




Sustainability Report 2022

Sustainability

About the sustainability report

The sustainability report is an integral part of SpareBank 1 SR-Bank's annual report. The report satisfies the requirements of the Global Reporting Initiative (GRI) 2021, and the goal of our sustainability reporting is to show all of our stakeholders how SpareBank 1 SR-Bank contributes to social value creation through its activities. SpareBank 1 SR-Bank has signed up to, and complies with, the UN Principles for Responsible Banking (UN PRB) and the group also uses the framework prepared by the Task Force on Climate-Related Financial Disclosures (TCFD) when reporting on climate risk.

SpareBank 1 SR-Bank's GRI index and selected key figures with  have been certified by external auditor with limited assurance.

More information about the group's sustainability work can be found on the group's website and especially in the document ["Sustainability in SpareBank 1 SR-Bank"](#).

A proactive ally for customers in the green transition

It is true that the green transition is not moving fast enough. The pace of transition is insufficient to achieve the climate goals and UN Sustainable Development Goals, either in Norway or in the rest of the world. Nevertheless, a lot of positive things are happening, and it appears that they may be happening at an accelerating rate. Wherever we turn, we see stakeholders improving their work on sustainability, ESG and the green transition. Companies and financial institutions, as well as those who set our framework conditions – politicians, financial supervisory authorities and central banks. All of them are equipping themselves with rules, initiatives, new governance structures, sustainability managers and systems for measurement and reporting.

The sustainability work in SpareBank 1 SR-Bank reflects what is going on around us. We have set up a new and larger sustainability department. We are working on skills, communication and reporting, internal control, roles, definitions and, not least, our customer offering. Our goal is to be the customer's ally in the sustainability transition, and we will use our influence to contribute to it.

In 2022, we put in place a plan for boosting the

sustainability skills of the entire group and kick-started it all with a special sustainability festival. In May, we adopted our sustainable financing framework, while in December we rolled out an updated and improved version of the ESG risk model for the corporate market. SpareBank 1 SR-Bank Forretnings-Partner has developed its services within sustainability advice further and now offers a broad range of advice solutions in the area of sustainability. These are just a few examples of what has been done in 2022, which we will build on further in 2023.

It is important to celebrate victories and applaud the good things that have been achieved. However, at the same time, we need to recognise that we have no time to lose. We will use the good developments as a platform we can build on to achieve our goals and contribute to a greener and more sustainable society.



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The group bases its work on sustainability on the UN Sustainable Development Goals and these have been integrated into its strategy. The group has identified four Sustainable Development Goals where the group has the greatest potential to have a positive impact through its core activities:



Read more about the group's work on the goals in 2022 in the document "Sustainability in SpareBank 1 SR-Bank" ([Read the PDF here](#)).

SpareBank 1 SR-Bank's sustainability and climate strategy

The sustainability and climate strategy is anchored in SpareBank 1 SR-Bank's corporate strategy and tailored to suit the objectives of the Paris Agreement. ESG will be deeply integrated into all of the business areas by the end of 2025. This will incorporate ESG risks and opportunities into all activities, thus giving the group the ability to exploit the opportunities that will arise in line with the coming regulations. These could be experienced in everything the SpareBank 1 SR-Bank does, for example in how the group creates valuable customer experiences, delivers results, operates, as well as how the group collaborates internally and externally, and, not least, in how the group contributes to sustainable social development. All employees must take a proactive, responsible approach to sustainability.

Sustainability festival

The group's first sustainability festival was held on 9-13.5.2022. In line with the bank's strategy, the goal of the festival was to make employees of SpareBank 1 SR-Bank readier, more likely and more inspired to be the customer's ally in the sustainability transition, as well as to increase expertise within specific areas of sustainability. The festival was arranged by the People, Communications and Sustainability division, and was solidly anchored in the group executive management team. Each of the 5 days

was dedicated to a separate theme, which included: sustainability in general, energy, mobility, diversity and inclusion, as well as human rights and inequality. Morning broadcasts were streamed via internal TV to the whole group, including input and participation from the other regional offices. An internal climate competition was arranged. The aim was to compete on achieving as large CO2 savings as possible through various registered activities. During the week, there was a focus on reusing and recycling electrical equipment.

General objectives, goals and targets

SpareBank 1 SR-Bank has achieved good scores over the years, from both leading sustainability indices and rating agencies, for the group's commitment to promoting sustainability in the financial services sector and for continuously improving its sustainability work. This shows that the group has focused on relevant topics in its sustainability work and that its systematic work has produced results. SpareBank 1 SR-Bank will measure its general progress in the 2022-2025 strategy period based on four selected external assessment sources. For more information, [read more here](#).

The following four objectives have been defined with specific goals and targets:

Emission reduction

- **Climate neutral** in own operations by the end of 2022
- **Net zero emissions** in our financing and investment activities by 2050

Transition

- Financing and facilitation of **NOK 50 billion in sustainable activities** by the end of 2030
- Financing of **NOK 15 billion in green properties** by the end of 2025
- Facilitating **new jobs** through entrepreneurship and innovation

Equality and diversity

- **Gender balance** (40/60) on all management levels and material positions in the group by 2025
- **Equal pay** for genders – equal pay for equal work
- Through our advisory, products and services we will **strengthen economic equality**

Combat financial crime

- Have **zero tolerance** for all forms of financial crime
- **Safeguard human rights** by contributing to transparency in supply chains
- Be known for a **high ethical standards**

The group's stakeholders and material topics

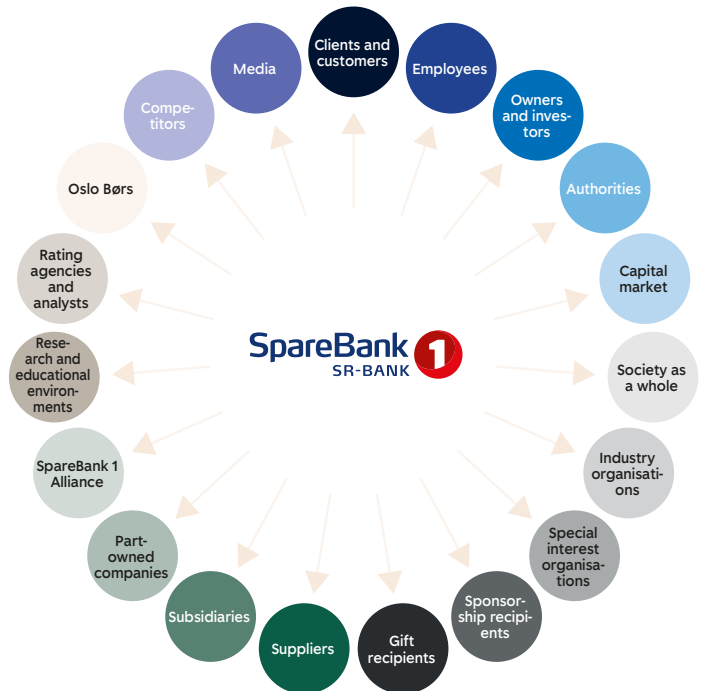
SpareBank 1 SR-Bank has surveyed the risks and opportunities related to ESG (environment, social conditions and governance) to ensure that the sustainability work matches stakeholders' expectations (Figure 1). At the same time, this work helps to reinforce ongoing stakeholder engagement. A materiality analysis is produced based on interviews, questionnaires and working meetings with both internal and external stakeholders. The results from the impact analysis carried out in line with the UN Principles for Responsible Banking (UN PRB) are also included in the materiality analysis. The impact analysis shows which areas the group should prioritise in its sustainability work. [Read more about the impact analysis here.](#)

The materiality matrix was updated at the turn of the year 2021/2022 and provides the group with a structured overview of the stakeholders' perspectives on various topics, ranked by importance ([read more here](#)).

Figure 2 shows the material topics that internal and external stakeholders rank the highest. The main ones are responsible lending, ethics and anti-corruption, privacy and information security, financial crime and anti-money laundering, managing climate risk and responsible lending.

The results of the materiality analysis provide SpareBank 1 SR-Bank with valuable insights and an opportunity to prioritise, adjust and sharpen its ongoing work on sustainability. The matrix also provides a basis for sustainability reporting in line with the Global Reporting Initiative (GRI). Read more about the results of the materiality analysis and engagement with society on topics within sustainability on page X of the document "[Sustainability in SpareBank 1 SR-Bank](#)".

Figure 1: Stakeholder map
















When assessing materiality, it is important to take account of both how sustainability affects the group and how the group impacts various sustainability factors. This approach is called double materiality and is a central part of the development within sustainability reporting. For example, the new directive on sustainability reporting in the EU, the Corporate Sustainability Reporting Directive (CSRD), will be based on double materiality.

The direction of the group's sustainability work is set on the basis of a good dialogue with internal and external stakeholders. The material topics are as follows:

Figure 2: Material topics



Table 1: Initiatives and frameworks with which SpareBank 1 SR-Bank is affiliated.

Initiative/framework	Description
 <p>UN Sustainable Development Goals (UN SDGs)</p>	<p>SpareBank 1 SR-Bank has identified four UN Sustainable Development Goals where the group has the greatest potential to have a positive impact through its core activities:</p> <p>Goal 5 Gender equality Goal 8 Decent work and economic growth Goal 13 Climate action Goal 16 Peace, justice and strong institutions</p>
 <p>UN Global Compact</p>	<p>SpareBank 1 SR-Bank has been a signatory to the UN Global Compact, the world's largest initiative for corporate social responsibility, since 2015. The group recognises and supports the UN Global Compact's 10 principles of sustainability.</p>
 <p>UNEP Finance Initiative (PRB)</p>	<p>SpareBank 1 SR-Bank has been a signatory to the UNEP FI Principles for Responsible Banking since 2019. Through the PRB, the group has committed itself to continuously improving its work on being a responsible bank.</p>
 <p>Global Reporting Initiative (GRI)</p>	<p>SpareBank 1 SR-Bank reports in line with the leading international standard, GRI 2021.</p>
 <p>Carbon Disclosure Project (CDP)</p>	<p>SpareBank 1 SR-Bank reports in line with the CDP, which is a global system for measuring, reporting and sharing climate and environmental information. In 2022, the group achieved a grade B, which means that the group manages environmental and climate impacts well.</p>
 <p>Partnership for Carbon Accounting Financials (PCAF)</p>	<p>SpareBank 1 SR-Bank became a member of PCAF in autumn 2021. This is a global partnership of financial institutions that collaborates on methods for reporting greenhouse gas emissions in banking and investment portfolios.</p>
 <p>Task Force on Climate-Related Financial Disclosures (TCFD)</p>	<p>SpareBank 1 SR-Bank has reported on climate risk in line with the recommendations issued by the TCFD since 2018.</p>
 <p>Responsible Ship Recycling Standards (RSRS)</p>	<p>SpareBank 1 SR-Bank supports the RSRS initiative and integrates the principles for the responsible breaking up and recycling of ships into its loan terms and conditions and other terms.</p>
 <p>Poseidon Principles</p>	<p>SpareBank 1 SR-Bank signed up to the Poseidon Principles in 2020. This is a global framework in which banks have joined forces to encourage their shipping customers to abide by responsible environmental standards and help cut emissions.</p>
 <p>EU classification system (Taxonomy) for sustainable activities</p>	<p>SpareBank 1 SR-Bank is working on classifying its portfolio in line with the Taxonomy and the Norwegian Act on sustainability-related disclosures.</p>
 <p>The Norwegian State Pension Fund Global and the UN Principles for Responsible Investment (UN PRI)</p>	<p>SpareBank 1 SR-Bank expects managers of funds distributed via the group's platform to comply with the Norwegian State Pension Fund Global's ethical exclusion list and to have signed up to the UN Principles for Responsible Investment (UN PRI).</p>
 <p>Skift – Business Climate Leaders</p>	<p>SpareBank 1 SR-Bank became a member of Skift, a network for business climate leaders, in autumn 2021.</p>
 <p>Women in Finance Charter</p>	<p>SpareBank 1 SR-Bank became a signatory to the Women in Finance Charter in autumn 2021. The group is actively working on gender balance and inclusion. Read more on page 18 in the chapter on employees.</p>

Corporate responsibility

It is important for SpareBank1 SR-Bank that it is able to give back to local communities by directly supporting activities and initiatives. The bank's goal is to help create flourishing communities and good living conditions, increase cooperation between people and businesses, and ensure enterprising people get a higher return on their commitment.

SpareBank 1 SR-Bank's goal is to ensure that around 50 percent of the group's profit is distributed as dividends and with Sparebankstiftelsen SR-Bank (29.3 percent) and SpareBank1-stiftinga Kvinnherad (2.4 percent) as two of the largest owners, this results in the return of value created through donations to good causes. This is to be done in line with the foundation's vision of "Creating Values Together" as well as the foundation's values of "Together we are to create, enrich and develop healthy communities". This reinforces the bank's local presence and local engagement. In 2022, the two foundations donated NOK 179 million in donations to local communities across Southwestern Norway.

Community engagement in the form of sponsorships and donations

In 2022, the group contributed NOK 14 million in the form of sponsorship agreements to various organisations, clubs and associations. SpareBank 1 SR-Bank's activities within community engagement and sponsorship are an extension of the group's day-to-day work. The aim is to start initiatives that can make a positive difference in the group's local areas, achieve a clearer position in the market with the group's sponsorship strategy, and to link sponsorships closely to the group's sustainability goals, which are a selection of the UN SDGs.

The group's employees donated the 2022 Christmas gift of NOK 250,000 to mental health and NOK 250,000 was donated to the year's annual telethon (Doctors Without Borders). Employees also raised NOK 71,376 via Spleis. Additionally, this year it was particularly important for the bank to show solidarity with the victims of the war in Ukraine. Therefore, NOK 1 million was shared equally between the following aid organisations: the Red Cross, the Norwegian Refugee Council, UNICEF and Save the Children.

Support for young talents

Together with Sparebankstiftelsen SR-Bank, the group helps talented young people develop through the foundation

G9alt Talentutvikling. The maximum annual amount of NOK 800,000 was distributed in 2022. The grants are distributed in line with the foundation's statutes, which specify that Stiftelsen G9alt Talentutvikling shall by distributing grants encourage young people in Rogaland, Vestland and Agder to develop their talents and interests that help ensure the region has a supply of talent, creativity, inventiveness and expertise in all areas of society and business. In 2022, the foundation chose to focus extra on talented people who, in addition to having talent of their own, also help motivate and inspire others. A total of 24 grants were awarded.

Support for growth and scaling up

GründerAcademy

SpareBank 1 SR-Bank is interested in innovation and assisting entrepreneurs in growth phases. The GründerAcademy foundation is one of the group's initiatives for creating the jobs of the future. The foundation is supported by SpareBank 1 SR-Bank and Sparebankstiftelsen SR-Bank. GründerAcademy is an accelerator programme that is arranged twice a year as a digital programme with in-person meeting points. Participants are offered lectures, 1:1 follow-up, mentor and access to a large network. This is designed to better equip the entrepreneurs for the journey on which they are embarking.

A large number of applications have been received since its inception. Since it started in 2015, almost 500 entrepreneurs have undergone training through the GründerAcademy programme and its predecessor Gründerhub. The participants are companies with a good mix between technology, social entrepreneurship and sustainability. This has created 600 new jobs through around 400 companies. In 2022, NOK 650,000 was awarded via nine entrepreneurial awards. The awards are designed to stimulate entrepreneurship.

Innoasis

Innoasis is a newly renovated building managed by the Nordic Edge business cluster, one of SpareBank 1 SR-Bank's partners. Innoasis is a rebuild project of the former Norwegian Petroleum Directorate and NAV building and was finished in spring 2022. The building is intended to be a new arena for innovation, partnership and green transition. SpareBank 1 SR-Bank helped in the establishment phase as a partner, with both financial support and expertise. The group will also provide assistance through access to advisory support for growth companies and has further collaboration plans for the years to come.

EiendomsMegler 1's goal is to promote good, sustainable living environments, and it therefore chose to distribute a NOK 50,000 donation between three different clubs/associations that the public thinks contribute to well-being in the local community. They did this instead of spending the money on marketing.

The lucky winners were:

- Friheim Velforening
- Svarttjønnheia Velforening
- Egersund Musikkorps

Regulatory compliance

There have been major changes to the regulatory landscape for sustainability and responsible business in the last few years. The Transparency Act was introduced in 2022, while the Sustainable Finance Act, new rules on fund managers' management of sustainability risk, and new rules for investment firms entered into force in January 2023. The group monitors developments closely, including with respect to common European standards for sustainability reporting, and systematically works to stay ahead of the curve and ensure compliance with the regulatory requirements.

Transparency Act

SpareBank 1 SR-Bank is subject to the Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions. The Act imposes three main duties:

- a requirement to conduct due diligence related to the risk of negative consequences for fundamental human rights and decent working conditions in the enterprise's own activities and supply chain or linked to other goods or services delivered by business partners;
- a requirement to publish an account of due diligence and make the account easily accessible on the enterprise website (annually and for the first time by 30.6.2023); and
- a requirement to respond to any written enquiries from any person requesting information about the risk relating to human rights and decent working

conditions in the enterprise's own activities and the supply chain and how these risks are managed.

The group's account will be published on our website.

A contact form for submitting requests for information has also been set up on the website.

The requirement of continuous due diligence to prevent and address actual and possible negative consequences for fundamental human rights and decent working conditions in own activities and supply chain. The group's approach goes beyond the statutory requirement and it takes as its starting point the international standards on which the Transparency Act is based (see the section on due diligence).

The Securities Trading Act, the Securities Funds Act and the Alternative Investment Fund Act

In January 2023, supplementary rules for the Securities Regulation were enacted in Norwegian law. The amendments were based on common European regulations and, among other things, stipulate further requirements for investment firms' organisation and implementation of sustainability elements in the investment firm's product management processes. The Regulation also stipulates further requirements for suitability assessments for investment advice, as well as Sparebank 1 SR-Bank's offering of financial products that accommodate the customer's sustainability preferences. The ongoing work on a new advisory tool for savings is laying the groundwork for the accommodation of these new requirements.

Due diligence: fundamental human rights and decent working conditions

Respect for fundamental human rights and decent working conditions throughout the value chain is a cornerstone of the SDGs and the 'S' in ESG. The risk picture in this area is complex and many Norwegian companies are increasingly exposed to this kind of risk. Modern slavery in global value chains, war, democracy under pressure, discrimination, the inherent risks of new digital technologies, and working conditions in mineral mining or the production of components for green technology are some of the trends that are increasing the risk of companies being linked to serious breaches of international standards.

Conducting due diligence in accordance with the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct is the key means for enterprises to avoid becoming involved in human rights abuses, in their own operations and through business relationships across the value chain.

It is precisely the UN and OECD guidelines, together with the UN's human rights standards and the ILO's core conventions, that provide the basis for the group's work in this area. SpareBank 1 SR-Bank's commitments are anchored in its general sustainability strategy and specific policies for human rights and labour rights and are also integrated into a number of other governance tools.

The UN and OECD standards prescribe due diligence for the entire value chain, while the Transparency Act limits the scope to one's own operations and supply chain.

For a financial services group, where a large proportion of its core activities are linked to the downstream value chain, the framework set by the Transparency Act is, therefore, too narrow. The group's due diligence assesses the risks related to international human rights and labour standards in the contexts of our roles as corporate lender, service provider for both the retail and corporate markets, and intermediary of fund products. Naturally, due diligence has also been integrated into the work of safeguarding our employees and promoting sustainability in our purchases (see section on sustainable purchasing). An internal group standard based on the OECD's due diligence guidance has been developed and is being implemented throughout the group.

The vast majority of our financing and other core activities are associated with a low risk of becoming involved with adverse impacts on fundamental human rights. In 2022, no direct links to actual negative impacts related to activities, products or services via business relationships were identified. The public due diligence account further addresses due diligence in relation to the group's various roles and functions, identified risk areas, due diligence system and plans for future work (for more information see our website).

Sustainable Finance Act

The Sustainable Finance Act came into effect on 1.1.2023. The Act implements the EU Taxonomy Regulation and the Sustainable Finance Disclosure Regulation. The Ministry of Finance has encouraged Norwegian institutions subject to the Act to also report on their implementation in 2022 as well. The institutions covered by the Taxonomy Regulation are primarily subject to a reporting obligation that in the case of financial institutions is referred to as the Green Asset Ratio (GAR). The purpose of the GAR is to illustrate how large proportion of the bank's portfolio complies with the Taxonomy's criteria.

The Taxonomy will be a useful tool for banks when it comes to strengthening their efforts to integrate sustainability into their financing processes. In order for the group to be able to report its loan and investment portfolios in line with the Taxonomy, an extensive process will be required to collect data from relevant customers. The group's Sustainable Finance Framework, which was approved and introduced in spring 2022, has been harmonised with the Taxonomy's environmental goals and criteria. SpareBank 1 SR-Bank considers the Taxonomy its most important guide for this framework, and going forward we will monitor the development of the Taxonomy closely in order to continue adapting to the framework.

From and including the annual financial statements for 2023, the group will report its GAR in line with the implementation of the Taxonomy in Norway. The table below is based on

recommendations from Finance Norway and takes as its starting point the proportion of the bank's exposures and portfolio covered by the Taxonomy (referred to in the Taxonomy as 'eligibility'). The table specifies the exposures/assets regarded as eligible for inclusion in both the GAR numerator and denominator, the assets that can only be included in the GAR numerator and the assets that cannot be included in GAR calculation.

As at 31.12.2022, the proportion of assets that could potentially be eligible as green pursuant to the Taxonomy Regulation was around 51%. Since none of our corporate customers have as yet reported under the Taxonomy, this proportion exclusively represents covered bonds in the liquidity portfolio, loans to households secured against real estate and car loans.

The Sustainable Finance Disclosure Regulation (SFDR) was enacted into Norwegian law via the Sustainable Finance Act, which came into effect on 1.1.2023. This Act is primarily aimed at producers of financial products within the area of saving and investing. SpareBank 1 SR-Bank does not perform portfolio management as part of its activities since this is now done by SpareBank 1 Forvaltning, which is jointly owned by the SpareBank 1 banks. Nevertheless, SpareBank 1 SR-Bank does have some obligations under the SFDR due to its role as an investment adviser. The group's responsibility to take account of and include sustainability risks and factors is described on the group's website under SFDR information here.

Table 2 shows the proportion of the group's exposures covered by the Taxonomy. The overview has been set up in line with the template prepared by Finance Norway.

Assets	Proportion of total assets/assets %	Exposure in NOK billions
Assets included in both GAR numerator and denominator:	51%	185.0
Exposures to debtor covered by the Non-Financial Reporting Directive (NFRD) and economic activity also subject to the Taxonomy (incl. covered bonds)	5.9%	21.1
Exposures to debtor covered by the Non-Financial Reporting Directive (NFRD), but not economic activity subject to the Taxonomy	0.2%	0.6
Exposure to households with security in real estate, renovation loans for homes and car loans	45.2%	163.2
Assets only included in GAR numerator:	39.1%	141.1
Exposures to enterprises not covered by the NFRD	27.9%	100.7
Derivatives	5.2%	18.6
Short-term loans and deposits from financial institutions	3.4%	12.2
Cash and cash equivalent assets	0.0%	0.1
Other assets (goodwill, etc.)	2.6%	9.5
Assets not included in GAR calculation:	9.6%	34.8
Exposures to states, supranational entities and other state-guaranteed counterparties	9.6%	34.8
Deposits in central banks	0.0%	0.0
Trading portfolio	0.0%	0.0

Responsible finance

As a major Norwegian financial services institution, we have a responsibility to ensure that the capital we manage and lend out is not used in ways that harm people or nature. This is not new, but what is perhaps new is that the industry is beginning to look beyond its responsibility simply not to cause harm to setting requirements for how capital can make a positive contribution. Stipulating sustainability related conditions is hard, and it is definitely not something that either SpareBank 1 SR-Bank or the industry in general is fully adept at, although a process is underway.

Principles for Responsible Banking

There are a number of global initiatives that encourage the banking and finance sector to play its part and contribute to transition. The group signed up to the UN Principles for Responsible Banking in 2019. The six principles define the global standard for what being a responsible bank means. The group bases its work on the principles and reports every year. You can read the report for 2022 [here](#).

In the same way as the business sector must undergo a demanding transition process, so too must the financial services industry, and it is important to acknowledge that it will not be easy. The industry cannot simply be guided by customers and regulatory authorities. The individual market participants must take a point of view and choose their priorities. SpareBank 1 SR-Bank's priorities in this context are clearly set out in its sustainability strategy and the goals linked to its lending activities.

Key guidelines, responsible finance:

- [Standard for sustainability: distribution and recommendations regarding securities funds](#)
- [Standard for sustainability in corporate market](#)
- [Standard for sustainability: agriculture and nature](#)
- [Sustainable finance framework](#)

Responsible lending

Lending is SpareBank 1 SR-Bank's core business and therefore responsible lending and investments constitute a very important part of the group's sustainability work. The group's overarching ambition is to be the customer's ally in the sustainability transition, and we are working on our approach, assessments, requirements and conditions. This is also an area in which framework conditions and market conditions are undergoing rapid development and constant changes are taking place.

The materiality analysis shows that responsible lending practices are one of its main material topics within sustainability. As far as sustainability and impact are concerned, there is no doubt that the group's potential for making a difference lies first and foremost in what we do and the financing choices we make. One of the main goals in our sustainability and climate strategy is to finance and facilitate NOK 50 billion in sustainable activities by the end of 2030.

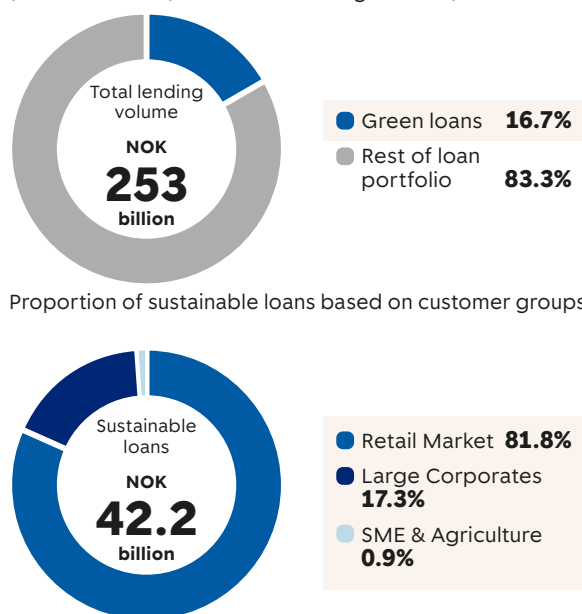
A lot of work was done in 2022 on rigging the business and the portfolio to achieve this goal. For example, a framework for sustainable activities was established that specifies which activities qualify as green or sustainable financing. Corporate Market also established a sustainability committee that reviews and approves its exposures as sustainable based on applications from customer account managers. This provided a much needed boost that enables the division to work effectively and purposefully towards its sustainable financing goals. At the end of 2022, the divisions also adopted KPIs that are based on the volume of sustainable financing. These will be included in the scorecards for 2023.



The sustainable finance framework is SpareBank 1 SR-Bank's proprietary framework that defines which investments can be classified as green loans. It addresses different sectors through specific minimum requirements that must be met and is harmonized with the criteria in the Taxonomy, with a focus on climate change mitigation. [Read more here.](#)

Lending volume (Figure 3)

As at 31.12.2022, sustainable loans accounted for 16.7% (NOK 42.2 billion) of the total lending volume (NOK 253 billion):



Numbers certified by external auditor with limited assurance.

Lending to the corporate market

The group has a lot of influence thanks to its lending activities, with corporate customers accounting for around 40% of its total lending. The group's corporate loan portfolio is well diversified. The group finances Norwegian SMEs, with an emphasis on commercial property.

SpareBank 1 SR-Bank requires its corporate customers to operate in compliance with applicable laws and regulations, which include climate and environmental considerations and taking a conscious approach to human rights. SpareBank 1 SR-Bank's "Standard for sustainability in the corporate market" provides direction on the type of customers the group hopes to attract and what is expected of customers.

SpareBank 1 SR-Bank has also set a target of funding NOK 50 billion in sustainable activities by the end of 2030. At the end of 2022, a total of NOK 13.8 billion in green financing had been granted. Of this NOK 1.4 billion was syndicated, which means that parts of the loan were made in conjunction with other banks. The gross financing of sustainable activities pursuant to the framework amounted to NOK 12.4 billion at the end of 2022. The target is NOK 50 billion by the end of 2030.

In 2022, green loans and sustainability-linked loans amounted to NOK 7.7 billion, which corresponds to 8% of the corporate market loan portfolio.

Sustainable shipping

SpareBank 1 SR-Bank reported in line with the Poseidon Principles for the second time in autumn 2022. The Poseidon Principles are a global framework for financial institutions that finance shipping and are designed to promote efforts to cut greenhouse gas emissions from the

sector. 30 banks are now members, and the reported data covers just over 65% of the global shipping loan portfolio. In 2022, SpareBank 1 SR-Bank's portfolio climate alignment score was -10.7%. This means that the carbon intensity of ships financed by the group is slightly more than 10% lower than the target decarbonisation trajectory.

All new credit exposures within shipping include a clause concerning "Responsible Ship Recycling Standards (RSRS)", which are about the responsible disposal of vessels and mobile offshore units. The initiative addresses both the environmental and the social aspects of sustainability, with a focus on pollution and acceptable working conditions.

ESG framework for corporate loans

In 2022, as part of a SpareBank 1 Alliance collaboration, the group developed and implemented a comprehensive framework for ESG assessing and scoring loan customers. The framework is used in connection with granting credit and renewals for corporate customers whose consolidated exposure exceeds NOK 10 million. The new ESG model represents a big step forward compared with the previous model. It contains questions covering several specific sectors, includes inherent risk per sector and ranks customers better. The group expects customer account managers to spend more time on ESG analyses with the new model and for the questions to form a framework for a dialogue with customers about these topics. The scoring is an attempt to assess the customer's sustainability risk and help customer advisers in their dialogue about sustainability with the customer. The group's overarching ambition when it comes to sustainability is to be the customer's ally in the transition. Appropriately including sustainability in the dialogue with customers is, therefore, an important success criterion.

The ESG scores are based on questions within the four sub-topics of physical climate risk (E), transition risk (E), social conditions (S) and governance (G) and produces a sub-score per sub-topic as well as a total score. If a customer is given a particularly low ESG score, their customer adviser is required to draw up an action plan for improvement together with the customer. Risk Management has been responsible for implementing the ESG model, in collaboration with the SpareBank 1's competence centre for credit models (KFK). Risk Management performs control functions at the portfolio level, while the internal auditor performs control functions in relation to policy compliance in individual cases.

Sustainability advice in the corporate market

2022 saw the formal start-up of SpareBank 1 SR-Bank ForretningsPartner's focus on sustainability advice with the establishment of the consultancy department with special expertise within sustainability/ESG, which employs five FTEs. The department has developed services covering the entire ESG spectrum, with advice on analysis, strategy, implementation and reporting aimed at the corporate market. ForretningsPartner assisted companies in many different industries in 2022, and segments both inside and outside Norway. You can read more about the services offered [here](#).

Retail Market 2022

SpareBank 1 SR-Bank wants to be a proactive ally in the transition to a more sustainable society and Retail Market is an important contributor with respect to achieving this.

Strong representation in branches throughout the group's market areas means that SpareBank 1 SR-Bank can combine in-person and digital advice for customers. SpareBank 1 SR-Bank wants its advice to help customers adopt products and services that contribute to sustainable development in the form of financial economic and climate-friendly choices.

A major training programme for advisers in Retail Market was conducted in 2022, where 84% of all advisers have now completed the e-learning course "Green solutions for the Retail Market customer". The training covers the different sustainable products and services offered by SpareBank 1 SR-Bank and their properties. This initiative will be followed up in 2023 when the advisers will receive training designed to enable them to explain and advise on sustainable personal finances within the key topics of equality, sustainability and the climate.

Lending to the retail market

SpareBank 1 SR-Bank's retail market portfolio accounts for around 60% of total lending and mainly consists of residential mortgages for retail customers. The framework for sustainable activities defines which loans can be considered sustainable and this definition corresponds with the group's requirements in its green bond programme. For the retail market, these include loans for zero emission vehicles, energy efficient homes and renovation.

At the end of 2022, green residential mortgages, in line with the requirements of the framework and the group's green bond programme, amounted to NOK 34.5 billion. See Figure 3 on page 36 for more information.

SpareBank 1 SR-Bank's financing in the retail market portfolio has the potential to have a positive impact with respect to the social aspect of sustainability. Among other things, SpareBank 1 SR-Bank uses its flexibility quota on customers in the process of establishing themselves and buying their first home, which ensures that young customers have an opportunity to get onto the property ladder. Our advice for existing mortgage customers experiencing a difficult financial situation helps to find solutions.

As far as sustainability risk in the retail market portfolio is concerned, the relevant risk is primarily the climate risk resulting from loans for homes, and in particular the physical climate risk, which addresses the risk associated with greater climate change. In 2023, the group will continue working on analysing sustainability risk in the retail market portfolio as well.

Sustainable products, services and innovation

Offering products and services that promote sustainable behaviour by customers is an important contribution to the green transition and sustainable development. The ambition is to offer a green or sustainable alternative in each product category and to offer more and better services that help customers make sustainable choices.

SpareBank 1 SR-Bank's sustainable finance framework is designed to define exactly which activities are considered sustainable and which can be included as contributions to the goal of financing and facilitating at least NOK 50 billion in sustainable activities by the end of 2030. The framework is based on guidelines issued by the Loan Market Association (LMA): the Green Loan Principles and the Sustainability Linked Loan Principles. Most of the framework's criteria were derived from the technical screening criteria in the EU Taxonomy. There are also criteria for sectors not covered by the EU Taxonomy.

SpareBank 1 SR-Bank continuously strives to assess and develop products and services that will help our customers make more sustainable choices regarding their personal finances. A new product, Eco-loans, was launched in 2022. This is designed to enable retail customers to obtain favourably priced financing for the purchase and installation of energy efficiency measures for the home.

SpareBank 1 SR-Bank offers green car loans to retail customers, designed for electric car owners. The non-life insurance company Fremtind also offers insurance designed for electric cars.

Retail Market saw very good growth in lending volumes for its products green mortgages and loans for electric cars. At the end of 2022, the volume of green mortgages was NOK 570 million compared with NOK 58 million at the end of 2021, and the volume for loans for electric cars was NOK 492 million at the end of 2022, compared with NOK 118 million at the end of 2021.

Contributions to achieving the group's target of NOK 50 billion in sustainable activities by 2030:

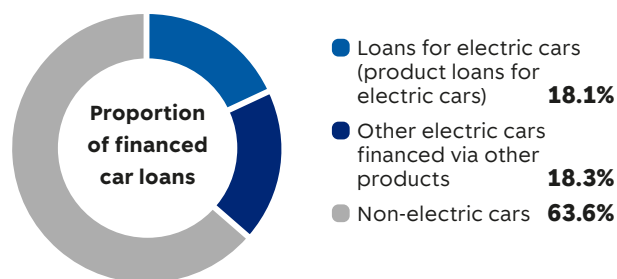
Product	Number	Loans paid out	Green products as a proportion of total lending in the product category *
Green mortgages	165	540,862,797	0.35%
Eco-loans	66	13,812,272	100%
Loans for electric cars	1,756	492,402,146	18.1%
Total:		1.076.796.758	

* Green car loans: Total car loan portfolio, loan volume

* Otherwise, NOK 34.5 billion in loans qualify as green loans according to the group's sustainable finance framework.

 Numbers certified by external auditor with limited assurance.

Proportion of financed car loans



Numbers certified by external auditor with limited assurance.

The group wants to help make customers more aware of sustainability and to help customers make more sustainable choices. “My carbon footprint” is a digital service that shows the customer their climate footprint based on their transaction history. The service is currently available as a beta version and customers can use the service in both the online bank and the mobile bank. In 2022, potential was identified for improving the solution, for example by connecting together more data sources to improve the accuracy of the calculations. Work will be done on improving “My carbon footprint” further under the SpareBank 1 Alliance umbrella in 2023.

SpareBank SR-Bank has entered into a cooperation with Justify. The cooperation allows customers of SpareBank 1 SR-Bank to access legal services digitally. The service helps to promote financial equality, where in particular the cohabitation contract service is an important means of protecting both parties financially. The service helps to support the goal of contributing to the financial equality of our customers through advice, products and services.

Service	Total number of users
Justify	7,617

SpareBank 1 SR-Bank offers the Maintenance Calendar service, a service for homeowners that provides advice and tips on maintaining their home. Maintenance is damage prevention in practice. It helps ensure that resources already in use are used well and helps reduce waste. The service is offered as an open solution on the website.

In 2022, Finance Norway adopted the “Industry standard for financial inclusion” ([read more here](#)). SpareBank 1 SR-Bank always strives to ensure that every customer feels that they are being treated in line with the requirements of the

industry standard. This should particularly be the case in the group’s 35 branches and the direct bank, which aim through their advice and customer service to ensure that all customers feel financially included.

Useful and practical customer services:

- [Maintenance calendar](#)
- [Justify](#)

Green borrowing

On the funding side of things, SpareBank 1 SR-Bank operates its own programme for green bonds. The programme is a framework for which loans qualify as green and can thus provide a basis for issuing green bonds in the international capital markets. The programme was established in 2019 and is reviewed annually. SpareBank 1 SR-Bank can issue green bonds based on a portfolio of loans within sustainable residential and commercial properties, renewable energy and green transport. The framework is based on the guidelines in the ICMA Green Bond Principles. Green bonds provide the group with access to asset managers and investors who want to invest with a focus on sustainability, and they thus help expand the capital base to which the group has access.

The group issued a new green bond for EUR 500 million in the euro market in 2022. For more information about green bonds, [read here](#).

Responsible investments in SpareBank 1 SR-Bank

Although lending is SpareBank 1 SR-Bank’s core business, the group also has some financial and strategic investments and placements on its balance sheet. These include investments in the liquidity portfolio, the strategic ownership of jointly owned companies in the SpareBank 1 Alliance and start-up investments via FinStart Nordic. Although the investment mandates in the various contexts are very different, the “Standard for responsible investments in SpareBank 1 SR-Bank” applies at a general level for the group. The group must be conscious of its role as an owner in every context and focus on transparency and a good governance structure. Active ownership must be practised where appropriate.

Asset management

In 2022, the former wholly owned subsidiary SR-Forvaltning's business was transferred to SpareBank 1 Forvaltning, which is jointly owned by the SpareBank 1 banks. This means that fund management no longer forms part of the group's directly owned activities. However, as an owner with a 36% stake in SpareBank 1 Forvaltning, we set requirements for how the company handles sustainability and ESG. SpareBank 1 Forvaltning's asset management includes products under both the ODIN and SpareBank 1 brands. The two brands have common guidelines for managing ESG and actively work on ESG integration, active ownership and exclusions.

Focus on sustainability in fund management

In addition to offering funds from the ODIN and SpareBank 1 funds, SpareBank 1 SR-Bank offers a wide selection of securities funds from external managers. The group complies with the SpareBank 1 Alliance's guidelines for the responsible distribution of securities funds. In the guidelines, the banks have jointly defined their recommendations, expectations and requirements for the managers of the securities funds distributed via the SpareBank 1 Alliance. If a manager breaches the requirements and chooses not to change their practices after talking to us, distribution of the securities fund in question will cease. The funds have also been labelled based on the SpareBank 1 Alliance's

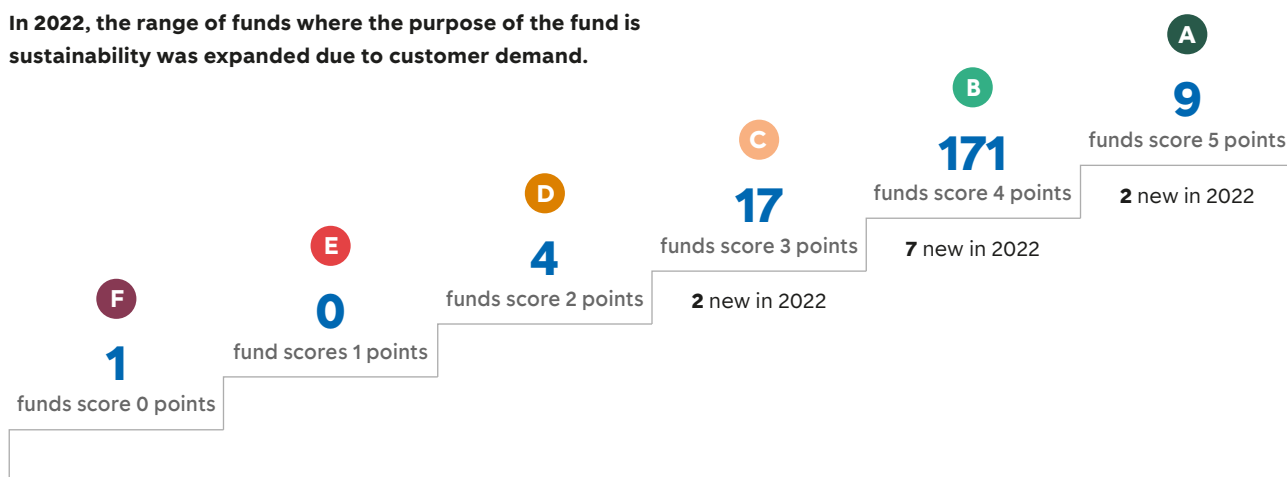
expectations. The managers of the respective funds are expected to be active owners and exclude companies and sectors in order to ensure more sustainable development for the individual company, and also for society as a whole and the environment. We also believe these are important factors for companies' value creation for their owners, who are in turn our customers.

In 2022, most of the funds scored a grade B. We believe these funds have a good approach to environmental and social issues, and that the portfolio managers are also active owners.

One of the funds scored a grade F in the reviews in 2022 and 2021. This fund cannot be purchased in any of the SpareBank 1 Alliance banks. The fund remains in the review in order to see if it has improved.

To a score a grade A, a fund must meet all of the expectations and also have an Article 9 classification under the SFDR. These are funds where the purpose of the fund is sustainability. There has been a lot of criticism that too many have given themselves too high a classification under the SFDR. Some actors have therefore taken action. From among the funds distributed by the SpareBank 1 Alliance, only the DNB Grønt Norden fund has reduced its SFDR classification from Article 9 to Article 8.

In 2022, the range of funds where the purpose of the fund is sustainability was expanded due to customer demand.



↑ **5** funds have improved their score
 ↓ **4** funds have poorer scores
 → **182** funds saw no change
 11 funds have not answered, these are the new funds.

- Just as many funds improved their grade from C to B, as those who saw their grade go the other way.
- Only one of the fund managers did not state that they do not vote in general meetings.
- All of the managers state that they have signed up to the UN Principles for Responsible Investment (UN PRI) and report on their compliance.

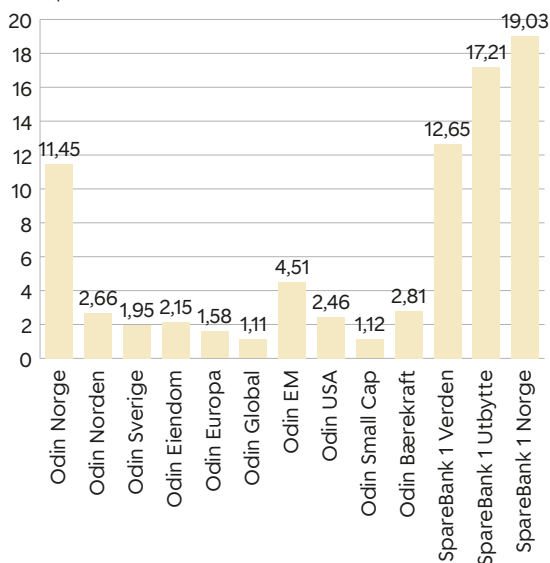
Asset management

Active ownership, voting and CO2 emissions from funds

The funds managed by ODIN Forvaltning report on both the overall carbon intensity of their products and their voting and investor engagement in order to be transparent about the sustainability risk and active ownership in the portfolios.

CO2 emissions from funds

NOK, pr 31-12-2022



(Data: CO2 emissions from funds - ODIN funds and Sparebank 1 funds)

Carbon footprint measured via carbon intensity. This is a means of measuring a fund's exposure to emission-intensive companies. The carbon footprint shows the portfolio companies' emissions (CO2e over 1 year) in relation to their turnover, adjusted for portfolio weighting. The calculations are not exhaustive because they do not include all indirect emissions. For example, a company's emissions linked to purchased electricity (which are indirect Scope 2 emissions) are included, while emissions linked to a subcontractor's purchased electricity are not included (Scope 3). Nonetheless, the intensity figure provides a reasonably good indication of whether the fund is invested in carbon-intensive industries and companies. Carbon intensity is calculated using the following formula:

$$\sum_n^i \left(\frac{\text{Value of position}}{\text{Total value of the portfolio}} \right) * \frac{\text{The portfolio company's CO2e emissions (Scope 1 and Scope 2)}}{\text{Portfolio companies' income (in the fund's currency)}}$$

Active ownership and voting

Active ownership through dialogue and voting are important tools in getting companies to operate more responsibly and sustainably. The ODIN funds aim to vote in all general meetings and, as a general rule, vote for proposals that promote more transparency and reporting on climate and social issues in companies.

The table here shows how large a proportion of the proposals at the portfolio companies' general meetings the manager voted on.

Fund	Proportion voted
ODIN Eiendom	96%
ODIN Europa	100%
ODIN Global	100%
ODIN Norden	100%
ODIN Norge	93%
ODIN Small Cap	100%
ODIN Sverige	100%
ODIN Emerging Markets	97%
ODIN Bærekraft	73%
ODIN USA	100%
Sparebank 1 Norge Verdi	97%
Sparebank 1 Utbytte	97%
Sparebank1 Verden Verdi	92%

The managers in ODIN Forvaltning also maintain a direct dialogue with portfolio companies throughout the year and try to raise ESG-related topics in these meetings. There were 292 such dialogues in 2022 across topics within E, S and G. The numbers below do not add up to 292 because multiple topics are often discussed in the same meeting.

E	S	G
175	195	228

Nature as a stakeholder

Three of the greatest challenges of our time are the climate crisis, the degradation of nature and declining biodiversity. Every enterprise needs to consider its impacts in these areas as part of its sustainability work. For a financial institution, climate and natural risk is primarily about what one finances and having to assess what is in one's loan and investment portfolios. This can be a demanding exercise since there is a major lack of relevant data and industry standards for analysis and reporting methodology are not fully developed.

Natural risk

Nature is our land areas, freshwater, the oceans and the atmosphere. These are under great pressure and a transition is required to safeguard their qualities and limit climate change. Nature provides us with ecosystem services, which is a collective term for a number of goods. These can be services on which life depends, such as pollination, water purification and oxygen production, as well as recreational experiences in nature.

The group wants to help safeguard nature in a sustainable way by supporting what came out of the UN Conference on Biological Diversity (COP15). COP15 was held in December 2022 in Montreal, Canada. At the conference, rich countries committed to providing less-rich countries that are particularly struggling to maintain biodiversity with support of at least NOK 20 billion per year by the end of 2025, and NOK 30 billion per year by the end of 2030 via a new biodiversity fund. The goals adopted here were to protect 30 percent of land areas and 30 percent of ocean and water areas by the end of 2030, and to restore 30 percent of all nature that has partially been destroyed by the end of 2030.

Natural risk is not only about the impact the bank's lending activities and investments have on nature, but also about how nature impacts the activities of the bank. A changing climate can pose major risks for customers and the bank. In autumn 2022, Finance Norway, the World Wildlife Fund (WWF) and Deloitte invited key stakeholders from the financial services industry to participate in a natural risk project with a focus on the financial services industry. SpareBank 1 SR-Bank took part in a workshop together with most of the leading financial institutions in Norway where the challenges facing the financial services industry were discussed, especially the lack of data and poor data quality for assessing natural risk. We also do not know enough and lack the resources to see difficult connections. The TNFD framework is being developed and the group will start preparing to report in line with this framework.

The Taskforce on Nature-related Financial Disclosures (TNFD) was launched in 2022 and is a framework that financial institutions and enterprises will eventually report in line with and act on the basis of. TNFD is based on the four pillars of the TCFD framework. The purpose of the TNFD is to close financial investors' knowledge gap with respect to impacts on nature and thereby help steer capital away from activities that are harmful to nature.

Climate risk (TCFD)

SpareBank 1 SR-Bank reports climate risk in line with the recommendations issued by the TCFD. Climate change and climate adaptation both represent risks and opportunities that could impact SpareBank 1 SR-Bank's activities. SpareBank 1 SR-Bank is indirectly exposed to climate risks and opportunities through its lending, investments and insurance, and directly through its own operations. The group conducts annual stress tests and financial simulations on its loan portfolio. The results show that the group is well-equipped to deal with the financial consequences of major downturns, including any transition risk related to less activity in the business sector. The stress tests also correspond well with the Financial Supervisory Authority of Norway's analysis in which the Norwegian financial services industry is considered well equipped to handle potential losses in the transition to a low emission society. SpareBank 1 SR-Bank reports in line with the CDP's climate module every year and the report is publicly available on the CDP's website.

The Task Force for Climate-related Financial Disclosures (TCFD) was established in 2015 at the request of the finance ministers and heads of the central banks of the G20 countries. In 2016, the working group published its recommendations on how financial institutions should report on climate risk. The recommendation consists of four categories:

- Governance
- Strategy
- Risk management
- Metrics and targets

The board of directors and group executive management team

The board bears overall responsibility for the group's operations and for monitoring climate risks and opportunities. This responsibility includes monitoring, supervising, approving and following up the work on sustainability, including reporting and strategy work. The sustainability and climate strategy has been integrated into the corporate strategy, and the status of the sustainability strategy is followed up on a quarterly basis (or more frequently) by the board throughout the year. Climate risk

has been explicitly discussed by the board on many occasions: in the board's annual consideration of climate risk in board meetings, in the revision of guidelines, in the ICAAP, and when introducing and presenting sustainability reports and annual reports.

The CEO bears overall strategic responsibility for sustainability, including within climate-related topics in SpareBank 1 SR-Bank. The Executive Vice President People, Communications and Sustainability bears strategic responsibility, together with the CEO, and operational responsibility for sustainability in the group.

The group executive management team has so far operated with different interdisciplinary forums that discuss risks and opportunities related to sustainability and climate, including climate risk. From 2023 onwards, these topics will also be discussed in a newly established strategic resource group for sustainability. Each business and staff area is represented in the group and its mandate is both to discuss risks and opportunities related to sustainability and climate and to ensure consistency in the management and prioritisation of this throughout the group. The group executive management team has delegated operational responsibility for climate risk to the group's risk department, where climate risk is treated on a par with other types of financial risk and is regularly reported to the group executive management team.

Expertise in understanding climate risks and opportunities is important if climate risk is to be appropriately included in corporate governance. Relevant expert resources have given talks to the group executive management team and the board of directors in order to improve their expertise in climate risk and they have also taken internal e-learning course on sustainability leadership, which included climate risk.

The Carbon Disclosure Project (CDP) is an initiative that focuses on making environmental and climate-related information from companies, cities and regions available to investors and other stakeholders. Almost 20,000 companies around the world reported environmental data via the CDP in 2022. The initiative is based on the notion that raising companies' awareness of their own climate/environmental impact will lead to them making more sustainable choices and thereby capitalising on the transition to a low emission society. SpareBank 1 SR-Bank has reported in line with the CDP's climate standard since 2019 and scored a grade B in 2022.

Strategy

SpareBank 1 SR-Bank used a scenario analysis involving four scenarios to identify the current and potential consequences of climate threats and opportunities related to the group's business, strategy and financial planning. The group has also identified climate-related threats and opportunities in the short, medium and long term. Examples of identified

opportunities for diversifying business activities in relation to green real estate include access to new markets and greater access to capital through a green bond framework. Examples of identified potential risks include credit risk and reputational and market risk due to changes to the regulation and taxation of carbon emissions.

Both climate risks and opportunities have been incorporated into the group's sustainability and climate strategy. The strategy represents a higher level of ambition, partly due to the fact that, going forward, it ensures that sustainability will be integrated throughout the group. The measures linked to the strategy deal with financing, capital allocation and expertise. A target has also been set of net zero greenhouse gas emissions from the group's financing and investment activities by the end of 2050.

The strategy is designed to ensure that the group contributes to the transition society is undergoing and emerges from it stronger. Financial planning will be affected by the goal of providing NOK 50 billion for financing and facilitating sustainable activities. At the same time, the group will improve its credit models so that it can finance the transition better. SpareBank 1 SR-Bank is mainly exposed to climate risk through its customer financing, especially through the greenhouse gas emissions financed via the loan portfolio. Risk has also been identified in relation to potential exposure to stranded assets due to either physical climate risk or transition risk.

Expertise in how climate change and climate policy might impact various sectors over time is required to ensure that the climate risk to which the group's loan portfolio is exposed is acceptable. The group wants to enhance its expertise in sustainability in the strategy period 2022-2025 and understanding climate risk is an important element of this.

Risk management

Climate risk is an integral part of the group's risk management processes and SpareBank 1 SR-Bank identifies and assesses climate risks and opportunities that can affect customers, business areas and operations at various levels.

SpareBank 1 SR-Bank's greatest exposure to climate risk is in the corporate market portfolio, which is why managing the climate risk in this area has been made a priority. Going forward, work on the corporate market's climate risk will focus on the following areas:

- Using a new model for ESG risk assessments for corporate market customers in connection with all credit cases with a total exposure of more than NOK 10 million, see description above (in the section ESG scoring of corporate loans under responsible lending).
- Using the sustainable product framework to identify opportunities within sustainable financing
- Monitoring the pace of restructuring in industries exposed to climate risk and adapting the risk management accordingly.

The purpose of the new ESG scoring model is, in addition to improving the quality of sustainability assessments, to enable the SpareBank 1 banks to include sustainability and climate factors in their credit models at some point in the future. This requires common data capture from a common ESG model.

The group also monitors the development of regulations related to ESG in order to keep an eye on any possible operational risk related to upcoming regulations. It is important to understand how different industries might be affected by changes to regulations, technology and market dynamics so that the transition risk in the group's loan portfolio can be assessed.

Metrics and targets

SpareBank 1 SR-Bank is exposed to climate risk through the various industries the group finances. The group uses qualitative assessments of industry-related climate risk to identify potential climate risk in the loan portfolio. In connection with the development of the new ESG scoring model, the model's sectors were classified with a general assessment of physical risk and transition risk at an industry level.

The analysis shows that 38 percent of the bank's corporate portfolio is considered to be in industries with overall low climate risk. Moderate climate risk accounted for 56 percent and high risk 5 percent.

Further analysing the loan portfolio will be important going forward. The group uses various analyses to form a comprehensive picture: ESG scoring inclusive of assessments of climate risk at an industry level, scenario analyses and greenhouse gas analyses.

The group reports its own greenhouse gas emissions in line with the GHG Protocol.

Analysis of emissions from corporate loans

In autumn 2021, SpareBank 1 SR-Bank started analysing emissions levels from corporate loans based on the methodology of the Partnership for Carbon Accounting Financials (PCAF). The analysis is based on calculated income or balance sheet-based emission factors per industry code, or per quantity unit (for example, tonnes produced or property area). These are used to calculate greenhouse gas emissions per company before the financial institution's share is then calculated based on the current loan to value (LTV) ratio. The norm in the PCAF methodology is to use the LTV ratio from when the loan originated, although due to a lack of access to data a decision has been made to use the current LTV ratio instead.

The long-term goal is to replace estimated emissions with actual reported emissions. Ideally, in the long term, a third party should verify the emissions of as many enterprises and industries as possible in order to improve the quality of the analysis. This analysis reports emissions obtained for the shipping portfolio linked to the Poseidon Principles reporting (the entire offshore drilling portfolio, substantial parts of the offshore portfolio and also some individual customers).

In the table below, the column "weighted average data quality" describes how accurate the PCAF methodology regards the source data to be. The scale runs from 1 to 5, where 1 is the best. A score of 1 shows the source data is based on figures that have been reported by customers and verified by a third party. Scores of 4 and 5 means the source data is based on the use of emission factors as described above.

Given the analysis methodology and the use of estimates, the results presented are uncertain and must be regarded as a starting point. Therefore, some significant variation must be expected in measurements of emissions going forward as the group gains greater access to actual emissions data.

In 2022, the group introduced a new methodology for analysing emissions from the agricultural industry. New methodology. This is based on the agriculture-related greenhouse gas emissions reported each year by the Norwegian Environment Agency, Statistics Norway (SSB) and the Norwegian Institute of Bioeconomy Research (NIBIO) in a so-called National Inventory Report (NIR). Greenhouse gas emissions are broken down as emission factors per animal for each species of animal and per acre of cultivated land for each type of crop. Data per farmer about the number of animals and area of cultivated land are obtained from publicly available sources and multiplied by the emission factors and LTV ratio. The calculated emissions from agriculture are substantially lower using this methodology than when PCAF factors are used, which suggests that the quality of the PCAF emission factors were not well adapted to Norway. Due to some weaknesses in the internal source data, Sparebank 1 SR-Bank has included a certain buffer in the calculation. The new methodology scores a data quality rating of 3 for agriculture/forestry, compared with a score of 5 for methodology using PCAF factors. The new methodology for agriculture is considered a significant improvement and increases the probability of accuracy at a portfolio level. In the opinion of the group, agriculture's emission intensity would have been the same for 2021 using the new methodology and it has therefore restated this industry's 2021 emissions.

The greenhouse gases reported on in addition to CO₂ are CH₄, N₂O, SF₆, HFCs, PFCs and NF₃, all of which have been converted to tonnes of carbon dioxide equivalents (tCO₂e).

Partnership for Carbon Accounting Financials (PCAF)

The PCAF is a global partnership consisting of financial institutions that are working together to develop a harmonised approach and methodology for assessing and reporting carbon emissions for loan and investment portfolios. The background for the initiative is an understanding of the important contribution the financial services industry could potentially make to achieving the goals of the Paris Agreement.

Industry	Lending as at Q4 NOK millions					Carbon intensity (tCO ₂ e per NOK million of lending)				
	2021 based on PCAF method					2022 based on PCAF method				
Aquaculture, fisheries	3,454	31	2.3%	4.2	8.9	3,413	24	1.6%	4.1	7.0
Industry	3,669	33	2.5%	4.0	9.0	3,996	80	5.5%	3.9	20.1
Agriculture/forestry	5,305	270	20.2%	5.0	50.9	5,339	272	18.6%	3.0	50.9
Service sector	16,360	106	7.9%	4.3	6.4	21,173	135	9.2%	4.3	6.4
Wholesale and retail trade, hotels and restaurants	3,053	20	1.5%	4.2	6.6	3,488	22	1.5%	4.2	6.3
Energy, oil and gas; E&P	431	73	5.5%	4.4	169.0	326	41	2.8%	4.6	127.1
Energy, oil and gas; offshore drilling	757	13	1.0%	2.0	17.2	757	15	1.1%	2.0	20.5
Energy, oil and gas; oil services	473	66	4.9%	4.0	139.4	687	54	3.7%	4.0	78.5
Building and construction	3,428	11	0.8%	4.1	3.3	4,193	12	0.9%	4.1	3.0
Power and water supply	1,412	6	0.5%	4.1	4.5	1,708	7	0.5%	4.1	4.0
Real estate	33,599	13	1.0%	4.1	0.4	37,469	16	1.1%	4.1	0.4
Shipping, transport: other transport and storage	2,099	19	1.4%	4.1	8.9	2,000	17	1.1%	4.2	8.3
Shipping, transport: offshore	2,717	103	7.7%	3.8	37.7	2,818	110	7.5%	3.5	39.0
Shipping, transport: shipping	7,106	569	42.6 %	2.2	80.1	8,524	654	44.7%	2.5	76.7
Public sector and financial services	2,451	4	0.3%	4.2	1.5	2,151	3	0.2%	4.2	1.3
Total industry	86,313	1,336	100.0%	4.0	19.9	98,041	1,463	100.0%	4.0	13.6

The group has also calculated emissions from its NOK 154 billion residential mortgage portfolio to be around 26,000 tCO₂e. The analysis is based on PCAF factors per house, inclusive of energy class where available. The residential mortgage portfolio has low greenhouse gas emissions because low greenhouse gas emissions from Norwegian electricity consumption are implicitly included in the PCAF factors.

The two largest sources of emissions are shipping, which accounts for 44.7 percent of the total emissions from the portfolio, and agriculture (farming/forestry) which accounts for 18.6 percent. The decrease in total greenhouse gas emissions from the industry portfolio from 2021 to 2022 was mainly due to the new methodology for agriculture. Consequently, it is these two industries that are the main drivers behind the group's greenhouse gas emissions and that, therefore, will be most exposed to transition risk.

A significant proportion of the shipping portfolio is covered by the ambitions for reductions in emissions set out in the Poseidon Principles. The Poseidon Principles provide the basis for the group's improvement work within shipping. The Poseidon reporting from the fourth quarter of 2022, which covers the full year 2021, shows that the group's portfolio is the second best of all of the Poseidon banks, and is about 10.7 percent below the norm.

The agriculture industry and the government have signed a

letter of intent concerning agriculture cutting greenhouse gas emissions and increasing carbon sequestration by 5 million tCO₂e in the period 2021-2030. This entails emissions in 2030 being 18 percent lower than the level they were at in 2020. Understanding the group's agriculture loan portfolio and how it will be impacted by future regulations is important both if we want to help customers in the transition and with respect to achieving the goals in the group's sustainability and climate strategy. Training measures were implemented in the corporate market and agriculture in 2022. In 2023, this will be followed up by a focus on preparing measures in line with the group's sustainability and climate strategy. ESG assessments of major agriculture customers were conducted from the middle of 2022. The threshold was that all exposures of more than NOK 5 million would be assessed in line with the new ESG model. A new and more comprehensive ESG model was introduced in the fourth quarter, which included specific, detailed questions about agriculture that will provide better insights and knowledge that can then be used to better manage the bank's ESG risk.

The sustainability and climate strategy sets a specific goal for the group of achieving net zero emissions from financing and investment activities by the end of 2050. In 2023, the group will set targets in connection with achieving the net goal by the end of 2050. These are measures that will both contribute to securing progress towards reducing the group's climate risk and contribute to exploiting the business opportunities inherent in the green transition.

Physical climate risk

SpareBank 1 SR-Bank has analysed the physical climate risk associated with lending secured by property. Data from Eiendomsverdi was used as the starting point. This identifies properties where the group is the mortgagee and with the following selected points of impact for the various physical risk categories:

- Sea level: 20-year storm surge, now scenario
- Flooding: 20-year flood, now scenario
- Quick slide: moderate probability, now scenario
- Major rockslide: danger zone, now scenario
- Snow and stone avalanches, inspected special caution zone, now scenario

This means that some less serious risk scenarios are excluded, where the special caution zone for flooding is the most important.

NOK millions	Retail customers	Corporate customers	Total lending	Proportions
Not exposed to risk	134,637	34,329	168,966	98.6%
Exposed to risk				
Rising sea levels	760	952	1,712	1.0%
Flooding	70	62	132	0.1%
Quick clay slide	45	55	100	0.1%
Avalanche	393	107	500	0.3%
Landslide	-	-	-	0.0%
Rockslide	29	3	32	0.0%
Total exposed to risk	1,229	1,141	2,370	1.4%
Total lending for property	135,866	35,470	171,336	100%

The table shows that 98.6 percent of properties secured by property are not exposed to risk, meaning therefore that 1.4 percent is exposed to risk. 'Rising sea levels' is the risk category that has the greatest impact with 72 percent of loans exposed to risk.

Please note that the figures in the table, based on the mortgaged properties, show the size of loans associated with these. Normally, properties are secured with other security in addition to the property mortgage. Furthermore, in the corporate market there is often a many-to-many ratio between loans, mortgaged properties and other security. This means that the calculation behind the total loans related to each individual property exposed to risk is comprehensive.

Sustainability integrated into all of the group's activities

Corporate governance and compliance: Combating money laundering and terrorist financing

Key guidelines:

- [Corporate anti-money laundering and sanctions policy](#)
- [Wolfsberg](#)

Ensuring that the industry is not exploited for financial crime through the misuse of the services and products being offered is part of the financial services industry's social mission. SpareBank 1 SR-Bank prepares an annual assessment of the risk of money laundering and terrorist financing linked to its operations, along with the associated risk mitigation measures. Operations-oriented risk assessments also include analysing corruption and sanctions risks.

A wide range of key people in the group are involved in producing the risk assessment before it is considered by the board. A "Corporate anti-money laundering and sanctions policy" has been drawn up and are available to all employees. They are available to external parties on the group's website. All managers have to confirm on an annual basis that they take a conscious approach towards the risk associated with money laundering and terrorist financing, and that they are familiar with the guidelines and policy that is anchored in the corporate anti-money laundering and sanctions policy.

SpareBank 1 SR-Bank also has an extensive framework of guidelines intended to prevent the group being used for money laundering, tax evasion, corruption or terrorist financing. The framework is there to ensure that the group complies with the statutory requirements in various processes through established routines, customer measures, electronic monitoring, sanctions regulations, and procedures for internal control. The group has committed to complying with the framework and guidelines in the Wolfsberg principles for combatting financial crime. The Wolfsberg principles establish requirements for, for example, transparency in customer transactions and how information is monitored and managed in line with the authorities' requirements.

The board, managers and staff undergo annual training activities to ensure that they have the expertise they need to manage the risk the group faces in the areas of money laundering, tax evasion, corruption and terrorist financing.

In 2023, the group will continue to prioritise compliance with the Money Laundering Act. When the authorities decide to start interpreting regulations more strictly, this is published on an ongoing basis in various supervisory reports from the Financial Supervisory Authority of Norway and the European Banking Authority (EBA). This requires the group to continuously adapt to current regulations and supervisory practices.

At the beginning of 2022, the Financial Supervisory Authority of Norway conducted a thematic inspection of the bank's screening against sanctions lists. The inspection resulted in improvements to the quality of the sanctions screening system. The measure was completed in 2022.

Corporate governance and compliance: Ethics and anti-corruption

SpareBank 1 SR-Bank's code of conduct and anti-corruption policy are intended to contribute to, among other things, fighting corruption, extortion, bribery, money laundering, fraud, terrorist financing, and the financing of other criminal activities. The code of conduct is intended to make people aware of the potential dilemmas and ensure that all of our employees maintain high ethical standards.

SpareBank 1 SR-Bank focuses on the board, management and employees receiving good training in the group's ethical framework and has established an anti-corruption e-learning course that has been run for many years. It is vital that the board and management, as well as advisers, have a good understanding of our ethical framework. The framework is included as part of the continuous work on both ensuring the cultivation of an ethical culture and how the group does business. SpareBank 1 SR-Bank's code of conduct can be read [here](#).

A specific anti-corruption policy has been produced and risk analyses are conducted based on working meetings with purchasing, accounting and employees in both the retail and corporate markets. The risk assessment from 2022 shows that SpareBank 1 SR-Bank's anti-corruption work is regarded as satisfactory and that measures have been established to systematically follow-up control activities in the area of anti-corruption. Governing documents are published, accessible and regularly revised in the group's quality system, which ensures information about the topic is available across the group. The quality of the in-house anti-corruption training is considered good and employee surveys demonstrate a high degree of awareness.

The guidelines for anti-corruption and impartiality have been incorporated into the purchasing and credit policy, and partners and suppliers are sent a sustainability appendix which includes the anti-corruption guidelines.

The group has had its own ethics committee, which assesses whether the code of conduct satisfies the expectations and requirements of customers, suppliers and society as a whole. The ethics committee has


representatives from several business areas and two meetings were held during 2022. The Ethics Committee in its current form will be closed down, although a new model is being developed to strengthen the work on ethics, anti-corruption and compliance in the group.

All employees must sign the code of conduct every year. Annual refreshers on ethics are also provided via the authorisation scheme for financial advisers. The anti-corruption work includes ensuring new employees read and sign the code of conduct.

The group has zero tolerance of corruption and compliance assessments are conducted in relation to compliance with the anti-corruption policy. The group review specific transactions and activities, planned and existing business connections, and various categories and groups of employees. The assessments take a risk-based approach, and the inspections include financial and non-financial control actions. Reporting lines have been established and any measures are followed up in line with existing routines.


The group has whistleblowing routines for anonymous, written and verbal reports. SpareBank 1 SR-Bank has established an external notification agreement with the law firm EY in which the information will be treated confidentially by dedicated case managers in EY. In 2022, the group introduced a new solution for regular organisational surveys in order to measure commitment and aspects of the working environment. Employees can also use these to report bullying or discrimination, openly or anonymously. No whistleblowing cases were processed in 2022. These were processed in line with the bank's whistleblowing procedures. All cases have been closed.

Theme	Number	Stake
Permanent employees who have completed anti-money laundering training**	1,045	80%
Corruption related incidents***	0	Not relevant

Numbers certified by external auditor with limited assurance. 

Board members have completed a separate anti-corruption training programme and are directly involved in the work on formulating and quality assuring the group's code of conduct each year. Besides the board, managers and some key personnel take a special training course in anti-corruption.

	Agder	Oslo	Roga- land	Vest- land	Total	Of which managers	Stake
Permanent employees who have signed the code of conduct	85	43	1,031	115	1,274	197	100% ****
Permanent employees who completed anti-corruption training	16	1	238	28	283	147	27.6% *****
Board members of SpareBank 1 SR-Bank ASA that have been aware of the code of conduct, including anti-corruption	0	2	5	1	8	n/a	100%
Board members of SpareBank 1 SR-Bank ASA that have received training in anti-corruption	0	1	4	1	6	n/a	80%*

 Numbers certified by external auditor with n limited assurance.

* In 2022, two new board members joined the board who have not completed the training. These will complete the training in 2023.

** 1045 employees in SpareBank 1 SR-Bank have completed at least one e-learning anti-money laundering module. EiendomsMegler 1 SR-Eiendom's implemented its own anti-money laundering training programme in 2022 and is not included in this line. ForretningsPartner is included in permanent employees, except for the employees in the acquired companies, Tveit Regnskap and Vangdal.

*** Since there were no corruption related incidents, no employees were punished, no supplier agreements were terminated due to corruption, and there were no court cases related to corruption in which the company or an employee was involved.

**** All permanent employees, except those on long-term sick leave, other leave or similar, in SpareBank 1 SR-Bank and EiendomsMegler 1 SR-Eiendom have signed the code of conduct. SpareBank 1 SR-Bank ForretningsPartner did not sign the code of conduct in 2022.

***** All managers and business advisers undergo extended anti-corruption training. 283 completed courses in 2020-2022. Percentage of employees in target group who have completed a course. Board members have completed a separate anti-corruption training programme and are directly involved in the work on formulating and quality assuring the group's code of conduct each year. Besides the board, managers and some key personnel take a special training course in anti-corruption.

Corporate governance and compliance: Privacy and information security

Key guidelines:

- [Privacy policy \(PDF\)](#)
- [Privacy statement \(PDF\)](#)
- [Customers' rights](#)

SpareBank 1 SR-Bank's privacy and information security strategy is to ensure the confidentiality, integrity and availability of customer data (personal data). The group has a large customer base and therefore processes customer information and personal data on a large scale. The personal data rules, which consist of the Norwegian Personal Data Act and the EU's General Data Protection Regulation (GDPR) provide strong protections for privacy. The regulations give customers a number of rights, and routines and procedures in the quality management systems have been drawn up to safeguard these rights. Furthermore, SpareBank 1 SR-Bank's privacy statement ensures individuals have a right to information about how the group processes personal information in an easily accessible manner.

SpareBank 1 SR-Bank has formalised and incorporated definitions of roles and responsibilities for privacy and information security. A quality management system has been established with the group's governing documents for privacy and information security, as well as risk management processes for continuously identifying and following up risk. The processes are designed to ensure that external and internal privacy and information security related requirements are complied with and that risks are mapped and

managed. Risk mitigation measures are registered, followed up, and reported in a dedicated measures database. Both proactive and reactive measures are taken to prevent, detect, investigate and manage security incidents. These include established contingency plans, regularly conducting emergency response exercises, on-call arrangements and crisis teams tasked with efficiently managing major incidents. The group has a dedicated incident response team that monitors and follows up security incidents and discrepancies relating to the use of IT systems in the group around the clock.

The group implemented a number of technical safety barriers and puts employees through regular information security and privacy training in order to avoid unwanted incidents. These are tangible, concrete measures that are designed to prevent human and technical errors. Should unwanted incidents and discrepancies related to information security and privacy nevertheless occur, these are registered, followed up and reported via a dedicated incident database. In the event of breaches of personal data security (non-conformance) that must be reported to the Norwegian Data Protection Authority, the group's data protection unit will ensure that incidents are reported within the deadline of 72 hours and also that the affected customers are notified in accordance with the GDPR. The incident database helps to make sure that the group learns from discrepancies and can thus avoid repeating similar ones.

Regular audits of both our organisation and external suppliers are conducted to ensure that the group's information security and privacy requirements are being properly addressed throughout the value chain.

SpareBank 1 SR-Bank reported 10 instances of non-conformance to the Norwegian Data Protection Authority

in 2022, all of which concerned the parent company. Seven of the instances of non-conformance were reported by the bank itself, while three were reported by data processors on behalf of the bank. The authority did not issue instructions or impose fines on SpareBank 1 SR-Bank for any of these instances of non-conformance. This could be due to the fact that they were not considered serious, that the incident management was effective and robust, and that adequate measures were implemented to correct errors and prevent future non-conformance.

Corporate governance and compliance: Responsible information, communication and marketing

Key guidelines:

- [Product and service management policy](#)

SpareBank 1 SR-Bank offers products and services that have a major impact on companies' and individuals' finances, including loan and credit agreements, savings, pensions and insurance products. This comes with a serious responsibility to help customers make informed choices when entering into agreements with the group. In line with the group's product management policy, customer segments should only be offered appropriate products and the products must be marketed in line with the requirements for good marketing practices. When determining how good marketing practices should be understood in each instance, the group refers to the specific requirements for honesty and good business practices that apply to financial institutions, as well as any special disclosure obligations that apply, for example to the marketing of credit agreements. Among other things, a product's characteristics and terms and conditions must be stated clearly and be understandable to the customer group targeted by the marketing. Furthermore, products and services must only be distributed by employees with a sufficient understanding of the product's/service's function, characteristics and risks.

There is an increasing focus on, and awareness of, the topic of greenwashing in connection with marketing sustainable products. Greenwashing involves misleading marketing in which a company or product is presented as being more sustainable than it actually is. SpareBank 1 SR-Bank is conscious of its practices in relation to marketing sustainable products and bases them on the Norwegian Consumer Authority's guide to making sustainability-related claims in marketing. ([Read more here](#)) There are guidelines that ensure customers' interests and investor protection are safeguarded when they are being sold products and services. Credit policy guidelines, routines, and guidelines for the investment firm's activities, product and distribution

strategy for financial instruments have been established, and routines, processes and work descriptions have been operationalised. Training is also provided via the authorisation scheme for financial advisers (AFR), training programmes via VPFF and VPF, and internal specialist days and training modules from SPAMA.

The group's product and service management policy requires adequate quality assurance and risk assessments to be conducted in the event of changes to products and services, with the involvement of relevant disciplines and anchoring of decisions at a sufficiently high level in the organisation. A standardised product, process and system scoring (PoPs) process has been established to meet the requirement, with weekly formalised case management meetings in which all relevant technical groups in the group participate. The process is intended to ensure that customer interests are adequately safeguarded in all new and changed products and services. The same risk assessment and decision-making process applies in the case of significant changes to customer-related processes, including communication and marketing. More than 100 change cases were formally processed in the group's PoPs process in 2022.

Three adverse events related to a failure to comply with the regulations or internal guidelines for product and service information, labelling and marketing were recorded in 2022. Relevant measures are implemented after each incident to prevent reoccurrence.

Description	Number
Number of incidents involving breaches of product and service information regulations	1
– Number of incidents involving breaches of regulations that resulted in fines or sanctions	0
Number of incidents involving breaches of internal guidelines linked to product and service information	0
Number of incidents involving breaches of regulations linked to marketing and market communications	0
– Number of incidents involving breaches of regulations that resulted in fines or sanctions	0
Number of incidents involving breaches of internal guidelines linked to marketing and market communications	2

 Numbers certified by external auditor with limited assurance.

Environmental responsibility in own operations

As a responsible financial services group, SpareBank 1 SR-Bank takes a proactive approach to environmental and climate challenges. The group are constantly striving to be a resource-saving and environmentally efficient organisation by setting requirements for our own organisation, suppliers, and partners.

SpareBank 1 SR-Bank's registered energy and climate report based on the international "A Corporate Accounting and Reporting Standard". This standard was developed by the "Greenhouse Gas Protocol Initiative" – the GHG Protocol. The greenhouse gases reported on in addition to CO₂ are CH₄, N₂O, SF₆, HFCs, PFCs and NF₃, all of which have been converted to tonnes of carbon dioxide equivalents (tCO₂e).

The climate report on page 50 shows tCO₂e that are direct, and parts of indirect emissions related to the group. The climate report covers greenhouse gas emissions that come from consumption due to, for example, travel, waste management, and energy use. Based on the climate report, the group identified which sources impact the external environment and implemented concrete measures to minimise them. SpareBank 1 SR-Bank reported in line with the CDP's climate standard in 2022 and scored a grade B.

In 2022, a working group conducted an extensive process to certify SpareBank 1 SR-Bank in accordance with ISO 14001. This work will continue unabated in 2023 with a goal of being certified by the end of 2023.

From 2022, the climate report includes the subsidiaries EiendomsMegler 1 SR-Eiendom and SpareBank 1 SR-Bank ForretningsPartner. Previous years' climate reports have not been restated due to a lack of figures for these two enterprises. This means that the climate report for 2022 includes more activity than in previous years. This explains a large part of the increase in reported greenhouse gas emissions in 2022 when compared with previous years. Increased travel following the lifting of pandemic travel restrictions is also a major reason for the increase in emissions.

In 2022, SpareBank 1 SR-Bank made the following changes that reflect the environmental responsibilities in its own operations:

- Development and launch of dashboard solution for the energy consumption of all buildings per m². This is an important tool for the continued work on reducing energy consumption.
- Implemented a number of energy-saving measures at different locations and optimised building management.
- Signed an agreement concerning guarantees of origin from electricity suppliers for SpareBank 1 SR-Bank's own, and most leased, premises that guarantees that the same amount of hydropower will be produced as the electricity we consume.
- Conducted the sustainability festival with a focus on multiple topics within sustainability, including sustainable food.
- Swan eco-labelled cleaning of at least 80 percent.
- Focused on sustainability in requests for tenders where suppliers must describe how their sustainability work could make a positive contribution to specific requests. Sustainability is also used as an award criterion in the selection of suppliers.

Changes in emissions

Scope 1 emissions decreased by 8.2 percent from 2021 to 2022 due to less petrol and diesel consumption by our vehicles as a result of ongoing replacement with electric vehicles.

Scope 2 emissions include energy consumption, which must be reported as both location-based and market-based. A location-based approach means the average emissions for energy consumed in Norway, while a market-based approach assumes average emissions for energy produced throughout the market area. The latter includes the European power system and permits the inclusion of any guarantees of origin. The group's total energy consumption increased from around 4.7 million kWh in 2021 to around 6.9 million kWh due to the inclusion of more subsidiaries and general growth. The relatively small change in emissions was due to lower emissions per kWh in Norway for 2022 than in 2021.

On the other hand, market-based emissions saw a marginal increase in emission intensity per kWh, which means the increased consumption results in a significant increase in emissions. In 2022, as in previous years, guarantees of origin were purchased for energy consumed in Sparebank 1 SR-Bank's own locations. This does not include some leased buildings and premises of subsidiaries, which is the reason for the difference between the guarantees of origin and consumption for 2022.

Scope 3 emissions include indirect emissions from goods and services other than energy. The group reports emissions for waste in Finansparken and business flights. In addition to this come the calculated emissions from the loan portfolio (PCAF). Emissions from waste increased from 2021 due to more activity in Finansparken. However, emissions from waste in 2022 are still below the base year 2019. Emissions from business travel increased by 314.2 tCO₂e from 2021 to 2022, of which 69.2 tCO₂e was from subsidiaries that were included in 2022. Emissions from the loan portfolio decreased due to changes in calculation methods.

The group's corporate sustainability and climate strategy aims to make the group climate neutral from and including 2022. This concerns Scope 1 and Scope 2 emissions. As part of reducing Scope 2 emissions, renewables guarantees of origin were purchased for most of the electricity SpareBank 1 SR-Bank consumed. No guarantees of origin were bought for subsidiaries' energy consumption and individual locations.

The group continuously works to reduce its own emissions, both Scope 1 and Scope 2, as well as Scope 3 emissions. CO₂ emissions were compensated for in 2022 by buying biochar. Biochar is a product that binds and stores 50 tCO₂e, so-called bio carbon capture and storage. Climate forest that sequesters CO₂ amounting to 500 tCO₂e has also been purchased.

Annual greenhouse gas emissions (tCO₂e)

Category	Notes	2019	2020	2021	2022	% change
Greenhouse gas emissions						
Total Scope 1 emissions		69.1	35.2	23.1	21.2	-8.23%
Fuel emissions, petrol	1.1	23.0	13.8	10.8	10.4	-3.70%
Fuel emissions, diesel	1.1	46.1	21.4	12.3	10.8	-12.20%
Total Scope 2 (location-based) emissions		37.7	42.6	46.8	48.1	2.86%
Location-based emissions electricity, Norwegian mix	2.1	37.7	42.6	46.8	48.1	2.86%
Total Scope 2 (market-based) emissions		1,319.9	1,871.8	1,881.6	1,165.8	
Market-based emissions electricity (European market)	2.2	1,319.9	1,872.8	1,881.6	2,783.1	47.91%
Guarantee of origin for electricity	2.3	0.0	0.0	0.0	-1,617.3	
Total Scope 3 emissions		475.3	128.1	1336079.7	1463398.3	9.53%
Category 3 Fuel	3.1	27.4	18.4	22.4	19.7	-12.05%
Category 5 Waste	3.2	15.1	5.5	3.5	10.6	202.86%
Category 6 Flights	3.3	432.8	104.2	53.8	368.0	584.01%
Category 15 Investment and loan portfolio	3.4	0.0	0.0	1336000.0	1463000.0	9.51%
Total Scope 1, Scope 2 (location-based) and Scope 3 emissions (excl. category ¹⁵)		582.1	205.9	1336149.6	1463467.6	9.53%
Total Scope 1, Scope 2 (market-based) and Scope 3 emissions (excl. category ¹⁵)		1864.3	2036.1	1337984.4	1464585.3	9.46%
Climate neutrality						
Purchased biochar (bio carbon capture and storage)	4.1				-50.0	n/a
Purchased tree planting of climate forest (bio sequestration of CO ₂)	4.2				-500.0	n/a
Emission intensity (market-based)						
Per FTE	5.1			948.9	925.6	-2.46%
By turnover (per NOK million)	5.2			198.1	207.9	4.95%

 The climate report for 2022 has been limited assured by PwC.

Footnotes:

- S1.1 Emissions from fuel combustion are based on number of litres of petrol and diesel, the emissions factors per litre are 2.086 kgCO₂e and 2.699 kgCO₂e, respectively. The decrease is largely attributable to a reduction in the number of vehicles with a fossil drive line in favour of electric vehicles.
- S2.1. Location-based emissions have been changed from a Nordic to a Norwegian mix and all emission figures have been calculated based on this. The location-based emission intensity for a Norwegian energy mix was 0.007 kgCO₂e per kWh in 2022. The number of kWh increased compared with previous years due to organic growth and the inclusion of subsidiaries. Guarantees of origin were purchased for 4.7 million kWh out of 6.9 million kWh, although according to the standard this can only be deducted from market-based emissions.
- S2.2. Market-based emissions have been changed from a Nordic to a Norwegian mix and all emission figures have been calculated based on this. The market-based emission intensity for a Norwegian energy mix was 0.405 kgCO₂e per kWh in 2022.
- S2.3 Guarantees of origin were purchased for 4.7 million kWh out of 6.9 million kWh. This is equivalent to a 1,961.1 tCO₂e reduction in market-based emissions linked to energy. This is deducted from original emissions.
- S3.1. This category covers emissions from the production and transport of fossil fuels and comes in addition to their actual combustion, which is reported in Scope 1. There are also indirect emissions (transport, repairs, etc.) linked to the production of electricity, as well as emissions from actual

energy production that are reported in Scope 2. Previous years' figures have been restated based on a Norwegian energy mix.

- S3.2. Waste only applies to Finansparken, which partly houses SpareBank 1 SR-Bank, EiendomsMegler 1 SR-Eiendom and SpareBank 1 SR-Bank ForretningsPartner.
- S3.3. Business travel only includes business flights, calculated on the basis of emissions specified by travel agencies and available emission data.
- S3.4 Emissions from the loan portfolio are calculated based on national factors and available data. Factors are developed and improved year on year, which means that they are not necessarily comparable over multiple years. 2022 has been set as the base year because of the new methodology and lack of historic data.
- 4.1. Biochar equivalent to 50 tCO₂e has been purchased and stored in agricultural soil. This removes CO₂ from the carbon cycle and contributes to a net reduction of CO₂ in the atmosphere.
- 4.2. Tree planting has been purchased in Norway. While growing, these trees will bind the equivalent of 500 tCO₂e. This sequesters CO₂ and helps reduce CO₂ concentrations in the atmosphere by 500 tCO₂e
- 5.1: Market-based emissions per FTE, increase in number of employees from 2021 to 2022 due to growth and acquisitions.
- 5.2: Market-based emissions per NOK million traded, increase from 2021 to 2022 due to lending growth.

Sustainable purchasing: the group's approach

Key guidelines:

- [Purchasing policy](#)
- [Standard for sustainability in purchasing](#)
- [Standard for sustainability in labour and human rights](#)

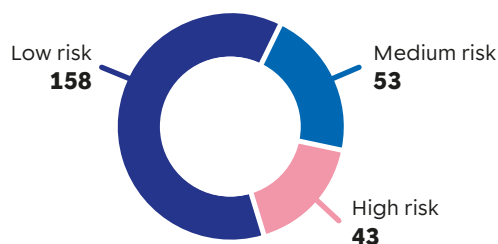
Promoting sustainable purchasing is an important element of responsible and sustainable business. SpareBank 1 SR-Bank is, therefore, actively working to avoid negative impacts on the environment, people and economy due to our purchases.

Sustainability is a key requirement for suppliers and in their follow-up. By setting clear requirements and through dialogue, we are helping to raise awareness of sustainability and responsible business conduct among our suppliers and business partners. Our purchases are subject to a thorough ESG (environment, social and governance) assessment, which includes criteria covering the climate, environment, social conditions and business conduct, based on relevant laws, regulations and international standards.

All new suppliers are assessed with respect to the risk of negative impacts on the environment, people (including fundamental human rights and decent working conditions) and ethical business conduct. All suppliers must accept an appendix on sustainable purchasing when agreements are signed.

Criteria for social conditions include fundamental human rights and standards for decent working conditions. The job of mapping and following up actual or potential negative impacts in these parts of the supply chain is a key element of the due diligence carried out in accordance with the Transparency Act. For more information see page 33.

254 suppliers by risk



* 158 suppliers were assessed as having a low risk and were not followed up

* 53 suppliers were assessed as having a moderate risk and were not followed up further

* 43 suppliers were assessed as having an increased risk and will be followed up further

Practical organisation

The SpareBank 1 Alliance banks cooperate on purchasing. 90% of SpareBank 1 SR-Bank's purchases are made via SpareBank 1 Utvikling. SpareBank 1 Utvikling's agreements with suppliers of goods and services consist partly of the company's own agreements and Alliance agreements used by the Alliance banks/companies. The Alliance Purchasing Department enters into supplier agreements on behalf of the Alliance and follows up sustainability risks related to these.

SpareBank 1 SR-Bank's agreements with local suppliers are subject to the same guidelines and procedures.

Main risk areas

SpareBank 1 Utvikling and the banks in the SpareBank 1 Alliance systematically collaborate on following up suppliers. In line with international standards and best practice, a risk-based approach is taken where the priority is to identify and follow up those areas with the greatest risk of negative impacts on the environment, people and ethical business conduct.

The Alliance has systematically worked on sustainable purchasing, especially since 2019. In 2021, the Alliance Purchasing Department adopted an action plan for sustainable purchasing for the period 2021-2022 where the focus was on three main categories: administrative purchases, IT-related purchases and the largest suppliers. The main risk areas with respect to the environment, social conditions and ethical business conduct were identified for each of the purchasing categories (see table below).

Prioritised main category	Identified risk areas for these categories that are followed up in the purchasing process
Furniture and fixtures (prioritised category within administrative purchases)	<ul style="list-style-type: none"> • Environmentally harmful materials and chemicals • Climate footprint • Waste management • Circular economy • Risk of breaching human rights and labour rights in supply chains • Compliance with the Transparency Act and due diligence
IT hardware (priority category in IT-related procurement)	<ul style="list-style-type: none"> • Links to conflict minerals at the raw material level • Environmentally harmful materials and chemicals • Waste management • Circular economy • Risk of breaching human rights and labour rights in supply chains • Compliance with the Transparency Act and due diligence
Largest suppliers (volume) to core business: IT systems and consultants	<ul style="list-style-type: none"> • Climate footprint, particularly in relation to: <ul style="list-style-type: none"> – Energy consumption linked to cloud services/servers – Travel activities • Circular economy • Social conditions and ethical business conduct in supply chains, including the risk of breaching human rights and labour rights • Compliance with the Transparency Act and due diligence

Our policy

SpareBank 1 SR-Bank's standard for sustainable purchasing clearly stipulates that suppliers and partners are expected to respect basic requirements regarding the environment, social conditions and conduct.

Since sustainability challenges can occur throughout the supply chain, promoting responsibility and sustainability cannot be limited to the first tier. SpareBank 1 SR-Bank expects suppliers to communicate our guidelines to their own suppliers and subcontractors and contribute to their adherence, in addition to working to meet the requirements themselves. Due diligence in line with the OECD Due Diligence Guidance for Responsible Business Conduct is essential. As a purchaser, SpareBank 1 conducts due diligence through its processes in order to prevent and address actual and potential negative impacts on the environment, people and the economy. Similarly, suppliers must be able to document their own due diligence and demand the same from their suppliers.

Breaches of national and international standards for sustainability and responsible business conduct may constitute a breach of contract. In case of information about actual or suspected breach or serious risk thereof, dialogue with the supplier is carried out to examine and follow up on the received information. If suppliers do not remedy identified breaches, or have committed serious breaches of international standards, their contract will be terminated.

Supplier follow-up

The Alliance Purchasing Department's work on supplier engagement relating to sustainability began in 2019 with the risk-based mapping of 249 existing suppliers (100 %). This review found that 91 suppliers represented some or an increased risk of negative impact on the environment, people or governance aspects. In 2020, 91 suppliers were followed up more closely and 43 were identified as relevant for further follow-up.

Taking as our starting point the action plan for sustainable purchasing from 2021 and the identified risk areas (table above), it was deemed appropriate to take an in-depth look at the individual supply chains rather than address the breadth of the portfolio. This meant that 12 individual suppliers within the following purchasing areas were selected and prioritised for follow-up in 2021-2022:

- Office furniture
- IT systems
- IT hardware
- Consultancy and staffing agencies

This amounted to 100% of the total number of suppliers.

The introduction of the Transparency Act in 2022 further reinforced the engagement's focus on suppliers' work relating to fundamental human rights and decent working conditions in their own supply chains. The follow-up was carried out as a combination of written in-depth surveys and one-to-one meetings with suppliers. In order to form an overall picture of the same aspects among other suppliers deemed to be in the high risk category, a broader survey of additional 36 suppliers was also initiated."

The review revealed no specific cases of negative impact on the environment, people and the economy involving our suppliers, and no contracts with suppliers were terminated or suspended due to ESG-related issues.

The evaluation of suppliers' sustainability-related risk exposure and risk management focused on:

- Goals and strategies for the sustainability work
- Processes for supplier follow-up
- Practical follow-up of own suppliers, including any findings of actual risk
- Work with the Transparency Act

Findings from first contact:

- All of the suppliers had goals and strategies in place.
- Most had processes for supplier follow-up
- Fewer presented action plans/findings of actual risk in a readily accessible manner
- Most of them were working on the Transparency Act, while some had little or no familiarity with the Act

Result after follow-up:

- Several suppliers' work on the Transparency Act had significantly improved
- Several had strengthened their practical supplier follow-up
- Several suppliers reported that the follow-up gave them the knowledge and motivation to work on sustainability

The results from the in-depth surveys are presented in the table below.

Measurement parameter for 12 suppliers	Goal: everyone responds satisfactorily	Survey results	Results after agreed improvement
Sustainability goals and strategies	12	11	12
Process for supplier follow-up	12	10	12
Practical supplier follow-up	12	8	12
Started work on the Transparency Act	12	6	12

The table below shows the results of the in-breadth survey.

No.	Question	Yes	No	Partly
1	Do you have a strategy and goals for the company's sustainability work?	17	1	NA
2	Have you established a process for following up the company's subcontractors in relation to sustainability, including a procedure for managing non-conformance?	13	5	NA
3	Are your activities subject to the Transparency Act?	17	1	NA
4	Have you conducted due diligence in line with the Transparency Act?	3	7	8

Supplier follow-up 2019-2022 summarised

Measurement parameter 249 existing suppliers	Goal	Profit or loss			
		2019	2020	2021	2022
Supplier risk assessments	249	249			
Follow-up of suppliers with an increased risk	91	16	91		
Suppliers requiring further follow-up	43 (48)				
In-depth surveys, number of suppliers	12			6	12
Suppliers with agreed improvements	N/A				6
Suppliers with terminated agreement	0				0
In-breadth survey, suppliers who responded	36				18

In parallel with the risk assessments under the auspices of SpareBank 1 Utvikling, SpareBank 1 SR-Bank conducted its own risk assessments and follow-up of our local suppliers of cleaning and canteen service in 2019. These did not identify any negative impacts or risk of breaches of standards for the environment, social conditions (including working environment, equality and labour rights) and ethical business conduct.

No new suppliers were assessed in relation to sustainability criteria in 2022.

Future plans

Supplier assessment and follow-up with respect to sustainability will have to be improved in order to be better suited for use in evaluating sustainable purchasing criteria and measuring the effectiveness of measures, with the goal of helping to reduce the footprint and risk for the environment, people and the economy in purchases.

Conducting due diligence in relation to human rights and decent working conditions risks in the supply chain is a priority areas for the coming period. This includes both our own due diligence in purchasing contexts and a stronger expectation that suppliers and business partners should be able to document their due diligence for their supply chain for goods and services purchased by SpareBank 1 SR-Bank. Another key priority is to help reduce greenhouse gas emissions in the supply chain.

These focus areas will also apply in SpareBank 1 SR-Bank's work with its local suppliers in 2023. A full review of our suppliers will be carried out in 2023. Where a risk assessment identifies a higher risk of having a negative impact on the climate, environment, social standards and ethical business conduct, further follow-up will be carried out. Further details of this work will be included in SpareBank 1 SR-Bank's due diligence report, which is required by the Transparency Act and will be published on the group's website at the latest 30 June 2023.

Activity plan for sustainability in purchasing 2022-2025

Year	Goal	Profit or loss
2022	<ul style="list-style-type: none"> • Meet the requirements of the Transparency Act • Follow-up of suppliers with an increased risk • Strengthen follow-up of new suppliers • Update and improve governing documents 	<ul style="list-style-type: none"> • Established a project to comply with the Transparency Act in the area of purchasing *) • Conducted in-depth surveys with follow-up • Initiated in-breadth survey • Implemented measures for purchasing processes prior to signing agreements, including the introduction of qualification requirements, contract requirements and sustainability evaluation criteria. • Improvement work related to governing documents
2023	<ul style="list-style-type: none"> • Meet the requirements of the Transparency Act • Complete in-breadth survey • Conduct more in-depth surveys with other high risk suppliers • Strengthen follow-up of new suppliers • Support and advise product owners and contract managers in both purchasing processes and supplier follow-up 	Will be reported in the annual report for 2023.
2023-2025	<ul style="list-style-type: none"> • Meet the requirements of the Transparency Act and other future regulations • Continue work on supplier follow-up within sustainability • Improve procedures and processes for sustainable purchasing • Collaborate with other internal expert environments and the banks to achieve comprehensive risk-based supplier follow-up where sustainability is equated with other risk areas such as privacy and IT security. 	• N/A

* The due diligence report will look at this more closely



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