk. At the same time, we are seeing lower risk for new rentals and refinancing for commercial buildings with green qualities. The work on increasing the green ratio in the portfolio will be intensified during the strategy period by financing products that stimulate sustainable activities (see the section on products and activities with environmental and social benefits) and by requiring sustainability assessments for financing. Resource efficiency is key to the work on reducing climate footprints. Our ambition is to demand both a climate report for new construction projects and a reduction in emissions compared with a 2021 building by the end of 2025. The source data will grow in line with the increased requirements for climate reports, and the Bank will be able to measure emissions from material use in financed projects.

Our goal is for 40 per cent of financed commercial properties to be defined as green by 2025, and as at 2022 we are well on track to achieving these goals.

Green share of commercial buildings loans



28.9 %

of the total of NOK 14.6 billion in loans to commercial real estate. The sample is limited to exposures of at least NOK 10 billion.

Goal towards 2030:

- At least 50 per cent of the commercial buildings in our portfolio must be ‘green’ as defined by our green bond framework.

Goal towards 2025:

Commercial buildings (rental):

- At least 40 per cent of the commercial buildings in our portfolio[1] must be ‘green’ as defined by our green bond framework.
- At least 10% of our lending for commercial buildings[2] must be for existing commercial buildings[3] that are green as defined by our green bond framework (requirement for upgraded buildings).

Construction projects (residential or commercial buildings):

- 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[4] for all construction projects.[5]
- By no later than the beginning of 2025, we must require a 20 per cent reduction in greenhouse gas emissions[6] from materials in construction projects that we finance.

1 Lending above MNOK 10 for each building
2 Lending above MNOK 10 for each building
3 Built before TEK 177
4 Produced in accordance with recognised regulations
5 Where the law stipulates that such accounts must be produced
6 In relation to the average building in 2021

Goal attainment 2022:

Goal for the area	**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: 29.4 %**					
Measurement parameter	Green share of commercial buildings measured in lending volume.					
Goal attainment	2022	2021	2020	2019	2018	2017
	28.9 %	26.0 %	15.5 %	Project not started	Project not started	Project not started

*As defined by our green bond framework.

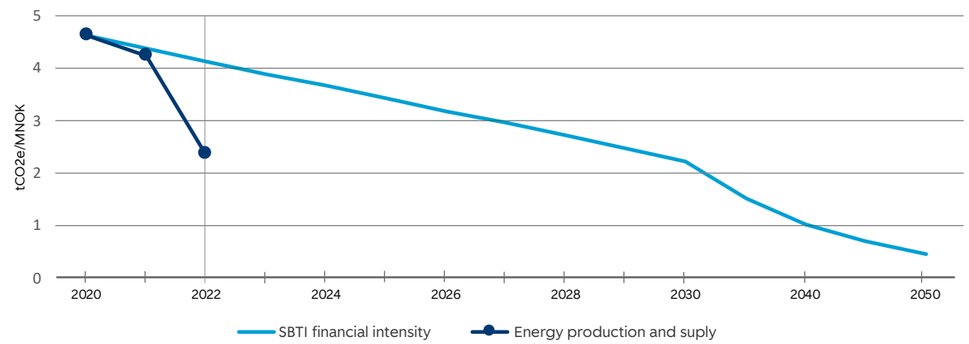
Green commercial buildings

Green commercial buildings

Remaining commercial building

Renewable energy:
The bank has a portfolio of "energy production and supply". We mainly lend money to small-scale hydropower projects, as well as some bioenergy, district heating and wind power

Energy production and supply



The Bank’s power and energy production portfolio grew by 18 per cent in 2022 and accounts for around 2 per cent of our total loan portfolio. We mainly lend money for small-scale hydropower projects. Towards the end of the year, we entered a collaboration with other banks in the SpareBank 1 Alliance in order to finance major actors within hydropower and wind power. The category is considered ‘dark green’ in Cicero Shades of Green’s second-party assessment of our green bond framework.

The ambition is to increase the share of renewable energy in the loan portfolio by 50 per cent by the end of 2025. The green share will remain 100 per cent because we only include eligible renewable energy in the category.

Goal attainment 2022::

Goal for the area	**100 % of the renewable energy portfolio must be green*.**					
Measurement parameter	Green share of renewable energy portfolio measured in lending volume.					
Goal attainment	2022	2021	2020	2019	2018	2017
	✓ 100 %	✓ 100 %	✓ 100 %	Project not started	Project not started	Project not started

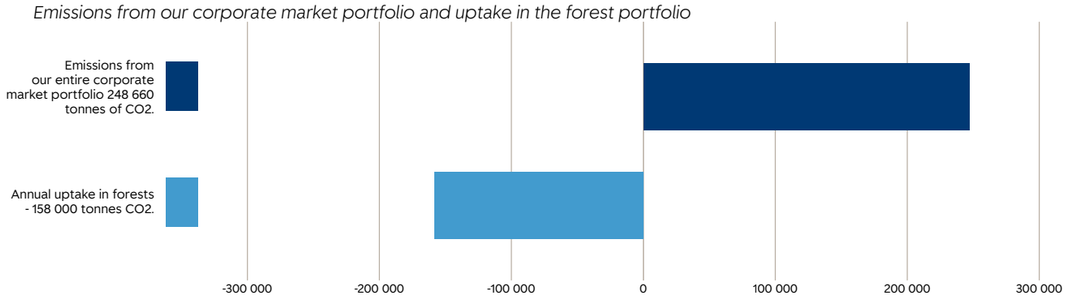
*As defined by our green bond framework.

Forestry
In Norway, forests and land use absorb greenhouse gases equivalent to almost half of our total emissions. From 1991 to 2018, net sequestration by forests and land use increased by 134 per cent. According to Statistics Norway, productive forests cover 82 800 km2 and, according to the Norwegian Environment Agency, sequester a net 20.3 million tCO2e annually. A positive contribution from forests is important in the agricultural climate plan in order to become climate neutral in 2050.in the period 1955–1992, more than 60 million trees were planted annually. In recent decades, increased felling, reduced forest management and an increasing proportion of old forest (which absorbs less CO2 than younger forests with strong growth) mean that the annual absorption has decreased[1].

At the same time, the nature index for Norway from 2020 shows that the index for forests is low. This means that the state of biological diversity in the forest is reduced compared to how the state would have been without human influence.[2].

1 https://miljostatus.miljodirektoratet.no/tema/klima/norske-utslipp-av-klimagasser/utslipp-og-opptak-fra-skog-og-arealbruk/
2 https://miljostatus.miljodirektoratet.no/tema/naturomrader-pa-land/skog/

Emissions from our corporate market portfolio and uptake in the forest portfolio



SpareBank 1 Østlandet is proud to finance one of Norway's largest bank-financed forest portfolios covering a total of around 2 300 km2 of productive forests, or 2.8 per cent of Norway's productive forest. The Bank assumes that in addition to the productive forest we finance, we also have a representative share of unproductive forest, which absorbs little CO2. The Bank assumes that the forest in our portfolio is representative of Norway's overall forest area as far as yield power and CO2 sequestration are concerned. Based on the Norwegian Environment Agency's total calculations, the forest in our portfolio sequesters around 158 000 tCO2e per year. This figure has been corrected for the share the Bank finances.

Goal attainment 2022

Goal for the area	**100 % of the forest portfolio must be green*.**					
Measurement parameter	Green share of forestry portfolio measured in lending volume.					
Goal attainment	2022	2021	2020	2019	2018	2017
	✓ 100 %	✓ 100 %	✓ 100 %	Project not started	Project not started	Project not started

* PEFC or FCS approved, as defined by our green bond framework.

Products and activities with environmental benefits – Corporate Division

In order to adapt our corporate division customers, we have launched two new green financing products at CD in 2022. In summary, we now have these green lending products:

- Energy efficiency loans for commercial buildings
- Business loan upgraded green buildings
- Business loans for newer green buildings
- Solar energy loan
- Green agricultural loan

The products are described above. In addition, we have the following green deposit products at CD:

- Green fixed-rate deposit (12 months.)
- Green investment account +

The volume of these deposits is currently modest, but customers are increasingly demanding such products, so we will increasingly market these during 2023. The bank will use the deposits placed in these products for green lending, as defined in our bond framework.

The road ahead

The bank will continue to publish climate information in its annual reports and increasingly in its quarterly reports. We will also supplement this information with an annual climate report such as this one. The work will otherwise consist of following up on the goals described in this report. In addition, we will continue to work on improving data access and methods, mainly through the initiatives we are involved in, such as the Eco-Lighthouse, PCAF and NZBA. The green bond framework will also be updated during 2023.

SpareBank 1 ØSTLANDET

Address
Strandgata 15, 2317 Hamar
Postboks 203, 2302 Hamar

Telephone
Retail: 915 07040
Corporate: 915 07050

sb1ostlandet.no