

# Summary of the group's impact analysis 2022



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**UNEP**  
FINANCE  
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PRINCIPLES FOR  
RESPONSIBLE  
BANKING

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## Introduction

The United Nations' climate initiative in the financial sphere (UNEP FI) is a global partnership established between the United Nations Environment Program (UNEP) and the financial sector. Among the UNEP FI's initiatives are six principles for responsible banking which were finally adopted in July 2019<sup>1</sup>.

SpareBank 1 SMN signed the UN principles for responsible banking on 19 August 2019. The principles for responsible banking require banks to demonstrate transparency around the ways in which their products and services create value for their customers and investors, in addition to society as a whole. The principles are intended to guide banks' sustainability work, and to support society's overarching goals, in keeping with the UN's sustainable development goals and the Paris Agreement.

A central aspect of the framework for responsible banking is to conduct an impact analysis. SpareBank 1 SMN is a full-fledged finance centre in which traditional banking is complemented by the subsidiaries' customer offerings. Our knowledge and competence on the region, combined with local-level decision making, is among the group's foremost competitive advantages. The impact analysis encompasses the most important products and services offered by the finance centre to our most typical customer segments.

## Method and scope

The impact analysis was prepared by the group's ESG Committee in collaboration with EY Norway with a focus on the personal market, corporate market, broker services and accounting services.

We employed the Portfolio Impact Analysis Tool for Banks<sup>2</sup>. This tool – developed by UNEP FI in conjunction with signatory banks to the principles for responsible banking – enables the estimation of potential impacts on a set of defined key values. Based on the NACE codes for corporate customers and product categories for retail customers, the UN has prepopulated sustainability indicators in the Norwegian context to show how the financing of various companies and purposes could impact the environment and social conditions. This is combined with the group's loan portfolios in our analysis.

An impact analysis does not necessarily describe the group's actual impact, but rather its potential impact, given present business volumes and scope of the business.

## What analyses were performed?

We conducted a four-part analysis of the group's impact:

- UNEP FI Portfolio Impact Analysis
- Sector analyses
- Mapping of ESG risks and financed greenhouse gas emissions
- Simple impact analyses for SpareBank 1 SMN Regnskapshuset and EiendomsMegler 1 Midt-Norge

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<sup>1</sup> <https://www.unepfi.org/news/industries/banking/principles-for-responsible-banking-released/>

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

How were the analyses performed?

- The portfolio analysis was performed with assistance from an analyst at the Data Warehouse and with a basis in UNEP FI Impact Analysis Tool v3. The tool is populated with the bank’s and SpareBank 1 Finans’ business data, which in combination with pre-completed data provides an estimate of the group’s largest potential negative and positive impact areas.
- Sector analyses were done with a basis in the SASB’s Materiality Finder<sup>3</sup> and the MSCI’s Materiality Map<sup>4</sup>
- The bank’s exposure to financed greenhouse gas emissions and ESG risks was obtained from the group’s PCAF and ICAAP reports
- The analysis for Regnskapshuset was done by identifying which sectors account for Regnskapshuset’s largest revenues.
- The analysis for EiendomsMegler 1 Midt-Norge is based on the distribution of energy ratings for dwellings sold since the start of 2021.

Corporates

For corporate customers, the UNEP FI Portfolio Impact Analysis Tool points to indicators on which the bank’s customers potentially have a positive and/or negative impact.

The model is based on outstanding loans in the 50 largest sectors in SpareBank 1 SMN’s portfolio of corporate customers. These sectors account for 95% of the bank’s total loan portfolio. The figures in the graph are indexed such that 95% of the loan portfolio represents 100% in the graph.

Figure 1 shows the proportion of the bank’s customers with a potentially positive and/or negative impact on one of the defined indicators in the model, given the current allocation of loanable funds.

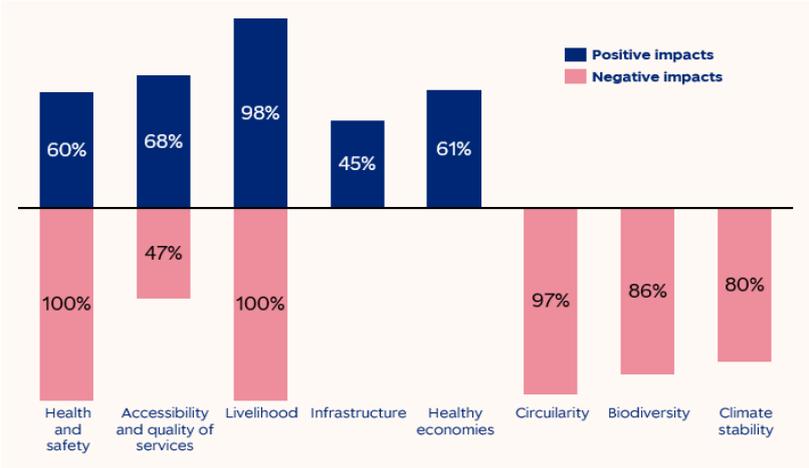


Figure 1: Proportion of corporate customers with a potential positive and/or negative impact on the tool’s sustainability indicators

<sup>3</sup> [Find Industry Topics - SASB](#)  
<sup>4</sup> [ESG Industry Materiality Map - MSCI](#)

## Retail customers

For personal customers, the UNEP FI Portfolio Impact Analysis Tool points to areas on which the bank may potentially have an impact through its products.

The portfolio in the model is based on the bank's outstanding loans and/or number of customers in the following product categories: residential mortgages, saving accounts, current accounts, consumer loans, credit cards and car loans.

Figure 2 shows sustainability indicators on which the bank has a potential positive and/or negative impact in terms of how the loan portfolio breaks down on the defined product categories.

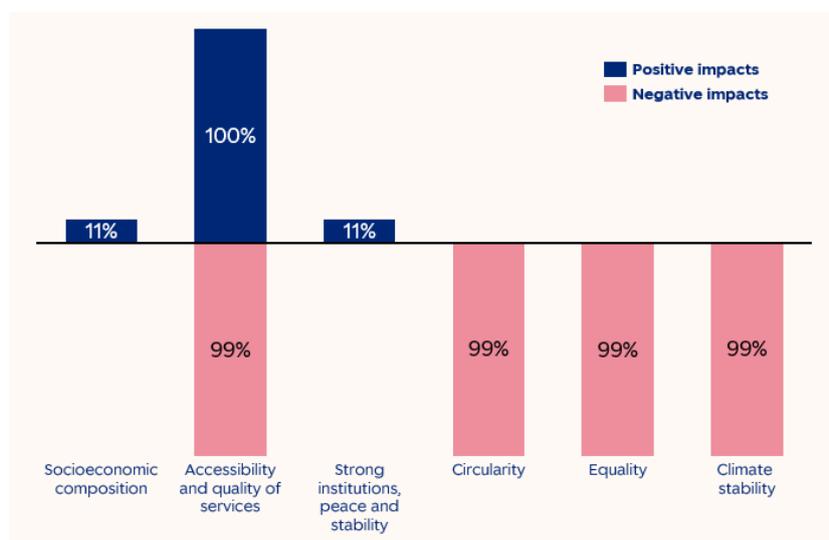


Figure 2: Proportion of retail customers with a potential impact on the tool's sustainability indicators

## EiendomsMegler 1 Midt-Norge

Since the impact analysis in 2020 there has been little change in the share of energy-efficient dwellings sold through EiendomsMegler 1 Midt-Norge. It is worth noting that despite high proportions of dwellings with low energy ratings, the average energy rating is higher than the average for the country where 24% of dwellings have a G energy rating (18% in EM1) and 17% have an F rating (14% in EM1).

Energy rating	Number	Share
A	8	0 %
B	330	5%
C	626	9%
D	747	11%
E	725	10%
F	968	14%
G	1 299	18%
None	2 383	34%
<b>Total</b>	<b>7 086</b>	

Table 1: Shares of dwellings sold, by energy rating

However, EiendomsMegler 1 Midt-Norge has a potential for impact through information provided and the offer made in the sale and purchase process, both as regards energy labelling of dwellings but also home improvements.

Most dwellings sold by EiendomsMegler 1 Midt-Norge are apartments, possibly indicating the types of initiatives through which the company could have greatest impact. A specific initiative may for example have the greatest impact towards a specific type of dwelling.

<b>Dwelling type</b>	<b>Number</b>	<b>Share</b>
Apartment	3 673	52%
Detached house	1818	26%
Terraced house	392	6%
Semi-detached house	442	6%
Other	761	11%
<b>Total</b>	<b>7086</b>	

*Table 2: Overview of shares of dwelling types sold*

Also in the case of EiendomsMegler 1 it is important to reflect on a long-term approach in the ESG context as part of an offensive growth strategy.

## SpareBank 1 Regnskapshuset SMN

Regnskapshuset's exposure to various sectors has been quantified through the distribution of fees they receive from businesses in various sectors. Table 1 shows that the company earns large portions of its revenues from traditional greenhouse-gas-intensive sectors such as:

- Agriculture, forestry and fishing
- Manufacturing
- Construction
- Wholesale and retail trade, repair of motor vehicles
- Real estate activities

<b>Main area of economic activity</b>	<b>Total fees (YTD)</b>	<b>Share</b>
A - Agriculture, forestry and fishing	60 381 344	10%
B - Mining and quarrying	1 222 491	0%
C - Manufacturing	32 294 035	6%
D - Electricity, gas, steam and air conditioning supply	4 384 461	1%
E - Water supply, sewerage and waste management activities	2 860 262	0%
F - Construction	69 918 448	12%
G - Wholesale and retail trade, repair of motor vehicles	52 135 920	9%
H - Transportation and storage	18 058 734	3%
I - Accommodation and food service activities	15 048 710	3%
J - Information and communication	19 293 302	3%
K - Financial and insurance activities	16 335 906	3%
L - Real estate activities	37 844 182	7%

M - Professional, scientific and technical activities	41 873 789	7%
N - Administrative and support service activities	16 099 908	3%
O - Public administration and defence, compulsory social security	371 353	0%
P - Education	11 507 066	2%
Q - Human health and social work activities	22 240 943	4%
R - Arts, entertainment and recreation	15 684 391	3%
S - Other service activities	16 842 994	3%
T - Activities of households as employers	877 716	0%
U - International organisations and bodies	-	0%
Undefined	125 000 390	22%
<b>Total:</b>	<b>580 276 344</b>	

Table 3: Overview of Regnskapshuset's fees by sector

Given its customer composition, Regnskapshuset has the potential to impact customers facing major transition challenges. This has relevance both in terms of communication and in the provision of traditional accounting services, but also brings to the fore new types of services able to support the customer.

It is also natural to point out that given Regnskapshuset's offensive growth strategy, there will be a need to evaluate sectors and segments in which positions should be taken, and to reflect on how the company plans to impact those sectors' sustainability.

## Summary

The impact analysis has identified material areas in which the group's customer offering has a positive and/or negative impact on its surroundings.

- The present customer offering has both a positive and negative impact on the group's surroundings
- The analysis shows the positive impact to be mainly within the social dimension of sustainability (S)
- The analysis shows the negative impact to be mainly within the climate and environmental dimension (E)
- The governance dimension (G) is minimally addressed as part of our customer offering (E)

## Our assessment of the group's positive impact

Livelihood	Availability of resources and services	Healthy economies
<ul style="list-style-type: none"> <li>• Stimulate local business development and value creation</li> <li>• Stimulate retention and recruitment of competences and working people in the region</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure fair access to finance</li> <li>• Offer and strengthen social products and services</li> <li>• Stimulate local business development and value creation</li> </ul>	<ul style="list-style-type: none"> <li>• Set the stage for long-term returns and profits</li> <li>• Stimulate innovation and sustainable economic growth</li> <li>• Stimulate local business development and value creation</li> </ul>

*Table 4: Overview of the customer offering’s positive impact on the group’s surroundings with associated material themes for scaling up impacts*

Our assessment of the group’s negative impact

<b>Circularity</b>	<b>Biodiversity</b>	<b>Health and safety</b>
<ul style="list-style-type: none"> <li>• Stimulate a more circular economy</li> <li>• Stimulate sustainable consumption and lifestyle</li> <li>• Stimulate a green transition for retail customers and corporates</li> </ul>	<ul style="list-style-type: none"> <li>• Protect and restore ecosystems and biodiversity</li> <li>• Contribute to the protection of water and maritime resources</li> <li>• Prevent and combat deforestation</li> <li>• Stimulate a green transition for retail customers and corporates</li> </ul>	<ul style="list-style-type: none"> <li>• Contribute to increased awareness of a good quality of life and mental health</li> <li>• Strengthen data protection and cybersecurity</li> <li>• Prevent and combat economic crime and corruption</li> </ul>

*Table 5: Overview of the customer offering’s negative impact on the group’s surroundings with associated material themes for reducing impacts*

At an overarching level the results of this analysis coincide with insights we have gained through interviews conducted in connection with the materiality analysis. The insights from the impact analysis are included in our knowledge base with a view to defining goals, and seek to ensure that we scale up our positive impact and reduce our negative impact on the surroundings.