

Sustainability Report

2023



Sustainability

A sustainable business model

Sustainability is an integral component of our corporate strategy and one of our five strategic priority areas. Sustainability is routinely incorporated into our core operations. As a savings bank with long traditions, it is already well embedded in the business model, although a new era and major global challenges mean that this work must be constantly enhanced. The group wants to be the customer's ally in the sustainable transition. In order to achieve this, the work on sustainability must be deeply embedded in both central functions and business divisions.

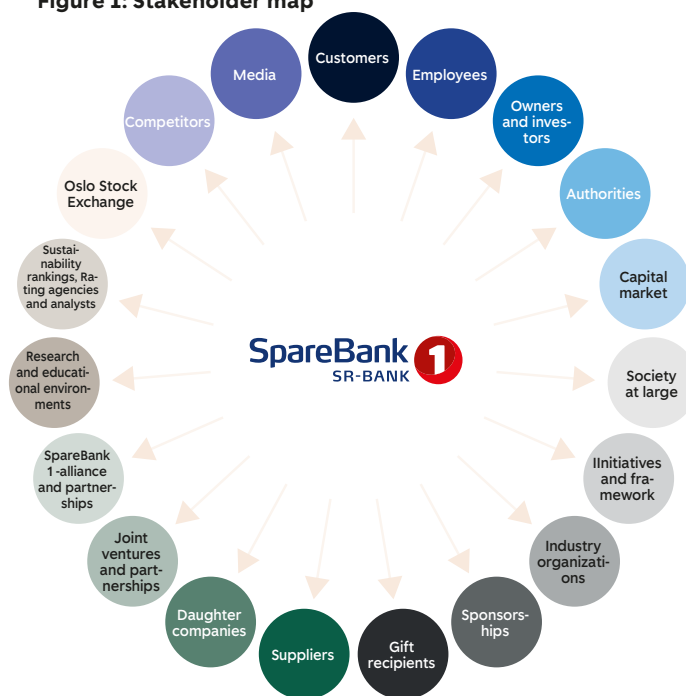
A good governance structure and clearly allocated roles and responsibilities are required to deliver on the group's goals. An overview of this governance structure was established in 2023. The board bears general responsibility for the work and has delegated this responsibility via the CEO to the EVP People, Sustainability and Communication. The central sustainability department reports to EVP People, Sustainability and Communication. The department works with the group's business divisions, subsidiaries and key functions. Risk Management is responsible for the ESG risk management framework and reporting. A broadly composed strategic resources group has also been established in which representatives appointed by the executive group management team must ensure embedding, coordination and efficient information flow.

The group's stakeholders and material topics

There are a number of global initiatives that encourage the banking and finance sector to play its part and contribute to transition (see the table on page 32). In 2019, SpareBank 1 SR-Bank signed up to the UN Principles for Responsible Banking, which serve as the global standard for what it means to be a responsible bank. The group bases its work on the standard and reports the group's progress to the UN every year.

SpareBank 1 SR-Bank has mapped its risk and opportunities in relation to environmental, social and governance (ESG) in order to ensure that its sustainability work matches its stakeholders' (figure 1) expectations. At the same time, this work helps to reinforce ongoing stakeholder engagement. A materiality analysis is produced with the aid of 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

Figure 1: Stakeholder map



Banking (UN PRB) are also included in the materiality analysis. The impact analysis was updated in 2023 and shows what areas the group should prioritise and where through its activities the group has adverse and positive impacts.

The results of the materiality analysis provide SpareBank 1 SR-Bank with valuable insights and an opportunity to prioritise, adjust and hone its ongoing work on sustainability. The six material topics provide the basis for reporting on sustainability (figure on page 31) in line with the Global Reporting Initiative (GRI). The GRI index and selected key figures marked with the symbol (legg inn blad) have been certified by the external auditor, with a moderate degree of certainty. The group also uses the TCFD and TNDF frameworks when preparing reports on the areas of climate-related risk and nature-related risk.

In 2023, the group started work on a double materiality analysis in line with the requirements of the Corporate Sustainability Reporting Directive (CSRD). The work will be completed in 2024.

Key documents

- [Sustainability in SR-Bank \(external document\)](#)
- [PRB reporting](#)

Climate transition plans for net-zero greenhouse gas emissions in 2050

See pages 8-9

Greener portfolio – Retail Market

See page 12

Greener portfolio – Corporate Market

See page 10

Economic equality in the retail market

See page 13

SpareBank 1 SR-Bank's six material topics

The goals apply for 2023.

Subordinated loans

Goal: Financing and facilitation of NOK 50 billion in sustainable activities by the end of 2040

See page 10

Supply chain follow-up

Goal: Protect human rights by contributing to supply chain transparency

See page 22

Ethics and anti-corruption

Goal: High ethical standards, transparency and good corporate governance

See pages 24-25

Privacy and information security

Goal: Implement employee awareness raising initiatives in the group

See page 26

Combating financial crime

Goal: Combat financial crime

See page 24

Equality and diversity

Goal: We will strengthen financial gender equality through our advisory products and services

















Objectives of the general strategy for 2022-2025

By 2025, ESG must be deeply embedded throughout the group, which means that we will incorporate ESG risks and opportunities in all of our activities and seize the opportunities that arise as new regulations are introduced. We will have achieved our sustainability goals and have committed the entire organisation to them.

Overarching ambition for 2050

We take responsibility to be a part of the solution and a proactive ally to our clients in the transition to a more sustainable society.

The group's memberships, initiatives and frameworks

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 Principles for Responsible Banking (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-related 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, and the group is actively working on gender balance and inclusion. Read more on page 20 in the chapter on employees.</p>
 <p>Grønnvaskingsplakaten</p>	<p>SpareBank 1 SR-Bank has signed "Grønnvaskingsplakaten". The initiative provides guidance for businesses large and small that want to avoid greenwashing in marketing and make a positive contribution to speeding up the green transition.</p>
 <p>FUTURE-PROOF</p>	<p>SpareBank 1 SR-Bank signed the FUTURE-PROOF decree in April 2023. FUTURE-PROOF is a collaborative platform designed to promote responsible business conduct and help companies fulfil their human rights responsibilities, both internally and throughout their supply chains.</p>
 <p>Green Building Alliance</p>	<p>SpareBank 1 SR-Bank became a member of the Norwegian Green Building Alliance in autumn 2023. The Green Building Alliance is a member organisation for buildings and property and aims to raise the environmental standards of Norwegian buildings.</p>

Regulatory compliance

The regulatory landscape for sustainability is changing rapidly, with new requirements for reporting, due diligence and risk management related to environmental, social and governance (ESG) conditions. Thanks to the European Green Deal strategy and the Sustainable Finance Action Plan, the EU is the main driving force behind a number of new regulations with which the group and corporate customers must comply in addition to the domestic requirements for Norwegian businesses.

For the first time in 2023, SpareBank 1 SR-Bank reported on its due diligence in line with the Act relating to Enterprises Transparency and Work on Fundamental Human Rights and Decent Working Conditions (Transparency Act), which was introduced in 2022. The Sustainable Finance Act entered into force in 2023. This enacts the EU Taxonomy Regulation and the Sustainable Finance Disclosure Regulation (SFDR). Supplementary rules to the Securities Trading Regulations also entered into force that included new requirements concerning accommodating customers' sustainability preferences in investment advice. Comprehensive new reporting requirements are also on their way. The Corporate Sustainability Reporting Directive (CSRD) entered into force in the EU on 01.01.2024. The CSRD was followed up with the European Sustainability Reporting Standards (ESRS), which was adopted by the European Parliament in July 2023. SpareBank 1 SR-Bank will report in line with the CSRD and ESRS for the financial year 2024 in 2025.



Mari Lier Flomark,
personal finances advisor in Vika in Oslo

CSRD

The CSRD and ESRS represent a landmark for the area of sustainability. The CSRD and ESRS introduce a common European standard designed to help financial institutions, investors and society as a whole gain access to better and more comparable data on how companies impact and are impacted by environmental and social conditions. The EU's overarching aims are to help ensure that better reporting functions as a driver behind the sustainable transition to a zero emission society and to put an end to greenwashing. The EU's ambition in relation to this is to ensure that sustainability reporting is equated with financial reporting. Requirements are also being introduced for the certification of sustainability information, which must be integrated into the consolidated annual report.

In 2023, SpareBank 1 SR-Bank started preparing to report in line with the CSRD and ESRS. The reporting will be based on a "double materiality analysis" that takes into account:

- how the company's activities impact the outside world ("impact materiality"), i.e. climate, environment, people and economy, as well as the

impact caused by others in the value chain who are associated with the products and services offered by the company in the market (both via the supply chain and on the customer side); and

- how climate change, environmental and social conditions impact the company financially in terms of risks and opportunities for the company ("financial materiality").

Therefore, the double materiality analysis process based on ESRS requirements commenced in 2023. The analysis is based on previous materiality analyses, sustainability surveys and assessments, and reporting, as well as the collection and assessment of new data and stakeholder involvement. The group also conducted an analysis in order to assess the "maturity" of strategies, frameworks, management systems, training plans and the organisation of the reporting process measured against the new standard set by the CSRD and ESRS. In 2024, a full gap analysis will also be conducted against ESRS requirements to assess status and the need for further data capture.

Transparency Act

SpareBank 1 SR-Bank is subject to the Transparency Act, which requires enterprises to:

- carry out due diligence in relation to the risk of adverse impacts on fundamental human rights and decent working conditions in their enterprise and supply chain or linked to other goods or services delivered by business partners;
- publish an account of their due diligence and make it easily accessible on their website, as well as update the account in the event of significant changes to the risk picture; and
- respond to any written enquiries from any person requesting information about the risk of breaches of human rights and decent working conditions in the enterprise and its supply chain and about its risk management.

SpareBank 1 SR-Bank's account of its work in relation to the Transparency Act, which supplements the annual report, is published on our website. A contact form for submitting requests for information is accessible on the website.

The key point of the Transparency Act is the requirement for continuous due diligence in order to prevent and manage actual and potential adverse impacts on fundamental human rights and decent working conditions in our organisation and supply chain. SpareBank 1 SR-Bank's approach is based on international standards such as the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct. These expect due diligence for the full value chain, that is due diligence not just for the supply chain but also for the "downstream" value chain.

In a turbulent world where the landscape for the "S" in ESG is complex, due diligence based on a value chain perspective is an important tool, both for understanding the links to risk factors and for responsible business conduct. Our first due diligence report (the report for 2022) took an overarching perspective. It described in detail the group's commitment to respecting, and promoting respect for, human rights, our due diligence systems and the main areas where there is a risk of us having adverse impacts on people in our organisation or through our business partners. The spotlight was on our efforts to promote respect for human rights and decent working conditions in the group's roles as: employer, business lender, provider of financial services in the retail market, distributor of fund products and purchaser of goods and services (sustainable purchasing). The report for 2023 provides an updated description of the group's work on due diligence in 2023.

CS3D

The EU's Corporate Sustainability Due Diligence Directive (CS3D) will be finalised in 2024. This will introduce due diligence requirements for impacts on human rights, the climate and the environment. It will also require major European companies to have climate transition plans. At this time, it is unclear when CS3D will be introduced in Norway. The due diligence requirements will be based on

the same standards as the Transparency Act, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, and there will be considerable overlap. However, the Transparency Act will need to be amended to ensure it is consistent with CS3D when it is introduced.

The group is closely monitoring developments and systematically working to ensure compliance with the regulations related to sustainability.

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

On 01.01.2023, supplementary rules for the Securities Trading Regulations entered into force 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. Compliance with these new requirements is being ensured in the ongoing work on a new savings advice tool. Pending its launch, a temporary procedure for mapping customers' sustainability preferences when they receive investment advice has been introduced. A sustainability portfolio is recommended based on the mapped risk profile and sustainability preferences. Monthly quality checks are carried out in the front line and regular checks on the compliance with new requirements for suitability assessments when providing investment advice are carried out in the 2nd line.

Sustainable Finance Act

The Sustainable Finance Act entered into force on 01.01.2023. The Act implements the EU Taxonomy Regulation and the Sustainable Finance Disclosure Regulation. 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. 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.

Financial institutions must include their loans to corporate customers required to report in line with the EU Taxonomy, so-called NFRD companies, and build on their Taxonomy reports. The group had no such customers as at the end of 2023. The rules specifying who is required to report in line with the EU Taxonomy will change from 2024. The group is expecting a larger number of customers to be included from that moment on and who will therefore have to be included in the group's Taxonomy report. From 2025 onwards, there will be a requirement to collect extensive data from these customers.

The group's Green Asset Ratio, i.e. lending/assets that help achieve the climate and environmental goals ("aligned" activities), consists of eligible mortgages and accounts for 3.9% of the portfolio. Details are provided in the detailed Taxonomy reporting.

The group's Sustainable Finance Framework is based on the Taxonomy's environmental objectives and criteria. SpareBank 1 SR-Bank considers the Taxonomy its most important guide for this framework, and going forward the group will monitor the development of the Taxonomy closely in order to continue adapting to the framework.

The Sustainable Finance Disclosure Regulation (SFDR) was enacted into Norwegian law via the Sustainable Finance Act, which entered into force on 01.01.2023. 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](#).

Pillar 3 ESG

In 2023, the Financial Supervisory Authority of Norway stipulated amendments to the CRR/CRD IV regulations that specify disclosure requirements for ESG risks and set out supplementary rules for financial collateral and market risk. SpareBank 1 SR-Bank is one of the Norwegian institutions subject to the regulations.

Under the regulations, SpareBank 1 SR-Bank must disclose its Green Asset Ratio (GAR) for loans to counterparties subject to the Non-Financial Reporting Directive (NFRD). For counterparties not covered by NFRD, a new banking book taxonomy alignment ratio (BTAR) will be introduced for the 2024 reporting year.

In the case of transition risk, disclosure requirements apply to exposures in sectors that make a significant contribution to climate change, broken down by fossil fuels and other carbon-related factors, and exposures that align with the Taxonomy Regulation. SpareBank 1 SR-Bank must report greenhouse gas emissions at borrowers and the distance to a scenario that complies with the Paris Agreement. There are also disclosure requirements related to energy efficiency in the property portfolios.

For physical risk, SpareBank 1 SR-Bank must disclose lending to sectors and geographical areas exposed to climate-related risk.

SpareBank 1 SR-Bank must also disclose measures designed to mitigate the risk associated with climate change, including exposures aligned with the Taxonomy (GAR and BTAR) and other risk mitigation measures.

The quantitative disclosure requirements are limited to climate-related risk. SpareBank 1 SR-Bank must also disclose the management and control processes (qualitative information requirements) for all ESG risks.

In 2023, SpareBank 1 SR-Bank led a project in the SpareBank 1-alliance tasked with mapping data needs and capture linked to ESG risks. This was designed to ensure good data quality and compliance with the disclosure requirements.

Markus Eik, personal finances advisor in Randaberg



Transition plans

SpareBank 1 SR-Bank's ambition is to be the customer's ally in the sustainability transition, and at the same time its goal is to achieve net zero emissions from our loan portfolio by 2050. In order to understand how we will achieve this goal and whether we are on schedule, we need a transition plan. Today, no one knows the answer to the question of how one becomes a zero emission society, which means that there is no established path to follow. The transition plan says something about direction, based on current knowledge. This path will require constant updating and be changed as our knowledge increases, data access improves or society's level of ambition evolves. The development on the regulatory side is clear, with goals being set and reporting on transition plans being required from larger companies. Having a good, credible transition plan will help protect our stakeholders in that the institution will have a business model that will stand the test of time.

The transition plan primarily concerns the decarbonisation of the bank's loan portfolio. If we want to limit climate change, we need to reduce emissions as quickly as possible and restructure society. By the end of 2050, emissions must be reduced by 90-95% compared with 1990 levels. This means that more industries need to get down to zero or must ensure a net sequestration of atmospheric CO2 since it is impossible to reduce some emissions by that much. The transition that society and our customers will have to undergo over the next few decades will certainly be demanding, although it will also offer a number of opportunities.

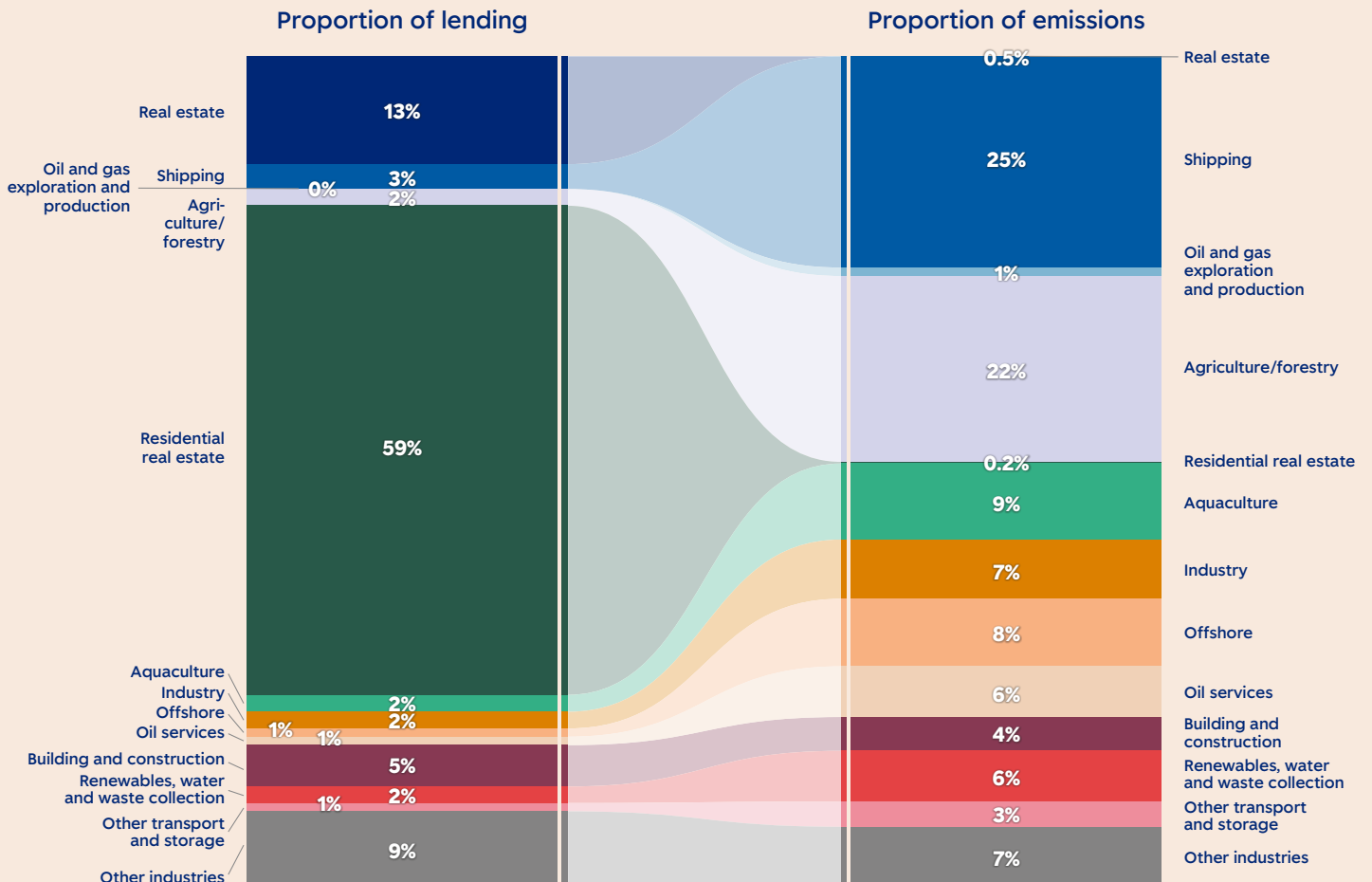
The transition plan that has been prepared is the first version, and we have started with the most material industries:

- Commercial property
- Shipping
- Oil and gas
- Agriculture
- Residential real estate (from Q2 2024)

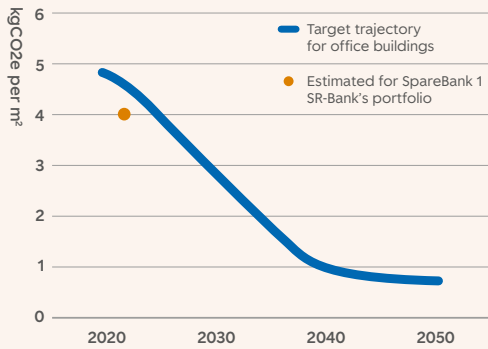
These are the most material industries since they account for the majority of greenhouse gas emissions from our loan portfolio and proportion of lending. They are also the ones where we currently have the greatest opportunity to have an impact. However, we do not intend to stop there and will continue to develop and expand to include an ever-larger proportion of the loan portfolio. The target trajectories were chosen because they are the best available at this time that are in line with the Paris Agreement. There are several ways a zero emission society can be achieved, and we do not know which one it will be, plus these could change in the years to come. The main thing is the course it puts us, and not least our customers, on.

As a bank, we cannot implement this transition alone and we will be dependent on a number of external factors, whether that be technological developments, policies, regulations or market changes.

We want to help customers transition by providing good advice and offering financing.

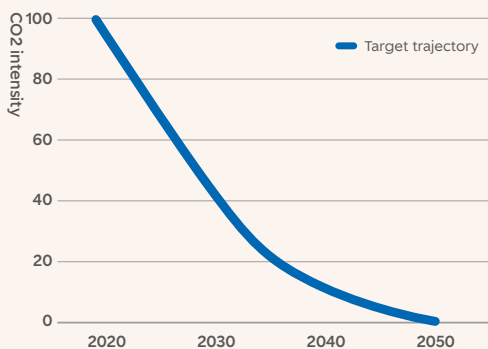


Commercial property



Commercial property accounts for about 13% of the total loan portfolio and is thereby the largest industry with respect to our lending in the corporate market. Emissions related to energy consumption (Scope 2) account for only 0.5% of emissions in the portfolio. While Norway's buildings largely consume renewable energy and therefore generate relatively low emissions, it is important, from a climate perspective, to reduce such consumption in order to free up energy for the decarbonisation of other sectors. Building energy consumption is thus very important for the transition. The target trajectory is stated in kgCO₂e per m² and is based on the Carbon Risk Real Estate Monitor (CRREM), an EU funded project that has set target trajectories for different categories of building in each country. The figure on the left shows the target trajectory for office buildings as an example, where emissions per m² must be reduced by 44% from the 2020 level by 2030. This will be done by consuming less energy and decarbonising the power system.

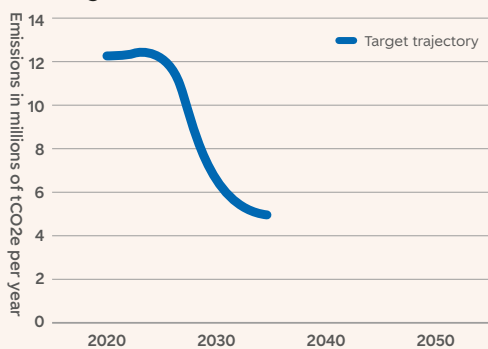
Shipping



Shipping accounts for about 80% of the transport used in global trade and is the most efficient transport method for greater distances. For SpareBank 1 SR-Bank, shipping includes ferries and offshore vessels and accounts for about 2.5% of lending while also accounting for nearly 25% of total emissions in the portfolio. It is an efficient means of transporting goods over great distances, but it is an emission-intensive industry that needs to transition to meet the global emissions targets.

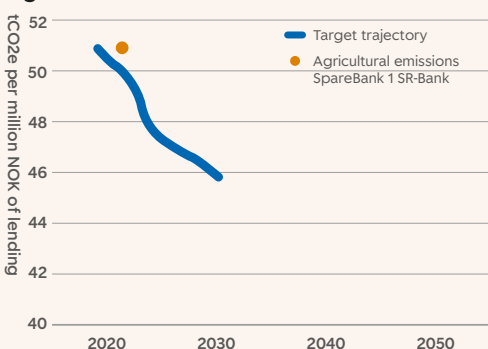
The shipping target trajectory is based on the Poseidon Principles, which SpareBank 1 SR-Bank signed in 2020 and has reported in line with since 2021. The Poseidon Principles is a global collaboration between banks designed to measure and disclose emissions from financed shipping portfolios. Fuel consumption and distance sailed are reported annually for each vessel. These are used to calculate the vessels' CO₂ emissions per tonne of cargo transported per nautical mile.

Oil and gas



The oil and the gas industry is important in the global energy system in that it accounts for around 50% of the world's energy consumption. Oil and gas combustion is one of the largest drivers of CO₂ emissions to the atmosphere and the resulting global warming. Although the highest emissions come from combustion, production and extraction on the Norwegian continental shelf also generate significant emissions. The target trajectory is based on the goals of Offshore Norway and the Norwegian government for the shelf, with a reduction of 50% by 2030 and a further 90-95% by 2050, again with 2005 as the benchmark, targets we also support.

Agriculture



Agriculture is greenhouse gas intensive and is one of the industries with the highest emissions in Norway at 7.2 million tCO₂e. The industry has signed a climate agreement with the government on reducing greenhouse gas emissions. It has committed to cutting agriculture's combined greenhouse gas emissions by 5 million tCO₂e in 2021-2030. This entails an 11.5% reduction between 2020 and 2030. For SpareBank 1 SR-Bank, loans to agricultural customers only account for around 2.5% of total lending but more than 22% of total emissions in the portfolio.

Responsible banking

As a major Norwegian financial services institution, the group has a responsibility to ensure that the capital the group manages and lends 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.

Governing documents:

- [Standard for Sustainability in the Distribution and Recommendation of Securities Funds](#)
- [Standard for sustainability in the corporate market](#)
- [Standard for sustainability: agriculture and nature](#)
- [Framework for sustainable financing](#)

Subordinated loans

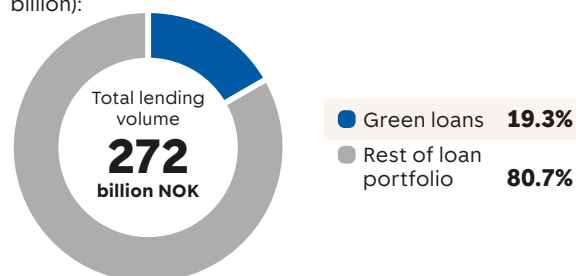
Lending is SpareBank 1 SR-Bank's core business, and therefore responsible lending and investments constitute a very important part of the group's sustainability work. The group's overarching ambition is to be the customer's ally in the sustainability transition, and we are working on our approach, assessments, 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 the group does and the financing choices the group makes. One of the main goals in the group's sustainability and climate strategy is to finance and facilitate NOK 50 billion in sustainable activities by the end of 2030.

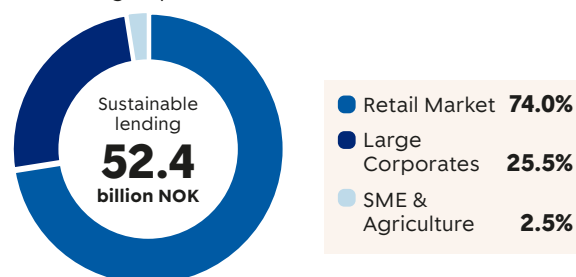
In 2023, a lot of work was done on continuing the work started the year before on rigging operations and the portfolio towards achieving this goal. There is, for example, a framework for sustainable activities that specifies which activities qualify as green or sustainable financing. Corporate Market 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 2023, the divisions also adopted KPIs that are based on the volume of sustainable financing. These will be included in the scorecards for 2024.

Lending volume (Figure 3)

As of 31.12.2023, sustainable loans accounted for 19.3% (NOK 52.4 billion) of the total lending volume (NOK 272 billion):



Proportion of sustainable loans based on customer groups:



The figures have been certified by an external auditor, with a moderate degree of certainty.

Greener portfolio – 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 2023, a total of NOK 27.3 billion in green financing had been granted. Of this NOK 3.5 billion was syndicated, which means that parts of the loan were made in conjunction with other banks. Of this, loans amounting to NOK 1.2 billion had been classified in the portfolio as sustainability-related. These are loans where the customer, together with the bank, has set ambitious sustainability goals that affect the loan's terms and conditions.

In 2023, green loans and sustainability-related loans accounted for NOK 13.6 billion, or 12.7%, of the corporate market loan portfolio.

Sustainable shipping

SpareBank 1 SR-Bank reported in line with the Poseidon Principles for the third time in autumn 2023. 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 2023, the target trajectory was updated in line with net zero emissions from the global shipping industry by 2050. In 2023, SpareBank 1 SR-Bank's portfolio climate alignment score was 8.1% based on the minimum on the revised trajectory. This means that the carbon intensity of ships financed by the group is slightly more than 8% higher than the target decarbonisation trajectory. However, according to the original target, the carbon intensity is 4.8% below the target 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

At the end of 2022, as part of a SpareBank 1 Alliance collaboration, a comprehensive framework for ESG assessing and scoring loan customers was developed and implemented. The framework is used in connection with granting credit and renewing corporate customers with consolidated exposure in excess of NOK 10 million, reduced from NOK 50 million, which was the limit in previous frameworks. The new ESG model represents a big step forward compared with the previous model and now covers the majority of loans. 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.



Maria Knudsen, personal finances advisor in Kristiansand

The ESG scoring is based on questions covering the sub-topics of physical climate-related (E), transition risk (E), social conditions (S) and ownership and corporate governance (G), and provides a score per sub-topic plus 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 business divisions perform control functions in relation to policy compliance in individual cases.

Sustainability advice

In 2023, more companies found that they had to prove that they have prepared transition plans and have adapted to new sustainability-related requirements. Adapting to the new requirements and expectations of regulatory authorities, customers and suppliers has resulted in an increase in demand for specialist expertise within the area of sustainability. As a result of the shift in focus towards sustainability as a natural part of a company's business model, the area in which SpareBank 1 SR-Bank ForretningsPartner provides advice is experiencing a higher volume of assignments. In 2023, the sustainability advice team, which consists of six advisers, assisted both medium-sized and major listed companies in several sectors. The services provided covered the full spectrum of ESG with advice on analytics, strategy, implementation and reporting.

Sustainability in the retail market

SpareBank 1 SR-Bank wants to be a proactive ally of a more sustainable society. Retail Market is an important contributor to achieving this.

SpareBank 1 SR-Bank combines in-person and online advice for customers by being strongly represented with branches throughout our market area, a customer service centre with good availability and leading digital solutions. Retail Market wants its advice to help customers adopt products and services that lead to sustainable development in the form of equal personal finances and climate-friendly choices.

Retail Market is the largest business area and, given its contact with customers, the group has the potential to have a major positive impact on customers' climate and environmental sustainability, as well as on their social sustainability.

All advisers in the retail market hold at least one or more authorisations or certifications. Advisers have to take an annual refresher course to maintain their authorisations/certifications. This includes sustainability within non-life insurance and personal insurance.

Greener portfolio

Retail Market offers a number of products and services that help customers make climate-friendly choices. In addition, we constantly work to improve our customer offering (advice, products and services) designed to help our customers make climate and environmentally-friendly choices.

Within the area of finance, Retail Market offers the following products:

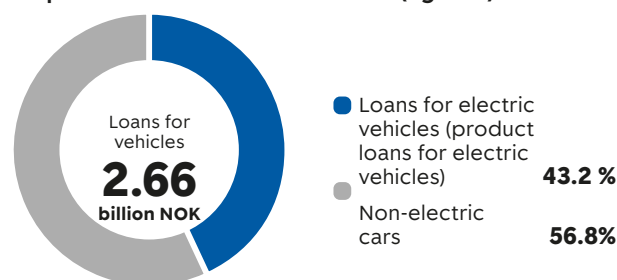
- Green mortgages are a product for customers with energy-efficient homes with an energy rating of A or B.
- Electric vehicle loans are financing for zero emission transport vehicles

Green mortgages and electric vehicle loans are consistent with the Sustainable Financing Framework. The framework defines what activities are considered sustainable and which of these in Retail Market can be included in the group's goal of financing and facilitating NOK 50 billion in sustainable activities by 2030.

At the end of 2023, Retail Market had granted NOK 2.5 billion in green financing. This was in the product categories of green mortgages and electric vehicle loans that count towards the group's goal of financing and facilitating NOK 50 billion in sustainable investments by 2030.

Green mortgages account for 0.85% of the total lending in the product category, and loans for electric vehicles account for 43.2% of the product category.

Proportion of financed vehicle loans (figure 5).



The figures have been certified by an external auditor, with a moderate degree of certainty.

Knowing what proportion of property and vehicle loans can be classified as green is relevant for Retail Market. This insight helps to provide a basis for assessing initiatives aimed at our customers. At the end of 2023, mortgages classified as green and loans for electric vehicles amounted to NOK 38.7 billion (figure 3)

Retail Market launched the Eco-loan product in 2022. This is designed to help customers make climate-friendly choices by taking steps to make their home more energy efficient. In 2023, the focus on Eco-loans was reinforced, and cooperation agreements were entered into with suppliers to make it easier for customers to find and acquire relevant energy efficiency measures. Most of the loans have gone to finance solar panels.

The group wants to be the customer's ally in the sustainability transition. Good quality data is important in order to monitor whether our advice, products and services designed to assist our customers in this transition are working. The largest loans in Retail Market are linked to housing, and the data point that tells you something about the energy status of a home is its energy rating. One major challenge in Norway is that the proportion of homes with an Enova registered energy rating is too small. This is also a challenge for SpareBank 1 SR-Bank. That is why the website was updated in 2023 to raise customers' awareness of energy ratings, what they say about a home and how to register their home's energy rating.

Conserving and maintaining resources already in use is a good way for our customers to reduce their greenhouse gas emissions. The “Maintenance Calendar” service provides customers with step-by-step guides and an overview of what they need to do with regard to indoor and outdoor home maintenance. This helps to extend the useful life of materials used in the home, prevents deterioration and ensures the customer’s assets are protected.

Financial equality

For Retail Market, contributing to social sustainability is an important contribution to achieving a more sustainable society. We want the advice, products and services offered to our customers to, for example, contribute to financial equality, financial inclusion and less economic exclusion.

Financial equality measures

One of SpareBank 1 SR-Bank’s sustainability goals is to improve financial equality through advice. In 2023, we strived to include both parties in advice meetings when a couple took out a loan together. The intention is to ensure that both parties have the same information and understanding when it comes to financial decisions.

Retail customers are offered, for example, digital cohabitant contracts and lasting powers of attorney via a collaboration with Justify. The digital services help support SpareBank 1 SR-Bank’s sustainability goals. Cohabitant contracts are an important service that protects both parties’ financial interests and helps support the sustainability goal of financial equality.

Useful and practical customer services:

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

The “Friend Loan” concept was launched in autumn 2023. This concept provides single people, both young and otherwise, with a safe solution for getting onto the property ladder by enabling them to buy a home with friends. The “Friend Loan” concept consists of financing and a digital co-ownership contract and is offered via a collaboration with Justify.

The financial inclusion industry standard was adopted by Finance Norway in 2022. SpareBank 1 SR-Bank continued to work on meeting the standard in 2023 and doing our bit for social responsibility. A specific process was created to enable people to become customers without BankID in order to help prevent digital exclusion. Our branches have also introduced drop-in for our non-digital customers.

SpareBank 1 SR-Bank has introduced a package designed to help people setting up their first home get onto the property ladder that includes good terms and advice. SpareBank 1 SR-Bank also uses its flexibility quota to help customers setting up their first home get on the property ladder.

The group’s advice helps customers who are experiencing financial difficulties. The number of advice meetings in the bank increased by 10,000 (a 35% increase) compared with 2023.

In collaboration with Young Entrepreneurship Rogaland, advisers from SpareBank 1 SR-Bank visited high schools throughout Rogaland and taught around 4,300 pupils about personal finances via the “Financial Patrol” concept. This initiative is designed to improve pupils’ understanding of personal finances and ensure that they are better equipped to make good financial decisions.

Green borrowing

On the funding side of things, SpareBank 1 SR-Bank operates its own programme for green bonds, which was revised in 2023. 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. 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 two new green bonds totalling EUR 1.5 million in the euro market in 2023.

Responsible investments in SpareBank 1 SR-Bank

In addition to the loan portfolio, the group has some financial and strategic investments on the balance sheet. These include the strategic ownership of jointly owned companies in the SpareBank 1 Alliance and start-up investments via the subsidiary FinStart Nordic, as well as investments in the liquidity portfolio. Even though the investment mandates differ, the group must always remain conscious of its role as an owner and focus on transparency and a good governance structure. The group also tries to incorporate our ambitions and sustainability goals into our investments. Active ownership is exercised in those contexts where it is possible, which are primarily in strategic investments where we have a board position and are closely involved.

Climate-related risk (TCFD)

SpareBank 1 SR-Bank reports climate-related risk in line with the recommendations issued by 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-related risks and opportunities through its lending, investments and insurance, and directly through its own operations. The group's loan portfolio undergoes annual stress tests and financial projections. 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 board of directors and group executive management team

The board bears overall responsibility for the group's operations and for monitoring climate-related 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-related risk has been explicitly discussed by the board on many occasions: in the board's annual consideration of climate-related 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 for 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 delegated overall responsibility for climate-related risk to the risk department, where climate-related risk is treated on a par with other types of financial risk and is regularly reported to the group executive management team. In 2023, the strategic sustainability resource group discussed sustainability and climate-related risks and opportunities, as well as ensured compliance in its management and prioritisation across the group.

Expertise in understanding climate-related risks and opportunities is important if climate-related 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-related risk and they have also taken internal e-learning course on sustainability leadership, which included climate-related risk.

Strategy

SpareBank 1 SR-Bank has identified 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-related 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 for 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-related 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-related risk or transition risk.

In the fourth quarter of 2023, SpareBank 1 SR-Bank established climate-related transition plans for agriculture, oil and gas, commercial property and shipping. These cover 18-20% of the group's overall lending and 45-50 percent of the greenhouse gas emissions. When, as planned, the group establishes a mortgage transition plan in 2024, the plans will in total cover 75-80 percent of lending and 45-50 percent of the emissions. The commercial property transition plan follows the Carbon Risk Real Estate Monitor (CREEM) target trajectory. The transition plans for the other industries largely follow the industries' own climate plans. The group's primary means of achieving the objectives is to work actively with its customers to achieve the planned cuts for their industries.

Expertise in how climate change and climate policy might impact various sectors over time is required to ensure that the climate-related 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-related risk is an important element of this.

Risk management

Climate-related risk is an integral part of the group's risk management processes and SpareBank 1 SR-Bank identifies

and assesses climate-related risks and opportunities that can affect customers, business areas and operations at various levels.

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

- Using a 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.
- Using the sustainable finance framework to identify opportunities within sustainable financing
- Monitoring the pace of restructuring in industries exposed to climate-related risk and adapting the risk management accordingly.

The purpose of the ESG scoring model is, in addition to improving the quality of sustainability assessments, to enable the SpareBank 1-alliance bank's 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 in the SpareBank 1-alliance.

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-related risk through the various industries the group finances. The group uses qualitative assessments of industry-related climate-related risk to identify potential climate-related risk in the loan portfolio. In connection with the development of the 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 showed that 38 percent of the bank's corporate portfolio was considered to be in industries with overall low climate-related risk. Moderate climate-related 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-related risk at an industry level, scenario analyses and reporting on the loan portfolio's greenhouse gas emissions.

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 for the entire offshore drilling portfolio (included in Offshore in the table below), for substantial parts of the rest of the offshore portfolio and also for 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 and better methods.

In 2022, the group introduced a new methodology for analysing emissions from the agricultural industry. This is based on agriculture-related greenhouse gas emissions from Norwegian agriculture divided by area, livestock and food production (Platon Report). This methodology for agriculture is included in Finance Norway's "Guide to calculating financed greenhouse gas emissions". This guide is in turn based on PCAF methodology and also comes with some specific recommendations for Norwegian industries.

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. This method results in a data quality rating of 3 for agriculture/forestry, compared with a score of 5 for the method that uses PCAF factors.

The methodology for Real Estate (corporate customers) has been improved since the reporting for 2022 in that the source data now includes energy ratings. The methodology is now based on estimated electricity consumption per property, using energy ratings, where available, as well as building type and floorspace. The majority of properties still

lack an energy rating and consequently the quality of the data is low. The figures for 2022 have not been recalculated for Real Estate due to a lack of historical data.

The methodology for Residential Real Estate has also been improved in that it now mainly uses estimated energy consumption and greenhouse gas emissions from Eiendomsverdi. For homes that lack such an estimate, PCAF factors are used in the same way as for Real Estate. The figures for 2022 have not been recalculated for Residential Real Estate due to a lack of historical data.

Two factors mean that the 2022 figures in the table below differ from the figures in the 2022 annual report. The first is that PCAF made significant changes to its emissions factors in 2023. Since the vast majority of corporate customers are assigned greenhouse gas emissions using PCAF factors, this change is significant.

The group has made some adjustments to the methodology from last year's sustainability report for the Oil and Gas, Exploration and Production and Oil Services sectors. The source data for these industries contains some known weaknesses and the new industry code-based emission factors result in extreme values. PCAF therefore recommends

replacing these with the emission factors for one level higher up in the industry code hierarchy. Specifically, industry grouping B (Mining and Extraction) should be used, of which oils and gas activities are a subgroup. These factors are significantly lower than the PCAF factors used in the group's 2022 sustainability report, but still higher than what large Norwegian oil and gas companies actually report in their sustainability reports.

In terms of carbon intensity (tCO₂e thousands per million NOK of lending), the table below shows that the Oil and Gas, Exploration and Production, Offshore and Oil Services industries are not the highest. This illustrates that although these are emissions-intensive industries, they are not the most intensive measured in terms of the size of these companies' balance sheets.

PCAF's methodology dictates that Scope 3 emissions must be reported for specific industries. Therefore, the group is including these for the first time for 2023, plus comparable figures for 2022. The table below thus includes estimated Scope 3 carbon intensity for both years. The group considers Scope 3 estimates to be significantly more uncertain than Scopes 1 and 2, and consequently these are expected to change significantly in the coming years.

Branch	2022 Scopes 1 and 2					2022 Scope 3	2023 Scopes 1 and 2					2023 Scope 3
	Lending in NOK millions	Estimated emissions via corporate portfolio (tCO ₂ e thousands)	Percentage proportions of emissions	Weighted avg. data quality, Scopes 1 and 2	Estimated carbon intensity (tCO ₂ e per million NOK of lending)	Estimated carbon intensity (tCO ₂ e per million NOK of lending)	Lending in NOK millions	Estimated emissions, via corporate portfolio (tCO ₂ e thousands)	Percentage proportions of emissions	Weighted avg. data quality, Scopes 1 and 2	Estimated carbon intensity (tCO ₂ e per million NOK of lending)	Estimated carbon intensity (tCO ₂ e per million NOK of lending)
Aquaculture	3,641	91	7.6%	4.1	25.0	15.4	4,924	121	9.3%	4.1	24.7	15.2
Industry	3,901	91	7.6%	3.7	23.5	78.1	3,989	98	7.5%	3.6	24.6	69.7
Agriculture/forestry	5,578	272	22.7%	3.0	48.8		6,370	296	22.7%	3.0	46.4	
Financing and insurance activities	4,832	2	0.1%	4.3	0.3		7,376	2	0.2%	4.3	0.3	
Business services	5,068	18	1.5%	4.4	3.5		5,162	14	1.1%	4.2	2.8	
Other service activities	10,178	68	5.7%	4.1	6.7		8,008	40	3.0%	4.3	4.9	
Wholesale and retail trade, hotels and restaurants	3,272	37	3.1%	4.2	11.4		3,642	40	3.1%	4.2	10.9	
Oil and gas exploration and production	324	11	0.9%	4.5	33.2	19.1%	699	9	0.7%	3.4	13.2	77.0
Offshore	3,584	71	5.9%	3.0	19.7	21.4	3,706	107	8.2%	2.7	28.8	20.3
Oil services	2,286	30	2.5%	3.3	13.0	8.6	2,992	75	5.7%	3.6	25.1	19.0
Building and construction	11,876	43	3.5%	4.2	3.6	21.9	12,270	54	4.1%	4.3	4.4	24.7
Renewables, water and waste collection	2,810	30	2.5%	3.8	10.7		5,094	77	5.9%	4.0	15.2	
Real estate	29,927	10	0.8%	4.1	0.3	0.7	35,036	7	0.5%	4.3	0.2	0.6
Shipping	6,436	341	28.4%	1.5	52.9	34.7	6,802	328	25.1%	1.4	48.2	30.5
Other transport and storage	3,697	85	7.1%	3.5	23.0	45.0	2,591	37	2.8%	4.1	14.2	24.1
Total corporate market	97,410	1,199	100.0%	3.8	12.3		108,662	1,304	100.0%	3.9	12.0	
Residential							155,770	22		3.1	0.1	

The two largest sources of emissions are shipping, which accounts for 25% of the total emissions from the portfolio, and agriculture (farming/forestry) which accounts for 23%. 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.

The increase in total greenhouse gas emissions from the corporate market was mainly due to the growth in lending. Emission intensity, tCO₂e per million in lending, dropped from 12.3 in 2022 to 12.0 in 2023.

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. Poseidon reporting from the fourth quarter of 2023, which covers the full year 2022, shows that emissions from the group's portfolio were 8.1% higher than the target. Nevertheless, this is among the best results for Poseidon banks. The reason the group has gone from exceeding the Poseidon target to being below target for 2023 is that Poseidon's objectives have been significantly tightened. The target is now net zero emissions by the end of 2050.

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% 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. In 2023, competence-enhancing measures were implemented within the corporate market

and agriculture. In 2024, there will also be 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 10 million would be assessed in line with the new ESG model. This model includes detailed questions specific to agriculture and provides good insights and knowledge about customers so that the bank's ESG risk can be managed better.

One specific recommendation in Finance Norway's guide is to include additional reporting on greenhouse gas emissions from residential and commercial real estate, using both the location-based and market-based electricity mix.

- Location-based, often referred to as the physical electricity mix, greenhouse gas emissions are linked to the electricity actually consumed in Norway and are stated in gCO₂e per kWh. Since almost all of the electricity consumed in Norway comes from renewable sources, emissions in the location-based electricity mix are low, currently 19 gCO₂e per kWh (source: "Hvor kommer strømmen fra?", NVE).
- The market-based electricity mix takes into account guarantees of origin. Since these guarantees from Norwegian hydropower are primarily sold abroad, Norwegian consumption is left with electricity without guarantees of origin, in practice North European high-emission electricity. The current emissions related to the market-based electricity mix are 502 gCO₂e per kWh (source: "Varedeklarasjon for strømleverandører", NVE).

In reporting the group's total greenhouse gas emissions from the loan portfolio, emissions from the location-based electricity mix are used.

2023		Location-based Scopes 1 and 2		Market-based Scope 1 and 2	
Location-based versus market-based electricity mix	Lending in NOK millions	Estimated emissions (tCO ₂ e thousands)	Carbon intensity (tCO ₂ e per million NOK of lending)	Estimated emissions (tCO ₂ e thousands)	Carbon intensity (tCO ₂ e per million NOK of lending)
Real estate (corporate market)	35,036	7	0.2	298	8.5
Residential	155,770	11	0.1	527	3.4

Energy ratings for residential and commercial real estate

One key sustainability parameter for residential and commercial real estate financing is the distribution of the portfolio by energy ratings.

For residential real estate, the table below shows both official energy ratings and Eiendomsverdi's estimated energy ratings. The latter can be regarded as good indicators of the homes' energy efficiency, but do not have the formal status of official energy ratings.

Residential	Official energy rating	Estimated energy rating	Total
Energy rating A	1%	0%	1%
Energy rating B	6%	12%	18%
Energy rating C	7%	4%	11%
Energy rating D	8%	10%	18%
Energy rating E	8%	9%	17%
Energy rating F	8%	4%	13%
Energy rating G	11%	5%	16%
No energy rating	51%	6%	6%
Total	100%	51%	100%

Commercial property	Official energy rating
Energy rating A	3%
Energy rating B	11%
Energy rating C	9%
Energy rating D	12%
Energy rating E	3%
Energy rating F	2%
Energy rating G	1%
No energy rating	59%
Total	100%

Some 49% of the group's loans secured by residential real estate are thus covered by an official energy rating. The remaining 51% is made up of 45% that are covered by estimated energy ratings and just 6% that have neither an official nor an estimated energy rating.

The proportion of Norwegian homes and commercial buildings with a registered energy rating is too low, especially when it comes to commercial buildings. Like many Norwegian banks, the group has tightened the requirements for registered energy ratings in connection with financing commercial real estate, and the proportion is thus expected to increase significantly within a few years. The following table provides an overview of energy ratings for commercial real estate loans with collateral.

Physical climate-related risk

SpareBank 1 SR-Bank has analysed the physical climate-related 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: 2050 scenario, 20-year storm surge
- Flood: climate-adapted scenario, 200-year flood
- Quick clay slide: now scenario, moderate probability
- Rockslide: now scenario, danger zone 100-year slides and danger zone unstable
- Snow: now scenario, inspected special caution zone

This means that some less serious risk scenarios are excluded, where the special caution zone for flooding is the most important. The impact points and methodology for linking loans to identified properties have changed since 2022 and the figures are thus not comparable with last year's. It has not been possible to recalculate the figures for 2022 due to a lack of data.

The table shows that 4% of real estate loans are exposed to physical climate-related risk. Rising sea levels/storm surge flooding is the risk category with the greatest impact with 2.9% of lending for loans.

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. The analysed real estate includes both real estate owned by real estate companies, and that can thus be linked to the Real Estate sector in the financed greenhouse gas emissions table, and real estate owned by other businesses.

NOK millions	Retail customers	Corporate customers	Total loans	Proportions
Not exposed to risk	162,385	36,659	199,044	96.0%
Exposed to risk				
Sea level, storm surge	4,299	1,725	6,024	2.9%
Flooding	849	504	1 354	0.7%
Quick clay slide	240	283	522	0.3%
Avalanche and rockslide	763	232	995	0.5%
Total exposed to risk	5,856	2 409	8,265	4.0%
Total lending for property	168,242	39,068	207,309	100.0%

Nature as a stakeholder

In a world increasingly impacted by human activity, the role nature plays in the economy is becoming ever more apparent. Nature is about to undergo a transition from being a passive, free backdrop for our activities to a situation where nature-related capital is essential for many of our activities and thus our ability to create value. Therefore, we need to work on maintaining growth and development without compromising planetary boundaries. At SpareBank 1 SR-Bank, we recognise that nature is a key stakeholder, and our ambition is to increase the systematic work we do to take account of it in our decisions – where this is material.

Governance

The organisational structure for the work on nature-related risk in SpareBank 1 SR-Bank is similar to that for ESG and climate-related risk (see TCFD on page 42). The board reviews the group's risk strategies and ICAAP process, of which nature-related risk is an integral part, every year. It also takes decisions on credit cases where ESG and nature are integral parts of the credit processes. The quarterly risk reports for the group executive management team and the board include integrated information on the status and development of risks and opportunities related to nature.

Strategy

The group's "Sustainability and Climate Strategy" and associated guidelines provide guidance on nature and climate for the entire group's operations, including subsidiaries. The "Sustainability Policy", which is an important governing document for the group, stipulates clear guidelines/requirements. "SpareBank 1 SR-Bank must not contribute to serious environmental harm, such as irreversible damage to vulnerable areas, ecosystems or groups of people. As a bank, the group also has a responsibility to ensure that our activities do not contribute to the degradation of nature. For us in SpareBank 1 SR-Bank, at this time this mainly relates to our loans for both commercial real estate and retail customers who develop and build properties and homes. This is linked to nature-related risk both because building can take place on pristine natural areas, which degrades biodiversity and habitats, and because such processes require virgin raw materials and resources.

Furthermore, work is being done on nature-related issues related to the group's suppliers and business partners in various processes, such as the work on the Transparency Act and on the environmental management system ISO 14001.

Understanding nature-related risk is an important element of competence building in the group. In 2023, a number of employees participated in the "Nature Accelerator" training programme under the auspices of Deloitte and Skift. Among other things, the programme emphasised materiality analyses, reporting and preparing measures. Thanks to the group's membership of Skift, a business-driven climate initiative, employees participated in various forums and initiatives. The group also maintains a continuous dialogue with the SpareBank 1 Alliance.

In 2023, the group developed a nature-related risk training course that will become mandatory for all employees at the start of 2024. This course will include incoming cases, such as holiday cottage developments.

Risk management

SpareBank 1 SR-Bank maps nature-related risk in the portfolio. The group maps new exposures in excess of NOK 10 million or renewals of exposures, which are conducted via an ESG mapping tool. Here, several aspects related to new customers' sustainability have to be examined by a financial adviser. One of these aspects is related to nature-related risk, where the customer's industry affiliation also determines the questions asked. For example, agricultural enterprises will be asked different questions to other industries. This tool is constantly being developed and advisers receive continuous follow-up in its use and the assessment process.

The group will continue working on the measures proposed by Finance Norway in 2024. The group will continue to look at further competence building and cross-departmental cooperation and have a greater focus on training and circular economy. The latter, in addition to preventing developments on pristine areas of nature, will be the most effective measures to which we contribute. In circular economy business models, the need for natural resources and virgin raw materials will decrease, thus helping to lower both the carbon footprint and the resource needs of our customers. This will in turn reduce all forms of nature-related risk, which is positive for both the bank and society at large.

Goal

No methods or measures were established in relation to the nature of the lending activities. This is an area that the group will prioritise in its continued nature-related work. The group's exposure to climate-related risk and physical climate-related risk is discussed on pages 42-46. Nature-related risks and opportunities are followed up internally through the work on the Transparency Act and the environmental management system ISO 14001. The group also calculates its greenhouse gas emissions in line with the GHG Protocol.

Nature-related risk

Nature-related risk is an important aspect of this consideration. Nature-related risk is the risk of strategic and financial consequences emerging as a result of a loss of nature, or upon transition to a society where the planetary boundaries set new limits for the economy and associated business activities. There is physical nature-related risk (e.g. increased frequency and intensity of extreme weather events that threaten property and infrastructure), transition risk (e.g. new nature-related legislation and regulations or customer demand) and liability risk (contributions to loss of nature that provide grounds for litigation or claims for damages). Nature-related risk can impact everything from our physical infrastructure to our customers' financial stability, and it is therefore crucial that we understand and manage it effectively.

Operationalisation of sustainability 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.

Environmental responsibility in own operations

SpareBank 1 SR-Bank's energy and climate report is based on the "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 to the right shows tCO₂e that are direct, and parts of indirect emissions related to the group. The climate report covers greenhouse gas emissions from consumption related to, for example, travel, waste management and energy use. Additionally, all other emissions linked to the purchase of services and goods are calculated using factors based on accounting data. Based on the climate report, the group has identified the sources that impact the external environment and has implemented specific measures to minimise these.



In 2023, a working group completed an extensive process to certify SpareBank 1 SR-Bank in accordance with the environmental management system ISO 14001. The group was certified by an accredited third party, DNV. The working group will continue its work on operationalisation in 2024.

The climate report for 2022 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 reports for 2022 and 2023 include 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. Another major reason for the increase in emissions, both in 2022 and particularly in 2023, was the increase in travel activities following the easing of travel restrictions imposed during the pandemic, as stated in the emissions report under category 6, air travel.

In 2023, SpareBank 1 SR-Bank made the following changes that reflect the environmental responsibilities in its own operations:

- The group was certified in accordance with the ISO 14001 standard
- An energy monitoring system and monthly follow-up of all branch locations were established
- The consumption of single-use plastic was reduced by focusing on reusable items

- The concept manual designed to increase the focus on sustainability in branch renovation and establishment was revised.

A focus on sustainability in requests for tenders, where suppliers must describe how their work on sustainability could make a positive contribution in relation to specific requests. Sustainability is also used as an award criterion in the selection of suppliers.

Changes in emissions

Scope 1 emissions increased by 33% due to the greater use of non-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 remained virtually unchanged from 2022 to 2023. However, the emission intensity of the physical electricity mix increased significantly from 11 g per kWh to 19 g per kWh due to higher imports of electricity with a higher carbon footprint.

Market-based emissions that take account of the European energy system have increased from 405 g per kWh to 502 g per kWh, largely as a result of more coal-fired electricity generation on the continent.


Scope 3 emissions include indirect emissions from goods and services other than energy. The group reports emissions from waste in Finansparken and business flights. In addition to this come the calculated emissions from the loan portfolio (PCAF). Emissions from waste have increased compared with 2022 as a result of increased activity in Finansparken and the fact that the emissions associated with several of the fractions have increased. Emissions from business travel have increased from 548 tCO₂e to 781 tCO₂e, inclusive of subsidiaries, as a result of increased travel activity. Emissions from the loan portfolio have not significantly changed from previous years.

The group's corporate sustainability and climate strategy aims to make the group climate neutral. This includes Scope 1 and Scope 2 emissions. As part of reducing Scope 2 emissions, guarantees of origin were purchased for renewables for most of the electricity SpareBank 1 SR-Bank and subsidiaries consumed.

The group continuously works to reduce its own Scope 1, 2 and 3 greenhouse gas emissions. For 2023, emissions in Scope 1 were compensated for by 30 tonnes of biochar, which will be stored in agricultural soil at our customers. Location-based emissions in Scope 2 were compensated for by the planting of forest equivalent to 130 tCO₂e. For flights and waste in Scope 3, the group chose to pay for the perpetual protection of forests that sequester around 800 tCO₂e while contributing to biodiversity.

Annual greenhouse gas emissions (tCO₂e)

Category	Notes	2021	2022	2023	% change
Greenhouse gas emissions					
Total Scope 1 emissions		23	21	28	33.4%
Fuel emissions, petrol	1.1	11	10	18	72.8%
Fuel emissions, diesel	1.1	12	11	10	-4.5%
Total Scope 2 (location-based) emissions		37	69	129	85.6%
Location-based emissions electricity, Norwegian mix	2.1	37	69	129	85.6%
Total Scope 2 (market-based) emissions		1,882	822	1,299	58.0%
Market-based emissions electricity (European market)	2.2	1,882	2,783	3,406	22.4%
Guarantee of origin for electricity	2.3	0.0	-1,961	-2,107	
Total Scope 3 emissions		1,336,057	1,199,552	1,320,495	8.8%
Category 1 Purchase of goods and services	3.1			15,686	n/a
Category 4 Transportation and distribution				8	n/a
Category 5 Waste	3.2	4	11	20	90.7%
Category 6 Flights	3.3	54	542	781	44.1%
Category 15 Investment and loan portfolio	3.4	1,336,000	1,199,000	1,304,000	8.8%
Total Scope 1, Scope 2 (location-based) and Scope 3 emissions		1,336,183	1,199,621	1,320,623	10.0%
Total Scope 1, Scope 2 (market-based) and Scope 3 emissions		1,338,027	1,200,372	1,321,793	10.1%
Carbon credits and climate compensation					
Verified carbon credits biochar. Scope 1			50	30	N/A
Verified carbon credits tree planting. Scope 2			500	130	N/A
Protection of forest storing tCO ₂				800	N/A

 The climate report for 2023 has been certified 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 3.139 kgCO₂e and 3.340 kgCO₂e, respectively, this includes indirect emissions related to fuel.
- S2.1. Location-based emissions have changed the Norwegian mix without taking account of imports/exports for the physical electricity mix emissions figures as calculated by NVE for the year before. All emissions figures were calculated on this basis. For 2022, which is used for the calculations for 2023 due to a lack of figures for the year at this time, it was 19 gCO₂e per kWh, up from 11 gCO₂e per kWh the year before. Energy consumption in the group was similar in 2023 to the year before, although due to an increase in emissions intensity emissions increased significantly.
- S2.2. Market-based emissions are higher as a result of intensity rising from 405 gCO₂e per kWh in 2022 to 502 gCO₂e per kWh to 2023.
- S2.3 A renewable energy guarantee of origin for 4.1 million kWh of a total consumption of 6.8 million kWh was purchased for our own buildings. This reduces Scope 2 market-based emissions by 2,107 tCO₂e.
- S3.1. This category includes indirect emissions from all types of purchases

- of goods and services, as well as travel and waste management, which are listed in the climate report as separate categories. Emissions from this category are calculated using accounting data for different categories, e.g. IT costs or building maintenance, that assume average emissions from suppliers within the relevant categories. This is a new category introduced in 2023. Going forward work will be done to obtain actual figures for a steadily larger proportion of this category in order to improve quality.
- S3.2. Waste only applies to Finanssparken, which partly houses SpareBank 1 SR-bank, EiendomsMegler 1 SR- Eiendom and SpareBank 1 SR-Bank ForretningsPartner.
- S3.3. Business travel includes business flights only.
- 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.

Sustainable purchasing

Governing documents

- [Purchasing Policy](#)
- [Standard for Sustainability in Purchasing](#)
- [Standard for Human Rights and Due Diligence](#)

The group's approach to sustainable purchasing

Striving to ensure the most sustainable purchasing possible is one of the cornerstones of a responsible and sustainable business. Therefore, SpareBank 1 SR-Bank has committed itself to actively avoiding adverse impacts on the environment, social conditions and economy via group purchases. All of the group's suppliers must demonstrate that they comply with international objectives and standards for the climate, environment, human rights, decent working conditions, anti-corruption and ethical business conduct.

From a practical perspective, a large proportion of our purchases are organised via the SpareBank 1 Alliance by the jointly-owned company SpareBank 1 Utvikling. Around 90% of SpareBank 1 SR-Bank's purchases are handled by the Alliance Purchasing Department in SpareBank 1 Utvikling. This involves around 250 suppliers, while the actual number of purchasing agreements is far higher, since a number of agreements are often concluded with individual suppliers for different goods and services. SpareBank 1 Utvikling's agreements with suppliers consist partly of the company's own agreements and Alliance agreements that the bank and other companies in the SpareBank 1 Alliance use. The Alliance Purchasing Department enters into supplier agreements on behalf of the Alliance and follows up sustainability risks related to these.

SpareBank 1 Utvikling stipulates clear expectations for its suppliers and business partners concerning taking a conscious approach to sustainability risk in their own business and supply chain, and working actively to respect the climate, environment, human rights, labour rights and anti-corruption work. In these agreements, suppliers are required to have their own obligations in these areas that must be translated into action. Furthermore, there are requirements concerning compliance with the Transparency Act, producing climate reports and plans for transitioning to net zero emissions.

Other supplier agreements are handled directly by the purchasing department at SpareBank 1 SR-Bank and the management teams of subsidiaries. SpareBank 1 SR-Bank has its own agreements with around 210 suppliers, and its wholly owned subsidiaries SpareBank 1 SR-Bank ForretningsPartner and EiendomsMegler 1 SR-Eiendom have around 85 and 175, respectively. The procedure is the same as the one for joint purchases: Suppliers are assessed in relation to exposure to, and management of, actual and potential impacts on the climate, the environment, people and the economy. All agreements with suppliers include requirements to comply with international goals and standards in these areas.

Breaches of the guidelines may entail a breach of contract. If actual breaches or serious risk are suspected, a dialogue is conducted with the supplier to investigate and follow up the assessment. If suppliers do not remedy identified breaches, or have committed serious breaches of international standards, their contract will be terminated. This applies to both joint agreements and SpareBank 1 SR-Bank's own agreements.

Sustainability risk related to our purchases:

The main actual and potential impacts on the climate, the environment, people and the economy

The work on mapping and monitoring sustainability risk in the SpareBank 1 Alliance's joint purchasing was systematised in 2019. Based on risk-based assessments, there has been a focus on three categories of purchases where the risk of environmental and human impacts is particularly prominent: administrative purchases, IT-related purchases and the largest suppliers. The main risk areas have been identified for each of the purchasing categories (see table below).

There has also been a focus on due diligence for the supply chain for promotional articles, an area that can generally have an elevated risk with respect to safeguarding basic labour rights in producer countries, which are largely in Asia. The SpareBank 1 Alliance stipulates requirements concerning sustainable promotional articles in joint agreements, and the main supplier takes a systematic approach to traceability and due diligence.

The sustainability risks are generally low for our own local purchases handled by SpareBank 1 SR-Bank and subsidiaries. In recent years, we have particularly focused on industries where employees of suppliers and subcontractors are typically exposed to a higher risk of breaches of labour standards, such as cleaning and canteen services, and suppliers of physical goods such as furniture, IT and AV equipment.

Due diligence integrated into the work on sustainable purchasing

Due diligence is an absolutely key tool in the efforts to ensure purchases are sustainable. It is used to identify and address potential and actual breaches of standards for international human rights and decent working conditions – including a decent living wage – throughout the supply chain. Requirements to respect international standards for human rights and labour rights are included in the guidelines with which all our suppliers must comply. Suppliers must also document that they conduct their own due diligence and stipulate similar requirements for their suppliers (subcontractors).

Due diligence is conducted for joint purchases in the SpareBank 1 Alliance by the Alliance Purchasing Department. This includes monitoring suppliers with an elevated risk of having adverse impacts on human rights and decent working conditions. The due diligence for SpareBank 1 SR-Bank's own purchases is handled directly by the purchasing department, while the subsidiaries conduct due diligence for their purchases in line with common guidelines and standards for the group.

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

The due diligence in both SpareBank 1 Utvikling and SpareBank 1 SR-Bank is based on the standards for due diligence stipulated in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. 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 having adverse impacts on people.

The due diligence for our purchases and the results are described in the group's report every year. The report for 2023 has been published here.

Also read:

- [SpareBank 1 SR-Bank's due diligence report for 2023](#)
- [SpareBank 1 SR-Bank's due diligence report for 2022](#)

Both the Alliance Purchasing Department and SpareBank 1 SR-Bank and its subsidiaries had discussions with suppliers based on the risk assessments. The involved employees of suppliers and subcontractors were not directly consulted.

SpareBank 1 SR-Bank's report for 2023 includes descriptions of:

- The Alliance Purchasing Department's follow-up of priority suppliers based on their risk assessment, including the discussions with suppliers of IT equipment about findings at Chinese subcontractors related to indications of modern slavery and what remedial measures were implemented.
- SpareBank 1 SR-Bank ForretningsPartner's follow-up of an invoicing service provider, where tasks linked to document registration on an accounting platform were carried out by a subcontractor in a high-risk country in Asia. No actual breaches of human rights were identified, although

the agreement was terminated due to inadequate documentation from the supplier regarding appropriate due diligence.

- The SpareBank 1 SR-Bank Group's risk mapping of our own supplier agreements and follow-up of selected supplier categories.

Other sustainable purchasing work in 2023

Besides the main focus on due diligence, the work on sustainable purchasing in 2023 included:

- The Alliance Purchasing Department's efforts to increase awareness, competence and compliance with sustainability in purchasing in cooperation with the sustainability and purchasing environments of the SpareBank 1 banks and product companies. Practical guides were prepared on sustainable purchasing and due diligence to facilitate the work of purchasing managers. The goal is to ensure that sustainability assessments are conducted as early as possible in purchasing processes.
- Revising the Alliance Purchasing Department's standard sustainability contract annex for new agreements with updated requirements for compliance with the Transparency Act and expectations concerning climate reports and plans for transitioning to net zero emissions in the company.
- Strengthening the purchasing processes in EiendomsMegler 1 SR-Eiendom and SpareBank 1 SR-Bank ForretningsPartner through incorporation of the group's common procedures for sustainable purchasing, which include due diligence on human rights and decent working conditions.

One of SpareBank 1 SR-Bank ForretningsPartner's supplier agreements was terminated in 2023 due to insufficient due diligence at the supplier (described in the previous section). No contracts handled by the Alliance Purchasing Department were terminated due to sustainability issues.

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 2024, 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.

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.

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 2023 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 established an Ethical Working Committee: an advisory body that can be used in cases where ethical dilemmas are raised that do not have clear answers and helps to highlight ethical challenges for the group. The committee is meant to be an advisory working group that can be convened at short notice and assist the organisation if necessary. It aims to reinforce the work on ethics, anti-corruption and compliance within the group and consists of representatives from several business areas. Meetings are held at least quarterly, and otherwise as required.


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. The group uses a 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. Associated management tools have been established to follow up on the results of these organisational surveys. Five whistleblowing cases were processed in 2023. All cases are handled in line with the bank's whistleblowing procedures.

Theme	Number	Stake
Permanent employees who have completed anti-money laundering training **	1,178	80%
Board members of SpareBank 1 SR-Bank who have received training in anti-money laundering	26	100% *

The figures have been certified by an external auditor, with a moderate degree of certainty. 

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	68	42	946	102	1,550 *	170	100% ****
Permanent employees who completed anti-corruption training	19	1	256	30	306	148	26.9% ****
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	83%

 The figures have been certified by an external auditor, with a moderate degree of certainty.

* The figure shows the total for the entire group, including SpareBank 1 SR-Bank ForretningsPartner and EiendomsMegler 1 SR-Eiendom.

** 1,045 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 2023 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.

*** All permanent employees, other than those on long-term sick leave, those who are on leave or the equivalent in SpareBank 1 SR-Bank, EiendomsMegler 1 SR-Eiendom and SpareBank 1 SR-Bank ForretningsPartner have signed the code of conduct

**** All managers and corporate advisers undergo enhanced anti-corruption training. 306 courses were completed in 2020-2024. Percentages show the proportion of all employees. 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 statement \(PDF\)](#)
- [Privacy Policy \(English\) \(PDF\)](#)
- [Information on Customer Rights](#)

SpareBank 1 SR-Bank's privacy and information security strategy is to ensure the confidentiality, integrity and availability of personal data processed in the group in line with the privacy regulations (which consist of the Personal Data Act and the General Data Protection Regulation (GDPR)). The privacy regulations give our customers a number of rights. Information on how these rights can be exercised and how personal data is processed in the group is provided in an easily accessible way via the privacy statement on SpareBank 1 SR-Bank's website.

SpareBank 1 SR-Bank has formalised and incorporated descriptions of roles and responsibilities for privacy and information security. A quality management system has been established with governing documents, as well as risk management processes for continuously identifying and following up risk. These processes are designed to ensure that internal and external 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. The work includes established contingency plans, regularly conducting emergency response exercises, crisis teams tasked with efficiently managing major incidents and on-call arrangements. A dedicated incident response team has been established that monitors and follows up security incidents, as well as discrepancies relating to the use of IT systems around the clock.

To prevent adverse incidents (nonconformance), a number

of technical measures have been implemented in addition to employees receiving regular training on privacy and information security. The measures are tangible, concrete and designed to prevent both human and technical errors. However, should nonconformances occur, they are recorded, followed up and reported on in a specific incident database. In the event of a breach of personal data security that may result in a risk to privacy, the group's data protection department will ensure that the nonconformance is reported to the Norwegian Data Protection Authority within the 72-hour deadline and ensure that those concerned are informed in line with the privacy regulations. The incident database helps the group learn from adverse incidents and thus prevent recurrences.

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

In 2023, the group reported seven nonconformances to the Norwegian Data Protection Authority, six of which concerned the parent company and one that concerned and was reported by SpareBank 1 SR-Bank ForretningsPartner. One of the parent company's nonconformances was reported by the bank itself, while five were reported by SpareBank 1 Utvikling, which is the group's largest data processor. 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 robust and effective, and that adequate measures were implemented to correct errors and prevent future non-conformance.

Type of adverse incident	Number
Operational interruptions and system errors	6 (inclusive of the nonconformance at SpareBank 1 SR-Bank ForretningsPartner)
Errors and mistakes	1