



FY 2023 Green Bond Impact Report

Contents

i.	Green Buildings	6
ii.	Renewable Energy	8
iii.	Clean Transportation	9
iv.	Impact of Environmental Certification Schemes.....	10

Green Bond Impact Report

In accordance with the Sparebank 1 SMN Green Bond Framework 2024, this document provides:

- 1 A description of Green Loans
- 2 The breakdown of Green Loans by nature of what is being financed
- 3 Metrics regarding Green Loans' environmental impacts

1 Description of Green Loans

SMN intends to allocate the net proceeds of the Green Bonds to a portfolio of new and existing loans in the following categories:

- **Green Buildings**
- **Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes**
- **Clean Transportation**
- **Environmentally Sustainable Management of Living Natural Resources and Land Use**
- **Renewable Energy**

Eligibility Criteria to select the Eligible Green Loan Portfolio are set out in the SpareBank 1 SMN Green Bond Framework¹. Such Eligibility Criteria are aligned on a best efforts basis with the carbon thresholds in the EU Climate Delegated Acts² for relevant sectors.

SpareBank 1 SMN has relied on the support of an external consultant (Multiconsult ASA) to provide the impact calculations and output for the following categories: Green Buildings, Clean Transportation and Renewable Energy.

2 Breakdown of Green Loans by nature of what is being financed

100% Financial Assets

3 Metrics regarding Loans' environmental impacts

Portfolio-based Green Bond reporting is prepared taking into account the ICMA Handbook Harmonized Framework for Impact Reporting (version June 2022)³

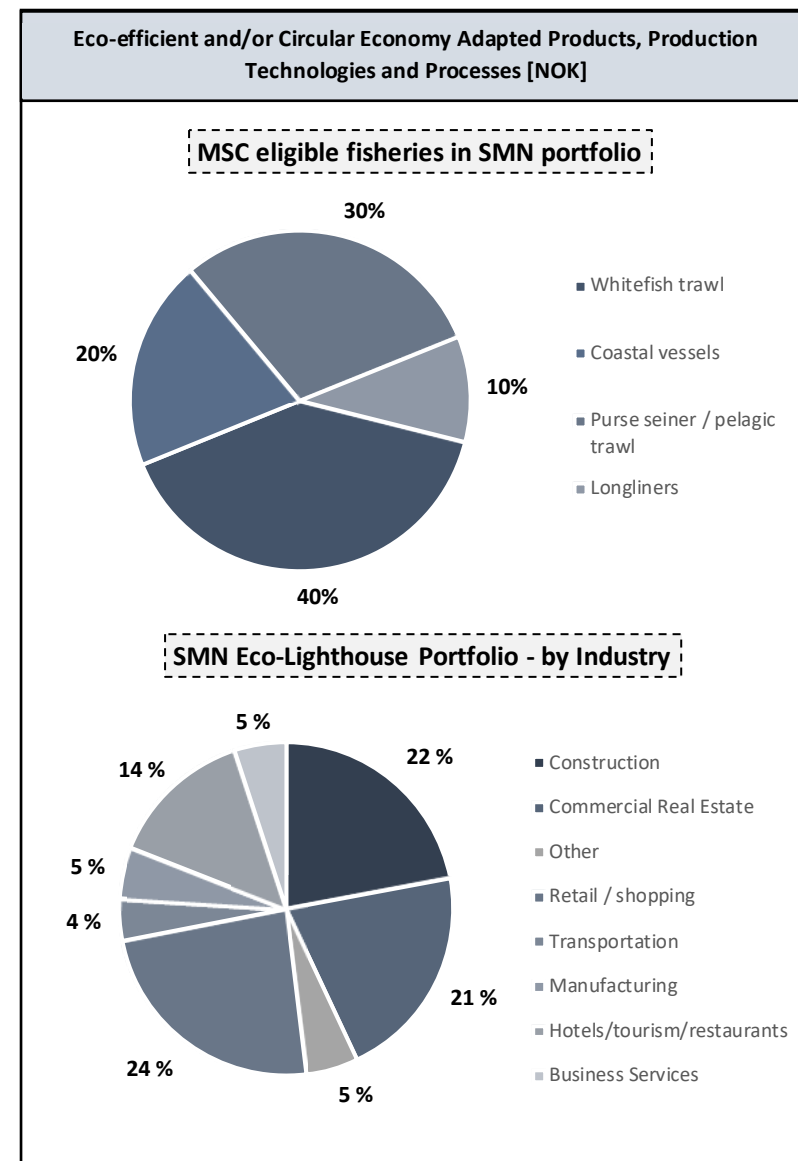
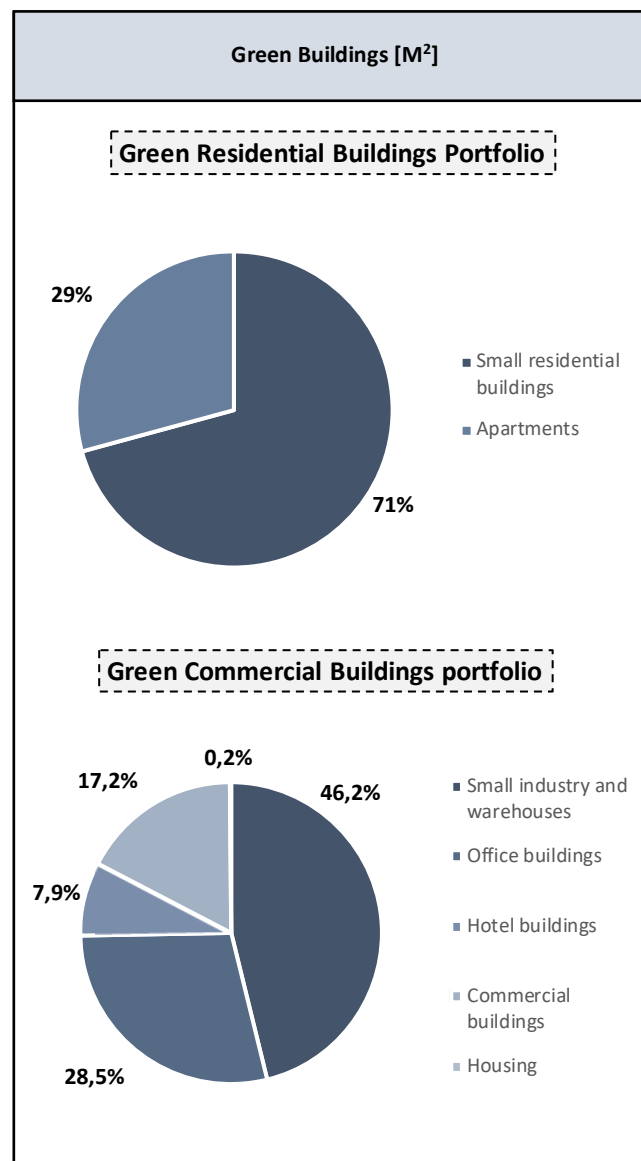
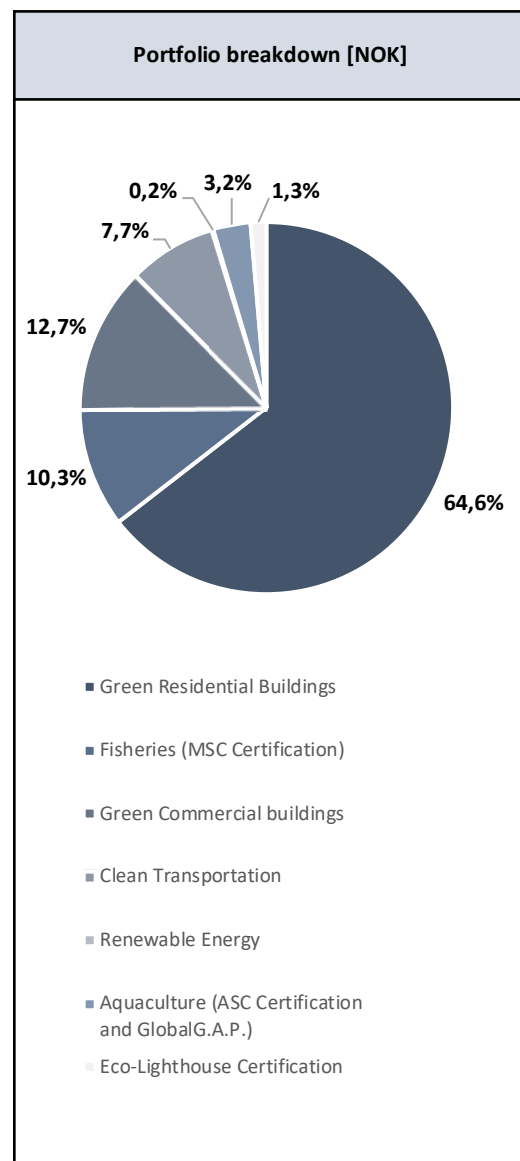
¹ See [here](#) for 2024 SMN Green Bond Framework

² To be found [here](#)

³ To be found [here](#)

Portfolio overview

Portfolio date: 31 December 2023



Impact overview

Portfolio date: 31 December 2023

Eligible Project Category	Eligible Project Subcategory	Eligible portfolio (NOK m)	Share of Total Financing	Eligibility for Green Bonds	Estimated reduced energy (in GWh/year)	Estimated renewable energy produced (GWh/year)	Direct emissions avoided vs baseline in tonnes of CO ₂ /year (Scope 1)	Indirect emissions avoided vs baseline in tonnes of CO ₂ /year (Scope 2)	Estimated annual reduced emissions (tons of CO ₂ /year) ⁴	% of fishery stocks with biomass at or above sustainable levels	Other qualitative relevant KPIs
a/	b/	c/	d/	e/	f/	f/	f/	f/	f/	f/	f/
Green Buildings	Residential	21.922	64.57%	100%	169	/	/	/	19,427	/	/
	Commercial	4.319	12.72%	100%	28.9	/	/	/	3,323	/	/
Clean Transportation	/	2.619	7.7%	100%	/	/	6,794	-2,728	4,066	/	/
Renewable Energy	/	53	0.16%	100%	/	39	/	/	5,065	/	/
Environmentally Sustainable Management Of Living Natural Resources and Land Use	Fisheries (MSC Certification)	3.490	10.28%	100%	/	/	/	/	N/A	+ 17.9% vs Norway	See appendix
	Aquaculture (Global. G.A.P. and ASC Certification)	1.097	3.23%	100%	/	/	/	/	0.28 (vs chicken) 0.7 (vs Pork) 5.32 (vs beef) ⁵	/	See appendix
	Eco-Lighthouse	450	1.32%	100%	/	/	/	/	/	/	/
Total		33.950	100%	100%	197.9	39	6,794	-2,728	31,881⁶	+ 17.9% vs Norway	

Portfolio based Green Bond report in accordance with the ICMA Handbook - Harmonized Framework for Impact Reporting (ICMA, April 2022)

a/ Eligible category under the ICMA Green Bond Principles and LMA Green Loan Principles

b/ Eligible sub-category

c/ Signed amount represents the amount legally committed by the issuer for the portfolio or portfolio components eligible for Green Bond financing

d/ This is the share of the total portfolio that is financed by the issuer

e/ This is the share of the total portfolio costs that is Green Bond eligible

f/ Impact indicators:

- Estimated reduced water (in GWh/year)
- Estimated renewable energy produced (GWh/year)
- Direct and indirect emissions avoided in tons of CO₂/year (Clean Transportation only)
- Estimated annual reduced emissions in tones of CO₂/year
- % of fishery stocks with biomass at or above sustainable levels

Note: for certification schemes, the impact is shown at certification level rather than SMN portfolio level due to data availability

⁴ All reduced emissions figures are calculated using European lifetime mix for green buildings and renewable energy or European production mix for clean transportation scope 2 emissions determined in the Multiconsult report found [here](#). Numbers are not scaled by the banks engagement and SMN is sole lender on all green assets.

⁵ CO₂ intensity avoided for fish farming compared to other protein sources (g CO₂eq per typical serving (40g))

⁶ Value does not include CO₂ intensity avoided for fish farming compared to other animal protein sources

i. Green Buildings

Methodology Note

Energy efficiency of this part of the portfolio is estimated based on calculated energy demand dependent on building code and EPC labels.

To calculate the impact on climate gas emissions, the decreasing trajectory toward 2050 is applied to all electricity consumption in all buildings.

The report calculates the different emissions factors for **2023** relating to three energy mixes. The first is **European (EU27+ UK+ Norway) and Norwegian electricity mix** and was determined to equal **136 gCO₂-eq/kWh**. The second is **Norwegian physically delivered electricity 2023** and was determined to equal **15 gCO₂-eq/kWh** and finally **Norwegian residual mix** calculated to be **599 gCO₂-eq/kWh**.

All buildings-related impact figures and emissions factors have been calculated by specialist consultant Multiconsult – see SMN's Green Bond website for the full methodology report, available [here](#)

Green Residential Buildings

Impact is calculated based on the following number of objects and total area:

	Category	Number of units	Area qualifying buildings in portfolio [m ²]
Buildings eligible under the building code criterion and EPC criterion	Apartments	5,069	390,083
	Small residential buildings	5,066	945,141
Total		10,135	1,335,224

The table below indicates the reduction in energy compared to baseline across all the building criteria. The avoided emissions are then calculated in line with the relevant emissions factors:

Category	Avoided energy compared to baseline [GWh/yr]	Avoided CO ₂ -emissions compared to baseline [ton CO ₂ /yr]		
		European lifetime mix	Norwegian physically delivered el. 2023	Norwegian residual mix 2023
New buildings eligible under NZEB criterion	0,03	4	1	16
New buildings grandfathered under NZEB criterion	19	2,138	288	9,212
Buildings eligible on building code criterion	120	13,765	1,855	59,297
Grandfathered under the EPC criterion	9	1,056	142	4,549
Grandfathered under building code criterion	17	1,917	258	8,257
Buildings eligible on EPC criterion	5	548	74	2,360
Total impact eligible buildings	169	19,427	2,618	83,691

Green Commercial Buildings

Impact is calculated based on the following number of objects and total area:

Category	Area qualifying buildings in portfolio [m2]
Office buildings	70,332
Commercial buildings	42,350
Hotel buildings	19,577
Small industry and warehouses	113,904
Residential buildings (Housing)	444
Total	246,606

The table below indicates the reduction in energy compared to baseline across all the building criteria. The calculated avoided emissions are then calculated in line with the relevant emissions factors:

Category	Avoided energy compared to baseline [GWh/yr]	Avoided CO2-emissions compared to baseline [ton CO2/yr]		
		European lifetime mix	Norwegian physically delivered el. 2023	Norwegian residual mix 2023
Buildings eligible and grandfathered on building code criterion	28.9	3,323	433	14,301

ii. Renewable Energy

Methodology Note

All power produced by renewable energy power stations in the portfolio are in hydropower stations with capacities in the range of 0.1-2.9 MW (small hydropower plants).

For the type of assets in the portfolio, with many run-of-river and small hydropower assets, the AIB (the Association of Issuing Bodies) emission factor is regarded as conservative in impact an assessment setting. The positive impact of the hydropower assets is 130 gCO₂/kW compared to the baselines.

All energy-related impact figures have been calculated by specialist consultant Multiconsult – see SMN's Green Bond website for the full methodology report, available [here](#).

The eligible plants in SpareBank 1 SMN's portfolio is estimated to have the capacity to produce about 48.7 GWh per year. The table below shows the capacity and production of eligible hydropower plants (HPP), estimated and expected production:

Category	Capacity [MW]	No. of plants	Estimated production [GWh/year]	Expected production [GWh/year]
Small hydropower	0.1-2.9	10	48.7	39.0

The table below summarises the expected renewable energy produced by the eligible assets in the portfolio in an average year, and the resulting avoided CO₂-emissions per energy mix:

Category	Expected production [GWh/year]	Avoided CO ₂ -emissions compared to baseline [ton CO ₂ /yr]		
		European lifetime mix	Norwegian physically delivered el. 2023	Norwegian residual mix 2023
Eligible hydropower plants in the portfolio	39.0	5,065	351	23,103

iii. Clean Transportation

Methodology Note

The impact of electric vehicles in Norway on climate gas emissions is assessed in the following manner. The bank's portfolio regarding clean transportation is assessed based on direct emissions (Scope 1) and indirect emissions related to electric power production (Scope 2).

A baseline is established as the emission of the average vehicle of the total new introduced vehicle to the market, EV's excluded.

All transportation-related impact figures have been calculated by specialist consultant Multiconsult – see SMN's Green Bond website for the full methodology report, available [here](#).

Passenger vehicles is the major vehicle category. The number of eligible vehicles as well as the expected yearly mileage can be found below:

Category	Number of vehicles	Sum distance [km/year]	Sum distance [pkm/year]
Passenger vehicles	9,662	87,977,669	149,562,038

The table below summarises the reduced CO₂-emissions compared to baseline for the eligible assets in the portfolio in an average year in the lifetime of the vehicles in the portfolio, presented as reductions in direct emissions and indirect emissions per energy mix:

Category	Avoided CO ₂ emissions compared to baseline (tons CO ₂ /year)		
	European production mix 2021-2023	Norwegian physically delivered el. 2023	Norwegian residual mix 2023
Total Direct emissions only (Scope 1)	6,794	6,794	6,794
Total Indirect emissions EV's only (Scope 2)	2,728	257	10,276
Total Avoided emissions	4,066	6,537	-3,482

The reduction in direct emissions corresponds to 2.8 million litre gasoline saved per year.

iv. Impact of Environmental Certification Schemes

Comment

The impact description and data for the MSC certification were delivered by MSC. A combination of quantitative and qualitative (through case studies) impact assessment is provided in this section.

Fisheries – MSC

Context and background

Fisheries and associated business represent work and income for an estimated 260m people, 2.4 billion people are dependent on seafood as their prime source of animal protein. Simultaneously the UN food and Agricultural Organisation (FAO) estimates that 35.4% of stocks for which data is available in abundance is in an overfished state⁷. The proportion of overfished stocks is growing over-time. Ecosystem and fish stock collapse has profound impacts on global food security, jobs and trade.

Root causes for the dire situation of many fisheries are poor fisheries management, where public authorities legally allow more fishing than scientifically recommended; poorly controlled fisheries leading to Illegal, Unreported, Unregulated (IUU) activities; and/or failure to effectively share marine resources across borders when stocks migrate internationally.

Overcapacity in global fishing fleets relative to the ability of stocks to replenish themselves remains one of the biggest drivers of this problematic situation.

The MSC

The Marine Stewardship Council (MSC) is a global, mission driven not-for-profit organisation aiming to contribute to the health and recovery of marine resources, for all that depends on it. The MSC is the world leading standard setter for sustainable wild capture seafood, and is a public education charity registered in the UK and active in 22 countries via its branch offices, with projects in 100 countries.

The MSC developed, owns and maintains the worlds most recognised and credible global sustainability standard for wild capture fisheries⁸. It also developed, owns and maintains a Chain of Custody standard to assure that MSC certified seafood can be traced back to the certified source. Finally, the MSC owns an eco-label which retailers and brands can use at a voluntary basis on seafood products.

The MSC program is the worlds most used independent credible verification of sustainability of wild caught seafood. It was recognised as a key indicator by the UN convention on Biological Diversity⁹, as well as in the preparatory papers for the UN Sustainable Development Goal (SDG) nr 14 'Life Below Water' as a credible benchmark which governments and companies could use to measure and track sustainability performance.

The global fisheries sustainability challenge and finance

Capital is a key driver of capacity to fish, process, trade seafood. Ideally access to capital and financial services is cheaper and easier for companies operating in sustainable well managed fisheries, or trading seafood from sustainable fisheries. Capital and financial services for entities engaged in fishing, processing or selling seafood from origins which is not demonstrably sustainable, should only be available under strict, independently verified and time-bound, recovery conditions.

In September 2019 SpareBank 1 SMN issued its first green bond followed by SpareBank 1 Nord-Norge ("SNN") in September 2021. These were the first green-bonds issued worldwide which used certification against the MSC sustainable fishing standard as an indicator of sustainability for investors. It was an important milestone for the sustainability of fisheries. This initiative does not just deliver added value in Norway for companies demonstrably harvesting, processing and selling sustainable seafood, it sets a pathway for the finance industry. It shows that the finance community starts recognising its responsibility, and that

⁷ [The State of World Fisheries and Aquaculture \(SOFIA\) - Towards blue transformation \(fao.org\)](https://www.fao.org/state-of-world-fisheries/2022/en)

⁸ <https://www.msc.org/standards-and-certification/fisheries-standard>

⁹ <https://www.msc.org/en-us/media-center/news-media/msc-an-official-biodiversity-indicator-partner-for-a-second-aichi-target>

it has a fundamental role to play to drive a turnaround of what today is still an unsustainable production and consumption system in many places.

Status update on Fisheries: MSC in Norway and the world

Globally wild-capture fisheries legally harvested an estimated 91,2 million metric tons in 2021¹⁰. A proportion of Ca. 15% of that global catch is certified against the MSC standards for sustainable fishing.

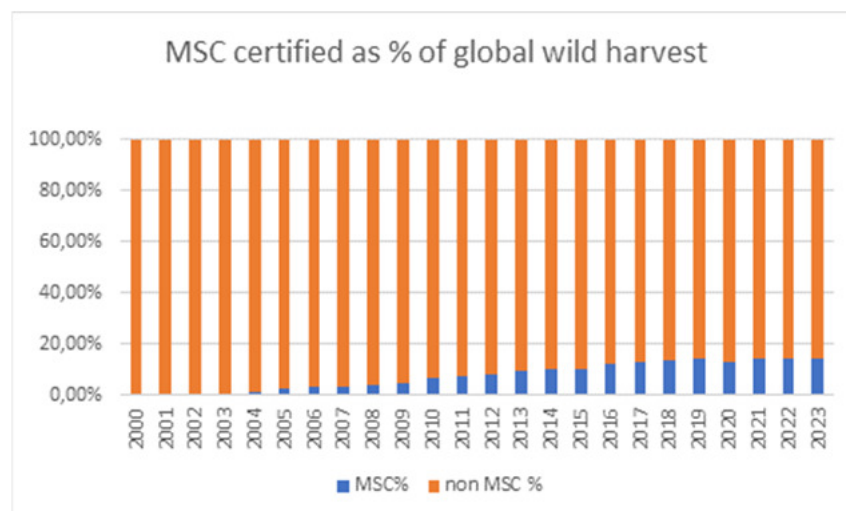


Figure 1: Global catch and estimate % in MSC program as certified 2023

The fisheries making up this 15%, represent the best managed part of the global fishing industry. Looking at engagement in the MSC program from a worldwide perspective, figure 2 below shows there is a long way to go in the majority of the world:

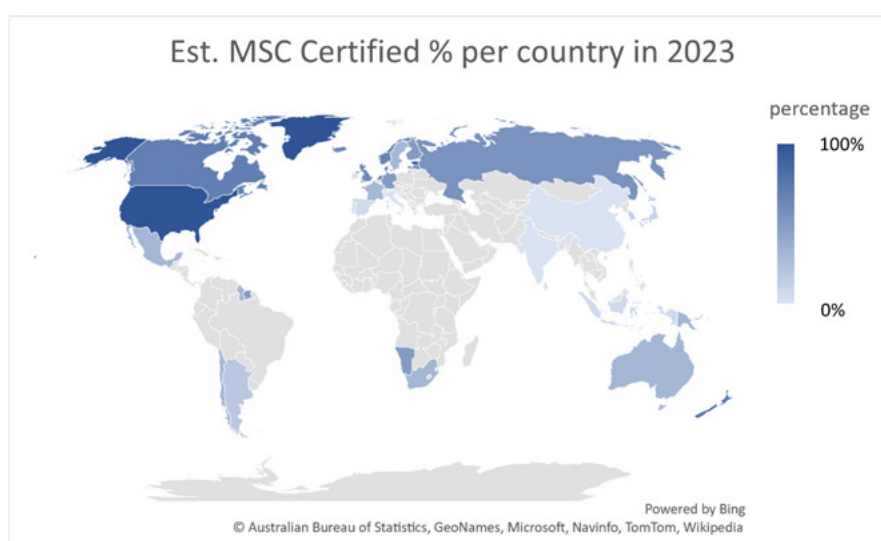


Figure 2: estimated % of catch MSC certified per country, Norway has Ca. 54% of its harvest MSC certified in 2023

Stocks targeted by MSC certified fisheries have full reproductive capacity, impacts of operations on the ecosystems are well understood and minimised, and the management system for such fisheries is ensuring it stays that way. In terms of stock status, data from the UN FAO shows a worrying trend over the past decade and a half. An increasing % of fish stocks for which data is available is in an overfished state or depleted. In its latest global update in 2022, the FAO reported that 35,4% of stocks was over-exploited or depleted¹¹.

¹⁰ FAO data, extracted from FAO Figis database for last year available (2021). Illegal Unreported and Unregulated fishing not counted in. Marine mammal catch not included, and neither Miscellaneous aquatic animals or plants. [FAO Fisheries & Aquaculture - Global capture production Quantity \(1950 - 2021\)](#)

¹¹ Extracted from FAO Sofia publications for consecutive years at FAO webpages. [The State of World Fisheries and Aquaculture \(SOFIA\) - Towards blue transformation \(fao.org\)](#).

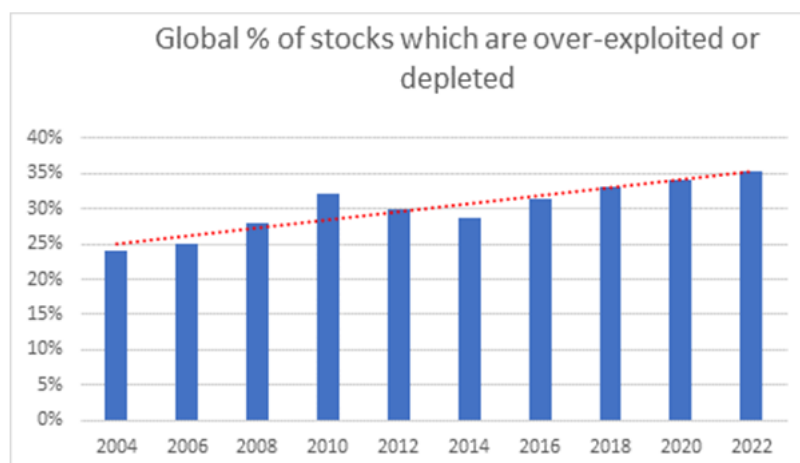


Figure 3: Global % of stocks which is over-exploited or depleted over time, 2022 last FAO data available

Comparison between stocks for which biomass estimates are available in Norway (based on ICES Stock assessment and advice reports 2023 where possible), the world (based on FAO SOFIA 2022) and MSC Certified stocks in Norway as subset from Norway (ICES 2023 and MSC fisheries datahub 2023), shows that stocks of MSC certified fisheries in Norway are high, compared to the world and to 'all key stock fished in Norway in 2023'.

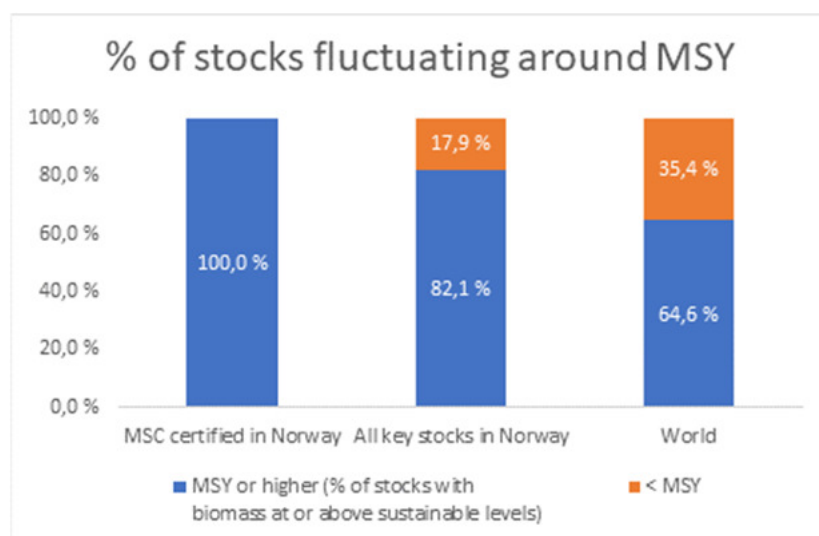


Figure 4: % of stocks with high and low biomass

100% of stocks of MSC certified fisheries in Norway have sustainable biomass, 82.1% of all key stocks fished are estimated to have sustainable biomass in Norway in total. 64,6% of stocks have sustainable biomass worldwide. Norway is thus doing better than the rest of the world, and stocks of its most important commercial species certified against the MSC standards are good condition. It is important to note that for some stocks where biomass is currently estimated as low by science, management has set lower quota, or even closed the fisheries to preserve it for ecosystem needs, or to facilitate stock recovery.

What is also important is that sustainable fishing entails much more than just high biomass. Impacts of the fishery on the wider environment, the amount of fish taken from a stock, compliance with regulation (legality) and the capacity – and acting – of authorities to manage the fisheries' impacts, all play a key role too. MSC certification covers all these aspects, and annually tests through its 3rd party assurance system if performance is (and has remained) sound.

Use of MSC in Norway:

The MSC standards are effectively used by fisheries in Norway to demonstrate sustainability. Table 1 below shows that Norway is ahead of the global performance, in terms of being able to demonstrate independently that fisheries are meeting the MSC standards.

Indicator	Norway	World ex-Norway	World
▪ Seafood volume covered by MSC certification in 2023	1 374 758	11 865 242	13 240 000
▪ % of seafood volume (wild catch) covered by MSC certification in 2023, out of the total volume of seafood (wild catch) produced	54,3 %	13,5 %	14,7 %
▪ Number of fisheries covered by MSC certification in a particular year out of the total number of fisheries in the MSC program.	44	904	948
Indicator	MSC certified in Norway	All stocks key in Norway	World
MSY or higher (% of stocks with biomass at or above sustainable levels)	100,0 %	82,1 %	64,6 %
< MSY	0,0 %	17,9 %	35,4 %

Table 1

MSC certification signifies high sustainability performance. Table 2 shows the assumed 'certification benefit', based on the likelihood that a randomly picked key stock in Norway was at sustainable level (MSY or higher) in 2023. The % of healthy stocks was significantly higher for stocks covered by MSC certification (100%) vs 'all key stocks in Norway' (82.1%) or the 'world' (64.6%). That implies a 17.9% difference between MSC Norway and non MSC Norway, and a 35.4% difference between MSC Norway and the world.

MSC certification benefit	
Difference MSC Norway with world	35,4 %
Difference MSC Norway with non MSC Norway	17,9%

Table 2

Impacts with MSC in Norway in 2023:

In a global context, fisheries management in Norway is functioning comparatively well. Yet, even in a well-off state like Norway improvements are needed in fisheries management. Operationally, fisheries can on many occasions reduce impacts to assure sustainability thresholds are not exceeded.



The MSC standards are used as a tool to identify where such improvements are needed. Recognition of Norwegian fisheries as MSC certified, delivers value from the market to these fisheries, and creates incentives to make improvements. This is MSC's Theory of Change (ToC) 'in practice'.

Certified fisheries in Norway have 31 'open' conditions for improvement in the MSC program anno end of March 2024, that is 16 more than in March 2023. This is a consequence of re-certifications of fisheries for cod in the inshore zone, which attracted new conditions – especially on MSCs principle 1 in relation to catches of North Norwegian Coastal Cod. In 2023 4 overarching conditions for improvement were closed¹². These related mostly to Habitat impact reduction, and information available to demonstrate low impact.

Figure 5: MSC Theory of Change: [msc.org/what-we-are-doing/our-approach/](https://www.msc.org/what-we-are-doing/our-approach/)

Case study: Norwegian Fishermen's Association and the Institute of Marine research contribute to better regional management of inshore cod stocks

Norwegian cod fisheries have long been the most important economic fishery in the country, given jobs and income over generations to thousands of fishermen, as well as onshore processors, exporters. Cod fishing in Norway is mostly based on catches from a cod stock which migrates between the Barents Sea (feeding) and the Norwegian coast (spawning). This is the Northeast Arctic Cod stock, the largest cod stock in the world. Besides that, some of the cod catches in Norway originate from cod populations that do not migrate as far, and which live-reproduce in areas closer to the Norwegian coast. This is the 'Norwegian coastal cod'.

The healthy stock status, well documented and limited environmental impact and good management of the 'offshore cod' fisheries enabled it to demonstrate compliance with the MSC standard for sustainable fishing since 2010. This was however not without considerable conditions for improvement in a number of areas. For example conditions were set related to 'better protection of habitats' to minimize impacts on sensitive benthic communities (cold water corals, sea pens); for some gears such as 'gill nets' minimizing impacts on species that were occasionally accidentally bycaught – such as harbour porpoises. The Norwegian fishermen's association, scientific and management stakeholders have over the years successfully collaborated to make progress and close these conditions. Another key improvement was expected for the management and for recovery of stock status of coastal cod, which populations were believed to be in a poor state.

The understanding was based on a series of annual coastal surveys, estimating population trends over time, as well as an index of estimated catches – based on sampling and DNA sequencing of cod sampled – in the fisheries in the areas close to the Norwegian coast. This gave the science institute good generic understanding about the abundance and trends, but there were many uncertainties in the estimates, and the systematic measuring only stretched back a few decades. Thus, a full analytical stock assessment was not possible for coastal cod. Nevertheless, based on the knowledge available a 'limit biomass' reference point was chosen for the coastal cod. This was served as a key indicator for management actors. Given the estimation that the coastal cod stock was below the precautionary biomass point, fishing pressure in the coastal zone needed to be reduced. Over the years a whole series of management measures was adopted, including area closures to protect spawning populations of coastal cod, an increased minimum landing size. However, the stock didn't seem to respond

¹² Extracted from MSC Fisheries data hub 27-05-2024

to these measures. It didn't rebuild to higher levels, remained rather stable, in a position where it was believed to be below the precautionary reference point.

In absence of a more detailed understanding, the perceived 'low level of coastal cod' caught in the fisheries in the inshore areas, led to an inability for these coastal fisheries to maintain MSC certification in 2021. There was insufficient evidence that the stock was not overfished. This loss of MSC certification, in combination with a longer-term ambition of Norwegian management and scientific stakeholders to develop a better understanding of coastal cod to enable stock recovery, drove a review process of the 'stock status of coastal cod'. Ultimately this 'benchmarking process' aimed to develop a better understanding and build better management on that to promote stock rebuilding. The outcomes of the research imply that for the purpose of management two coastal cod stocks could be defined. One in the North (N. of 67 degrees) and one in the south of Norway (N. of 62 – S. of 67 degrees). Modelling showed these two populations to be in different states. The coastal cod stock in the north showed a stable or somewhat upward trend since ca. 1998, with biomass at levels considered healthy. The stock in the south is less well understood, yet this is believed to be in a stable condition as well.

The renewed understanding of the coastal cod population status, and the redefinition of a single stock into two discrete stocks for management purposes, provided an evidence base that is now used to re-assess the Norwegian coastal fisheries for cod against the MSC standard. This is anticipated to complete in summer 2023. There is some confidence that the new management approach will enable certification, and that better more focused management on coastal cod can promote higher stocks.

Challenges in Norway in 2023:

While the overarching MSC ToC works, and the Norwegian fishing industry addressed conditions to deliver sustainability improvements, during 2023 the MSC also observed non-addressed challenges in Norway's fisheries (management) performance.

In 2023, the combined individual quotas and catches of mackerel, Atlanto-scandian herring and blue whiting *continued* to exceed ICES advice by an estimated 53%, 36% and 18% respectively. This is not compatible with best practice fisheries management, nor deemed sustainable in the long run. As a consequence, the majority of Norway's pelagic fisheries have been either suspended or lost their MSC certificates.

These stocks remain in ok condition, and blue whiting is even growing due to high year-classes entering the stock, yet if this problem is not addressed soon, it can create major risks for the ability of these stocks to remain productive in the years ahead. Reduced productivity and associated reduced catching opportunities would inevitably affect the livelihood and business of many (companies) in Norway.

Companies involved in catching, processing and exporting these pelagic species in Norway, will also face increasing risks for their reputation and may experience serious impacts in the market¹³. A broad group of retailers and brands in Europe have made it clear that if the problems are not resolved, and sustainable management is not delivered in specified timeframes, these actors would reconsider their purchasing decisions of herring, mackerel and blue whiting.

¹³ [Supply chain condemns Norway unilateral quota for mackerel - NAPA \(thefishingdaily.com\)](#) & [MSC: New ICES advice shows northeast Atlantic pelagics over-exploited once again - Undercurrent News](#)

Comment

Due to lack of quantitative data, the impact of ASC certified salmon farming is prepared in a qualitative manner.

This section is curated based on the data delivered by the Aquaculture Stewardship Council and ASC website.

Aquaculture – ASC

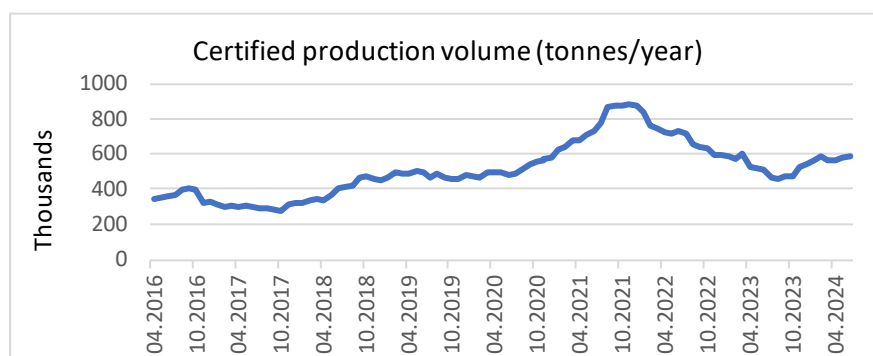
Context and background on ASC certification

Fish happens to be one of the most efficient converters of feed into high quality food, it has a lower carbon footprint and uses fewer resources than other animal production systems¹⁴. However, traditional methods of wild capture fishing can't possibly meet the demand. Nearly 90% of global marine fish stocks are fully exploited, overexploited, or depleted¹⁵. Even with sustainable practices, marine fishing has reached the limit of its supply.

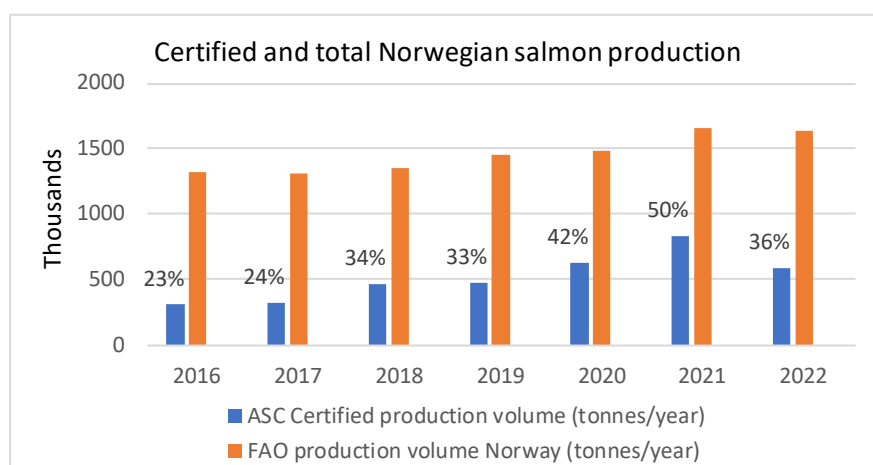
The Aquaculture Stewardship Council (ASC) is an independent non-profit labelling organisation that establishes protocols on farmed seafood while ensuring sustainable aquaculture. The ASC provides sustainable and responsible aquaculture producers with a stringent certification and labelling scheme guaranteeing to consumers that the seafood they are purchasing is sustainable for the environment, and socially responsible.

ASC in Norway for salmon farming

ASC certified Norwegian salmon running yearly production volume as per June 2024 stood at 587,543 tonnes. The production volumes are derived from when the farm is third party audited, and takes into account factors such as the current biomass, the last harvest volume, and the hectare area of the cages. This volume fluctuates over time due to: 1) leaving/new farm sites receiving ASC certification, 2) due to adjusted yearly production volumes of certified farm sites or 3) the fact farms do not wish to disclose their certified production volume. The certified production volumes since 2016 can be seen in the chart below.



Certified volume of salmon produced in Norway makes up more than a third of overall production when using the FAO production volume¹⁶ as a base. The percentage of certified volume can be seen in the chart below.

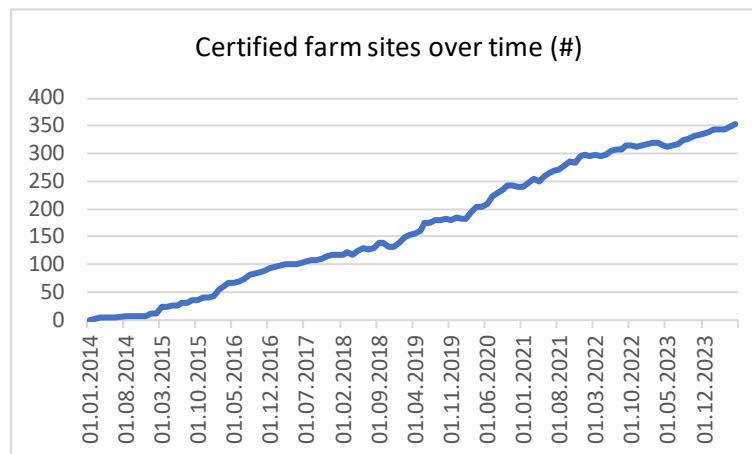


¹⁴ Source: Béné, C., Barange, M., Subasinghe, R. et al. Feeding 9 billion by 2050 – Putting fish back on the menu. Food Sec. 7, 261–274 (2015), see [here](#)

¹⁵ [Global Response to Overfishing and the Role of Geneva – Geneva Environment Network](#)

¹⁶ Food and Agriculture Organization of the United Nations found [here](#)

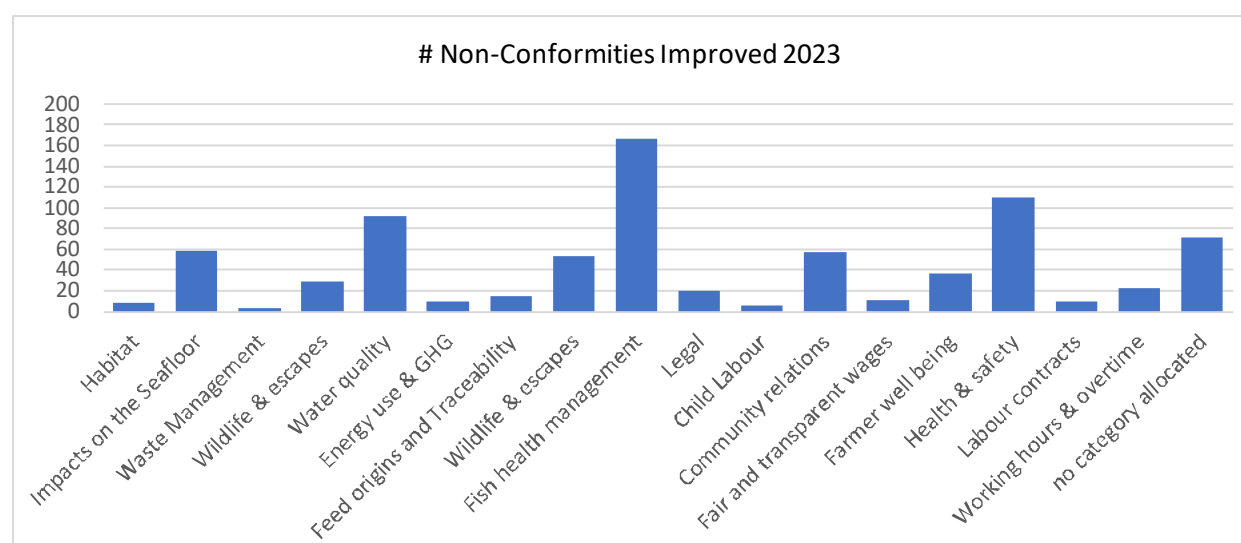
The number of ASC certified salmon farms in Norway amounted to 354. Certified farms in Norway can be found on ASC website¹⁷ and the number of certified farms over time can be seen in the chart below.



ASC has determined a set of standards that all farms, producers and feed mills must comply with. These standards cover four key principals: Farm management, environmental responsibility, fish welfare and social responsibility. These principals have subsections as seen in the image below taken from the ASC Farm Standard¹⁸.



Across these principals ASC ensures that all stakeholders are accountable for the actions that fall within the scope of the assessments. This is achieved through an audit procedure of all stakeholders applying for certification. During this process the stakeholders are given a chance to improve on non-conformities ahead of the final audit report and possible certification. This has shown clear impact through the improvement of these non-conformities across all of the principals. A chart of the number of improvements in the year 2023 can be seen below for some of the impact categories.



¹⁷ Map ASC certified farms, see [here](#)

¹⁸ [EnglishFarmStandardIntroConsultationApril2024.pdf \(asc-aqua.org\)](#)

Use of ASC in Norway for salmon farming

Salmon farming has been associated with a number of environmental impacts, such as fish escapes, negative impact on wild salmon, birds and sea mammals, the use of wild fish as ingredient in feed, introduction of diseases and parasites, use of antibiotics and impact of pollution on water quality and the seabed.

An overview of the areas ASC certification targets for responsible salmon farming can be found below¹⁹:

- **Biodiversity**

ASC certified salmon farms minimise impacts on the local ecosystem in a number of ways, such as the development and implementation of an impact assessment to protect birds, marine mammals and sensitive habitats, protection of the ecological quality of the seabed, ensuring farms are not sited in High Conservation Value Areas (HCVA) and minimising fish escapes to an absolute minimum. All lethal incidents with wildlife must be made publicly available.

- **Feed**

ASC certification requires salmon farms to adhere to strict limits to minimise the use of wild fish as an ingredient for feed. In addition, the standard requires farms to ensure full traceability back to a responsibly managed source, preferably certified, both for wild fish and soy.

- **Pollution**

ASC certified salmon farms are required to measure various water parameters (phosphorus, oxygen levels, etc.) at regular intervals and remain within set limits. Responsible farming can only take place in water bodies that are classified as 'good' or 'very good' (e.g. by the EU Water Framework Directive). Copper release into the water must be minimised and monitored.

- **Diseases**

ASC certified salmon farms are required to adhere to rigorous requirements to minimise disease outbreaks. In doing so, they must also cooperate with other farmers operating in the same area. A Fish Health Management Plan detailing steps for biosecurity management must be developed under supervision of a veterinarian and implemented on the farm. In addition, the farms need to adhere to low levels of parasites (especially sea lice) and can only use certain medicines under very strict conditions. The use of medicine before a disease is diagnosed (prophylactic use), is prohibited. Producers need to manage farms in such a way that salmon survival rate is high. Instances of unexplained increased mortality, as well as sea lice counts are required to be publicly available.

- **Social**

ASC certification imposes strict requirements based on the core principles of the International Labour Organisation (ILO), these include prohibiting the use of child labour or any form of forced labour. All ASC certified farms are safe and equitable working environments where employees earn a decent wage and have regulated working hours. Producers also need to consult (indigenous) communities, inform them about health risks and provide access to vital resources. Similar requirements apply for suppliers of small salmons that are supplied to the ASC certified salmon farm.

¹⁹ Information retrieved from the ASC website, see webpage [here](#).

ASC Theory of Change

ASC certified seafood is raised to meet the highest standards for environmentally and socially responsible practices. ASC traceability controls ensure the provenance of certified farmed seafood.

ASC acts in the marketplace to increase the awareness, value, demand, and distribution of ASC certified seafood. As demand grows, there is an incentive for producers to pursue the recognition and reward that ASC certification offers. As more producers achieve certification, more seafood is farmed responsibly.

This process leads to an aquaculture system that produces more fish for more people with the most responsible environmental stewardship and social responsibility.

ASC's work drives transformation towards responsible seafood farming. Our theory of change communicates how effective market mechanisms propel social and environmental improvements in aquaculture. ASC achieve this by:

Monitoring, understanding and communicating our impact

Building and maintaining a rigorous certification programme bound by science-based standards, robust governance systems and effective assurance mechanisms

Multiplying our impacts through markets and customers, our consumer campaigns and collaborations

This work is supported through clear, ambitious strategic objectives, and the people and partnerships that make our work possible



Methodology note

Due to lack of quantitative data, the GLOBALG.A.P. impact of certified salmon farming is prepared in a qualitative manner.

Aquaculture – GLOBALG.A.P.

Context and background on GLOBALG.A.P. certification

GLOBALG.A.P. is an internationally recognized standard for farm production which demands greater efficiency in agricultural production across 3 scopes: Crops, Livestock, and Aquaculture. GLOBALG.A.P. relies on independent third-party certification bodies to perform producer audits and issue certificates, and is currently working with more than 2,000 trained inspectors and auditors from around 159 accredited certification bodies.

GLOBALG.A.P. certification covers:

- Food safety and traceability
- Environmental aspects (including biodiversity)
- Workers' health, safety, and welfare
- Animal welfare
- Integrated Crop Management (ICM) and Integrated Pest Control (IPC)
- Quality Management Systems (QMS) and Hazard Analysis and Critical Control Points (HACCP)

GLOBALG.A.P.'s products/standards are the result of intensive research and collaboration with industry experts, producers, and retailers around the globe. They help to improve business performance and reduce the waste of vital resources. Attaining GLOBALG.A.P. certification also requires a general approach to farming that develops and expands on best practices for generations to come. This helps GLOBALG.A.P. work towards the goal of "safe and sustainable agricultural production to benefit farmers, retailers, and consumers throughout the world."

The GLOBALG.A.P. Aquaculture Standard

In operation since 2004, the GLOBALG.A.P. Aquaculture Standard brings the market a complete solution for buyers and suppliers, based on current market demands. It covers full production chain verification of feed, broodstock, seedlings, farming and post-harvest activities up to the point of sale for final consumers, including the key sustainability aspects that animal production for human consumption is required to achieve.

Aspects covered in the standard are those stipulated by the FAO Technical Guidelines on Aquaculture certification. But what sets the GLOBALG.A.P. Aquaculture standard aside from others is its high levels of transparency and reliability, thanks to its inclusion in the robust GLOBALG.A.P. Integrity Program. This pioneering program is the first of its kind in food certification and is designed to ensure consistent delivery and implementation of the standard worldwide. It acts as a feedback mechanism that serves the ongoing improvement of the GLOBALG.A.P. system in all its aspects. Feedback from certified farms also reports that this certification scheme has effectively become a practical guide to their operations, through its detailed criteria written in a clear and accessible manner.

Key benefits and recognition of GLOBALG.A.P. Aquaculture

- **Food safety:** GLOBALG.A.P. Aquaculture is the only certification scheme recognized by the Global Food Safety Initiative (GFSI) for the farming of fish
- **Environment:** GLOBALG.A.P. Aquaculture is recognized by the Global Seafood Sustainability Initiative (GSSI)
- **Animal Health:** Animal health is ensured at all stages by a comprehensive veterinarian animal health plan which covers broodstock, seedlings, farmed fish, and harvesting and slaughter stages. The GLOBALG.A.P. Aquaculture standard covers the OIE (The World Organisation for Animal Health) Aquatic Animal Health Code criteria for farms
- **Animal Welfare:** On top of animal health, GLOBALG.A.P. Aquaculture has been recognized as the only international private standard outside the United Kingdom that covers animal welfare practices at harvest and slaughter. Further animal welfare innovative criteria are applied for all production stages
- **Workers Occupational Health & Safety:** Workers are key to efficient operations; appropriate training is included in the requirements
- **Workers Welfare:** GLOBALG.A.P. Risk Assessment on Social Practices is a compulsory assessment

GLOBALG.A.P. Impact in Norway

GLOBALG.A.P. Aquaculture has a number of requirements to ensure sustainability of the full chain of fish production that goes above and beyond the already robust Norwegian legislative system. These requirements include but are by no means limited to the examples below:

- **Genetic modification** – e.g. requirement that producers shall be able to show traceability to broodstock that are not from a genetically modified origin
- **Environmental impact** – e.g. requirement of a biodiversity-inclusive environmental impact assessment and environmental risk assessment
- **Greenhouse gas emissions** – e.g. biodiversity-inclusive environmental impact assessment to be done to consider emissions and energy from fossil fuels
- **Feed composition and origin** – e.g. documentation shall be presented on the percentage of the supply of fishmeal/fish oil which originates from fisheries managed in accordance with and adhering to the FAO Code of Conduct for Responsible Fisheries, e.g. IFFO, MSC and equivalent others
- **Use of pharmaceuticals** – e.g. a veterinary health plan (VHP) to be established Disease – e.g. producers must have a documented biosecurity plan, which includes site hygiene, risk of introduction of pathogens and diseases and systems to prevent and disinfect
- **Salmon lice** – e.g. the VHP must have control over parasites
- **Occupational injuries** – e.g. producers must have a written risk assessment to assess hazards to workers' health and safety
- **Societal contributions, taxes, and charges** – e.g. producers must fulfil the GLOBALG.A.P. Risk Assessment on Social Practices (GRASP)

Aquaculture – CO₂ Impact


The Global Salmon Initiative (GSI) published scientific findings on its website with regards to the carbon footprint of farmed salmon in comparison to on-land livestock. The carbon footprint measures the total greenhouse gas emissions caused directly and indirectly by the production of a product. Carbon footprint is measured in grams of carbon dioxide equivalent (g CO₂eq) per typical serving (40 g) of edible protein of the product. Data are median values.

The conclusion of this study suggested that the farming of salmon is significantly lower in carbon impact compared to other on-land livestock. CO₂e for salmon farming amounted to 0.6 whilst this ranged from 0.88 (chicken) to 5.92 (beef) for the on-land livestock²⁰.



Key Performance Indicators for SMN

The following Key Performance Indicators (KPIs) will be used to assess SMN's contribution to responsible fish farming:

Category / Subcategory	Indicator	CO ₂ intensity avoided vs. chicken	CO ₂ intensity avoided vs. pork	CO ₂ intensity avoided vs. beef	Contribution to SDG
Eco-efficient and circular economy adapted products, production technologies and processes / Fisheries	CO ₂ intensity of protein avoided (g CO ₂ e per typical serving (40g))	0.28	0.7	5.32	

²⁰ Source: The environmental cost of animal source foods, see [here](#)

Methodology note

Due to lack of quantitative data, the impact of Eco-Lighthouse certification is prepared in a qualitative manner. Eco-Lighthouse conducted an analysis on how the certification contributes to the UN Sustainable Development Goals. A summary of the analysis is provided in this report.

Eco-Lighthouse

Context and background on Eco-Lighthouse certification²¹

The Eco-Lighthouse (ELH) certification scheme is Norway's most widely used environmental management system, with more than 10,000 valid certificates granted to small, medium and large organisations. Through easily-implemented, concrete, relevant and profitable measures, enterprises can improve their environmental performance, control their environmental impact and prove their dedication to corporate responsibility.

The Eco-Lighthouse certification scheme integrates environmental management of both internal and external environmental aspects, into the legal framework of Norwegian Regulations relating to Systematic Health, Environmental and Safety Activities in Enterprises.

When the enterprise is ready to be certified, the certifier and the enterprise decide a date for certification. The certifier is given access to all relevant documents pertaining to the enterprise through the Eco-Lighthouse web portal, in order to prepare for certification.

The certification meeting involves the certifier checking whether the industry criteria are fulfilled, checking the annual climate and environmental report, on-site inspection of the facilities and interviews with key staff. After the meeting, the certifier sums up his or her findings in the environmental statement. In case of non-compliance with general or specific industry criteria, the certifier notifies the enterprise of what needs to be done to rectify the situation and sets a deadline for doing so. When all criteria are met, the enterprise is approved.

General and specific industry criteria are developed by ELH in collaboration with relevant government bodies, scientists, interest organisations, customers and experienced consultants and certifiers to identify and address the relevant environmental aspects and effective measures of the industry in question, and are subject to periodic reviews.

EU recognition

The Eco-Lighthouse Foundation is the first national certification scheme in Europe to be recognised by the European Commission. The recognition verifies that the scheme holds the standard and quality on a par with international eco-labelling schemes (EMAS and ISO 14001). After a lengthy assessment, the decision to recognise the Eco-Lighthouse Foundation pursuant to Article 45 of Regulation (EC) No 1221/2009 was adopted by the European Commission on 6 December 2017.

It is important to note that the assessment was conducted based on a comparison of similarities between the Eco-Lighthouse Foundation scheme and EMAS and on how the Eco-Lighthouse Foundation scheme could correspond to EMAS if desired. This follows from the intention in Article 45 of Regulation (EC) no. 1221/2009. The Eco-Lighthouse Foundation scheme was compared with EMAS and found satisfactory.

Eco-Lighthouse and the UN's Sustainable Development Goals²²

Eco-Lighthouse offers certification in environmental management. This means that companies must meet criteria that contribute to a positive environmental impact. The criteria are intended to address how the company's operations and goods/services have an effect on the climate, the environment and the working environment. Therefore, there is both a focus on direct impact from operations and indirect impact via the value chain. In order to offer environmental management to a wide range of industries, the criteria are based on topics that companies



²¹ Information retrieved from the Eco-Lighthouse website, see [here](#)

²² See [here](#)

have in common: waste/reuse, energy, procurement, transport, biodiversity and land use, working environment, as well as management and anchoring.

In practice, this means the following:

- Many certification criteria can be linked to **Sustainable Development Goal 12** on responsible consumption and production. There are sub-goals that companies can greatly influence directly in the areas of waste/reuse, handling and discharge of chemicals, as well as managing sustainability work.
- **Sustainable Development Goal 8** on decent work and economic growth is also relevant for many businesses. Especially because it contains sub-goals to promote a safe and secure working environment.
- As emissions of microplastics and pollution of water are addressed in the certification, it is natural that some criteria are linked to **Sustainable Development Goal 14** on life below water.
- Biodiversity and land use are addressed as a separate environmental topic in Eco-Lighthouse and are therefore about much of the same theme that we find in **Sustainable Development Goal 15** on life on land. For example, by requiring companies to work for conservation and positive facilitation of nature, and to remove/prevent the spread of plant species that are prohibited from being sold.
- Eco-Lighthouse also prepares climate accounts for certified companies based on their reported data. This reporting and awareness-raising about direct and indirect emissions of greenhouse gases is important for achieving **Sustainable Development Goal 13** Climate Action

Use of Eco-Lighthouse in Norway

Eco-Lighthouse certification can have several benefits for enterprises enrolled in this scheme. Some of these benefits are listed below²³:

- ✓ **Become sustainable:** Eco-Lighthouse certification gives smart tools for working specifically with sustainability in areas such as the working environment, waste management, energy use, purchasing and transport. Certified companies get help to work holistically, systematically and long-term with measures that will improve their environmental performance, reduce greenhouse gas emissions - and contribute to a green future. The Eco-Lighthouse certification also sets conditions to contribute to achieving several of the UN's Sustainable Development Goals
 - **71.4%** of Eco-Lighthouse-certified businesses experience large-scale environmental improvements
- ✓ **Gain competitive advantage**
 - **58.5%** of environmental lighthouse-certified businesses experience greatly strengthened competitiveness
- ✓ **Strengthen the brand**
 - **67.5%** of Eco-Lighthouse-certified businesses experience a great deal of reputation improvement
- ✓ **Cut costs**
 - **49.3%** of Eco-Lighthouse-certified businesses experience greatly reduced costs
- ✓ **Set goals and create results:** Eco-Lighthouse's [digital tool for environmental follow-up](#) gives companies a good graphical overview, statistics and reports that show the effect the environmental work has had. Clients can easily follow the path of development, implement measures and set new environmental goals to improve their environmental performance
 - **64.2%** of Eco-Lighthouse-certified businesses experience a large contribution to green conversion
- ✓ **Reduced sick leave**
- ✓ **Influence suppliers and partners**
 - **55.6%** of Eco-Lighthouse-certified businesses feel that they have largely influenced suppliers and partners to reduce their environmental and climate impact

²³ Based on Miljøfyrtårn's customer survey 2023 among private companies. Results to be found [here](#)

Disclaimer

THIS DOCUMENT IS INTENDED TO PROVIDE NON-EXHAUSTIVE, GENERAL INFORMATION. THIS DOCUMENT MAY CONTAIN OR INCORPORATE BY REFERENCE PUBLIC INFORMATION NOT SEPARATELY REVIEWED, APPROVED OR ENDORSED BY SPAREBANK 1 SMN AND ACCORDINGLY, NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY SPAREBANK 1 SMN AS TO THE FAIRNESS, ACCURACY, REASONABLENESS OR COMPLETENESS OF SUCH INFORMATION.

THIS DOCUMENT MAY CONTAIN STATEMENTS ABOUT FUTURE EVENTS AND EXPECTATIONS THAT ARE FORWARD LOOKING STATEMENTS. NONE OF THE FUTURE PROJECTIONS, EXPECTATIONS, ESTIMATES OR PROSPECTS IN THIS DOCUMENT SHOULD BE TAKEN AS FORECASTS OR PROMISES NOR SHOULD THEY BE TAKEN AS IMPLYING ANY INDICATION, ASSURANCE OR GUARANTEE THAT THE ASSUMPTIONS ON WHICH SUCH FUTURE PROJECTIONS, EXPECTATIONS, ESTIMATES OR PROSPECTS HAVE BEEN PREPARED ARE CORRECT OR EXHAUSTIVE OR, IN THE CASE OF THE ASSUMPTIONS, FULLY STATED IN THE DOCUMENT. SPAREBANK 1 SMN HAS AND UNDERTAKES NO OBLIGATION TO UPDATE, MODIFY OR AMEND THIS DOCUMENT, THE STATEMENTS CONTAINED HEREIN TO REFLECT ACTUAL CHANGES IN ASSUMPTIONS OR CHANGES IN FACTORS AFFECTING THESE STATEMENTS OR TO OTHERWISE NOTIFY ANY ADDRESSEE IF ANY INFORMATION, OPINION, PROJECTION, FORECAST OR ESTIMATE SET FORTH HEREIN CHANGES OR SUBSEQUENTLY BECOMES INACCURATE.

THIS DOCUMENT IS NOT INTENDED TO BE AND SHOULD NOT BE CONSTRUED AS PROVIDING LEGAL OR FINANCIAL ADVICE. IT DOES NOT CONSTITUTE AN OFFER OR INVITATION TO SELL OR ANY SOLICITATION OF ANY OFFER TO SUBSCRIBE FOR OR PURCHASE OR A RECOMMENDATION REGARDING ANY SECURITIES, NOTHING CONTAINED HEREIN SHALL FORM THE BASIS OF ANY CONTRACT OR COMMITMENT WHATSOEVER AND IT HAS NOT BEEN APPROVED BY ANY SECURITY REGULATORY AUTHORITY.

THE DISTRIBUTION OF THIS DOCUMENT AND OF THE INFORMATION IT CONTAINS MAY BE SUBJECT OF LEGAL RESTRICTIONS IN SOME COUNTRIES. PERSONS WHO MIGHT COME INTO POSSESSION OF IT MUST INQUIRE AS TO THE EXISTENCE OF SUCH RESTRICTIONS AND COMPLY WITH THEM.

THE INFORMATION IN THIS DOCUMENT HAS NOT BEEN INDEPENDENTLY VERIFIED.

THE ADDRESSEE IS SOLELY LIABLE FOR ANY USE OF THE INFORMATION CONTAINED HEREIN AND SPAREBANK 1 SMN SHALL NOT BE HELD RESPONSIBLE FOR ANY DAMAGES, DIRECT, INDIRECT OR OTHERWISE, ARISING FROM THE USE OF THIS DOCUMENT BY THE ADDRESSEE.