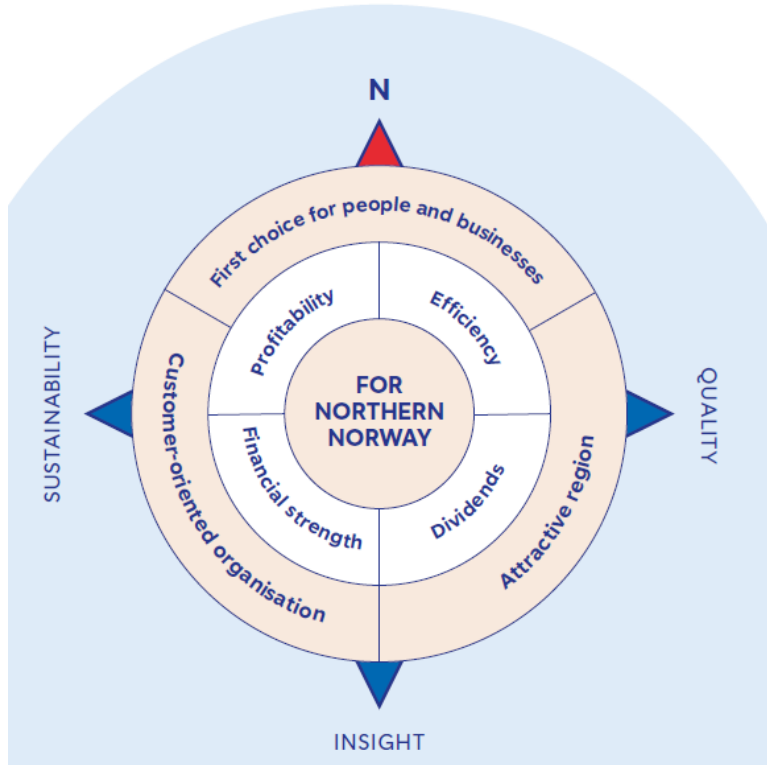


Sustainability at SpareBank 1 Nord-Norge



Business strategy



Vision

“For Northern Norway”

Mission

We shall, better than anyone, understand and contribute to what is important for people and businesses in Northern Norway

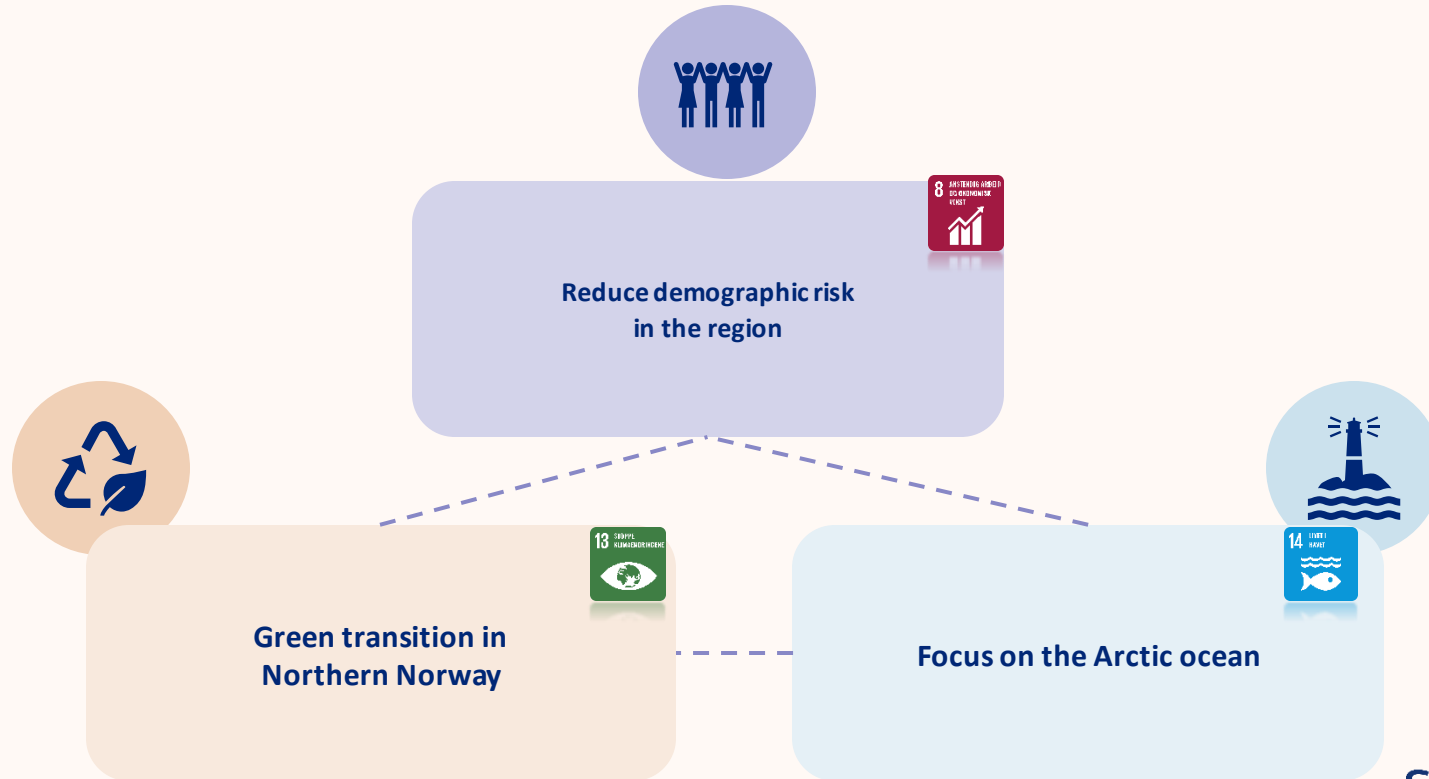
Financial goals

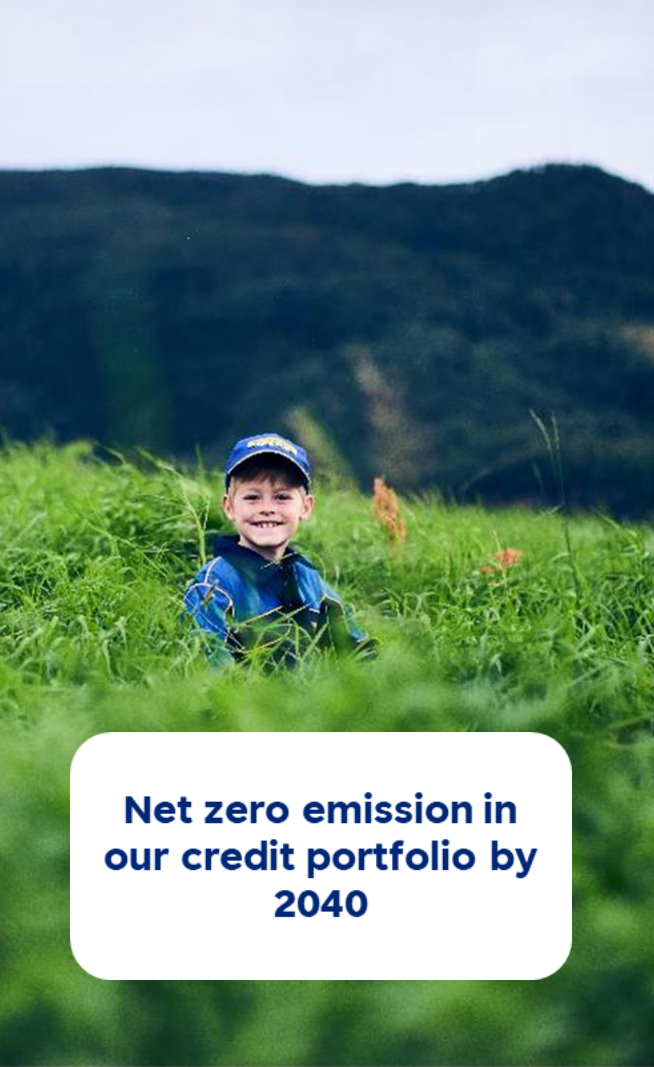
1. Profitability (RoE)
2. Efficiency (C/I)
3. Financial strength (Capital adequacy)
4. Dividends

Strategic initiatives

1. Sustainable business
2. Corporate governance

As the world's northernmost financial group, we must be a driving force for a sustainable future in the north





**Net zero emission in
our credit portfolio by
2040**



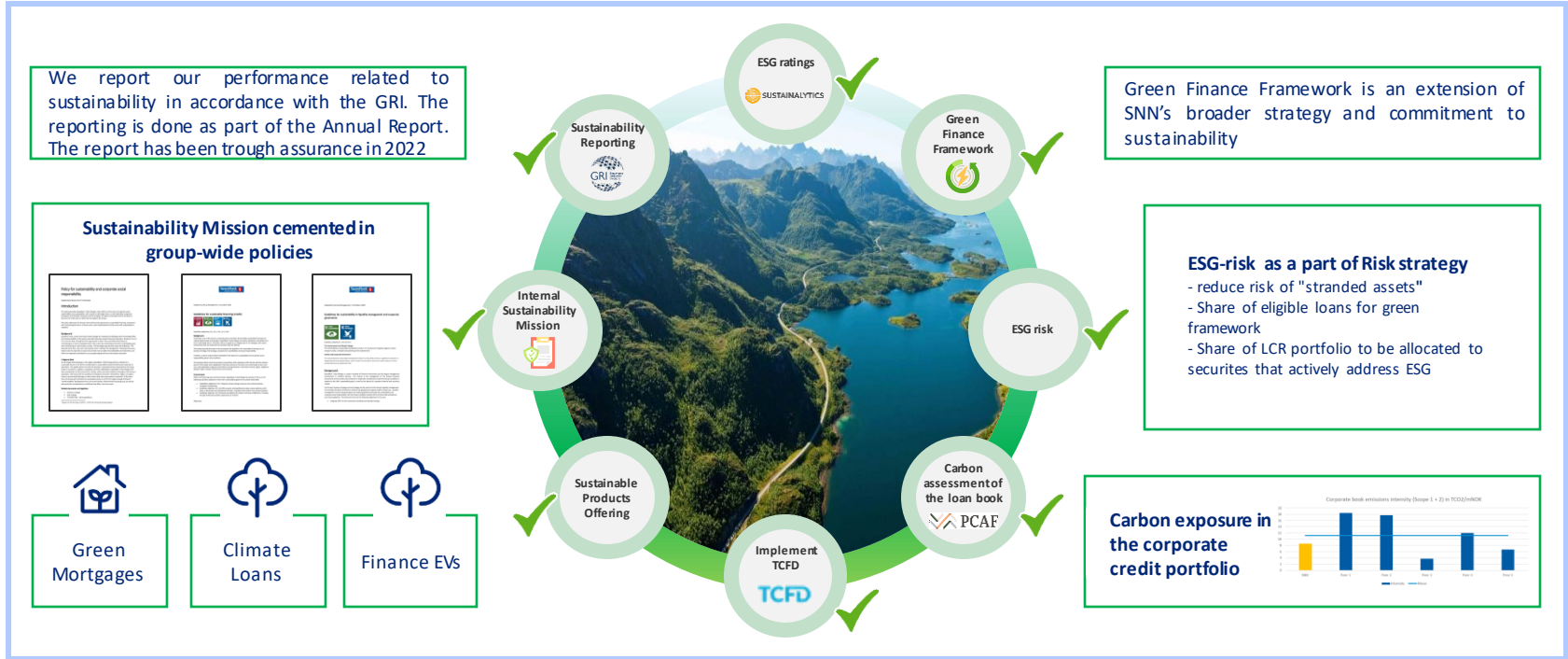
**Contribute to a net
positive population growth
in Northern Norway by
2030**



**70 % of exposure to Marine
and Aquaculture sector
should qualify for Green
Frameworks in 2030**

SNN's sustainability overview

SNN has taken initiative on multiple fronts to integrate sustainability group-wide



Sustainability and ESG is part of our Governance



Our approach to Sustainability

Sustainability and climate risk are embedded in the Group's business and risk strategy

Sustainability and climate risk are incorporated in the Group's overarching governance documents and core processes, including financing (credit), liquidity management and corporate governance, distribution of mutual funds and products, procurement, and guidelines for our employees



UNEP FI

SNN has endorsed the UN's ten principles for responsible banking, UNEP FI, and are working on integrating the principles into its operations



GLOBAL COMPACT

SNN has endorsed the UN Global Compact Strategy, the world's greatest initiative for corporate social responsibility



ECO-LIGHTHOUSE

SNN is eco-certified, and is compliant with the obligations implicit in the scheme



PCAF

SNN participates in the Partnership for Carbon Accounting Financials (PCAF).

The group is committed to a Net-Zero 2040 target

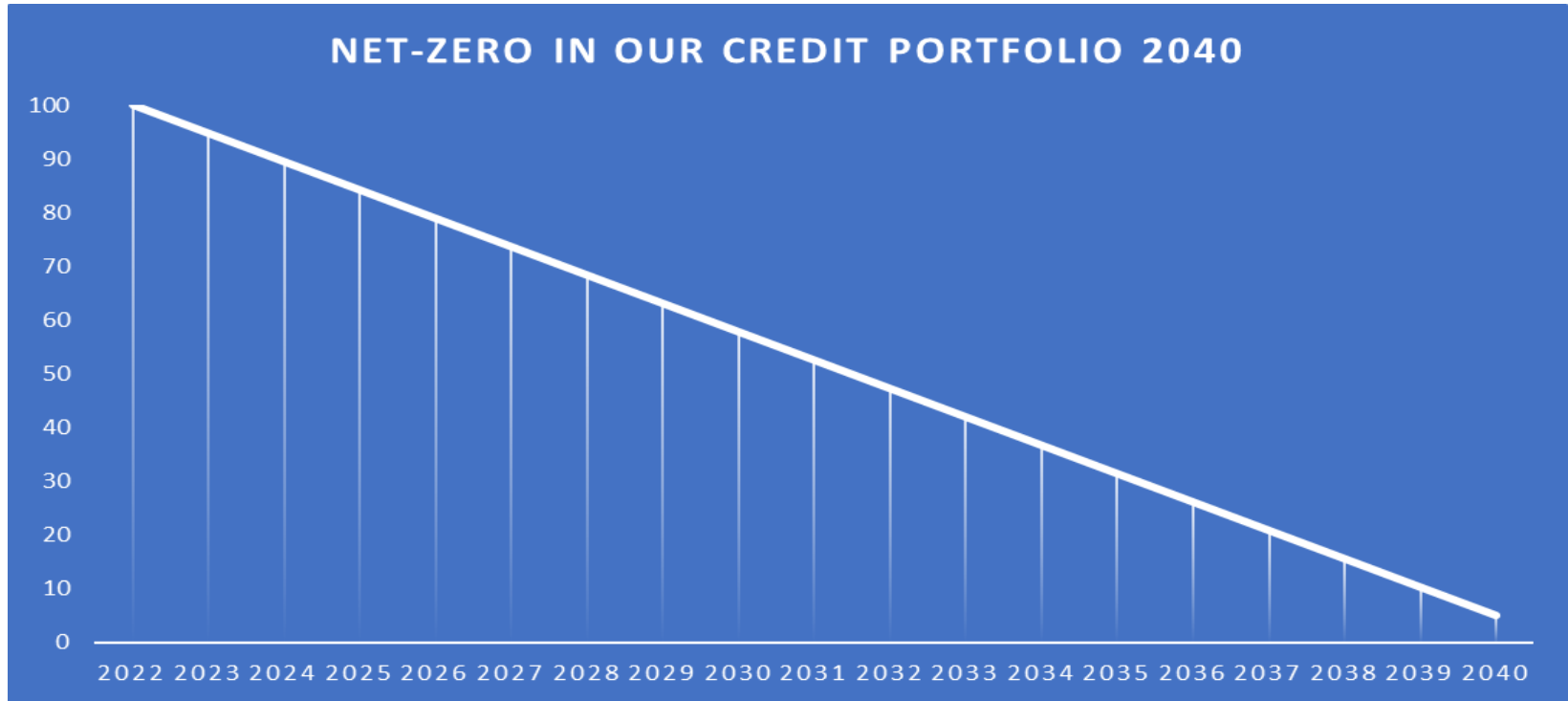
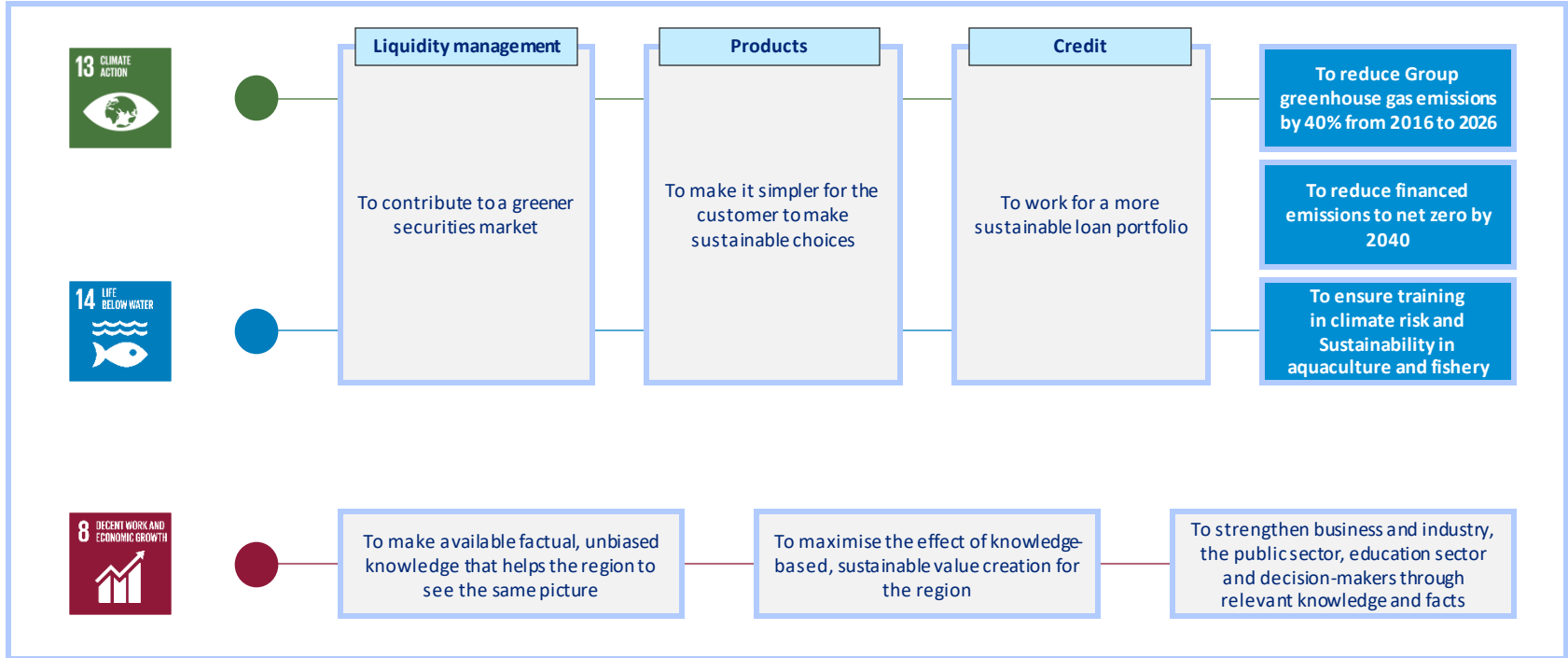


Illustration of a linear path to NET-ZERO 2040. The group will work and disclose on how we expect reach this goal during 2023.

SNN's Sustainability Objectives

Aligned with UN Sustainable Development Goals



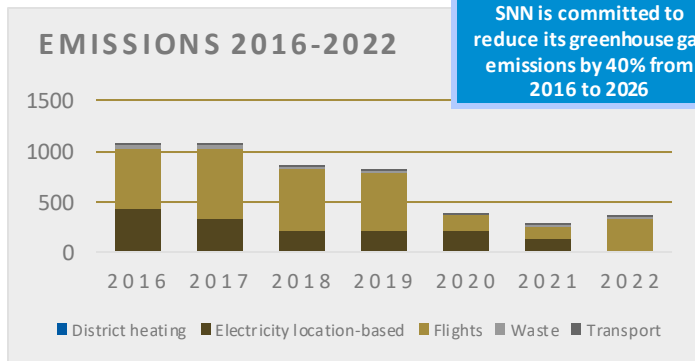
SNN's Commitment to Climate Action (1/2)

Transparent reporting aligned with TCFD (Task Force on Climate-Related Financial Disclosures)

- SNN has a dedicated **Strategy** and **Risk Management** in place on transition and physical risks and how this affects its lending portfolio
- Clear **objectives** with accompanying targets are defined to address climate-related risks and opportunities

TCFD

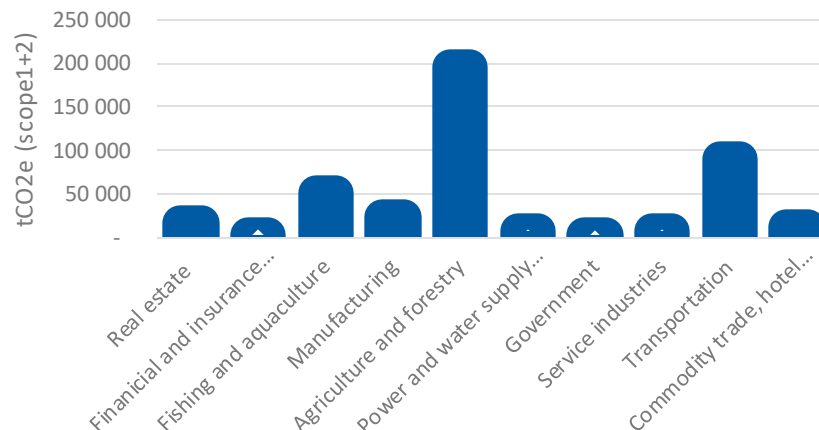
SNN Group's greenhouse gas emissions



SNN has started the work to keep track of the carbon exposure in its credit portfolio using the PCAF standard (Graph is for corporate emissions).

PCAF Partnership for Carbon Accounting Financials

Financed emissions, Corporate loans



SNN's Commitment to Climate Action (2/2) FY21

Carbon exposure in the credit portfolio

	Sustainability Goal	Sector's share of total emissions	Share of loan portfolio SNN
1	Aquaculture	0%	4%
2	Mining and quarrying	0%	0%
3	Construction	3%	6%
4	Electricity, gas and steam supply	3%	4%
5	Financing and insurance activity	0%	2%
6	Fishing and hunting	1%	17%
7	Health and social services	0%	1%
8	Manufacturing	19%	5%
9	Information and communications, except telecommunications	0%	0%
10	Agriculture and forestry	8%	4%
11	Public administration and defence	0%	0%

	Sustainability Goal	Sector's share of total emissions	Share of loan portfolio SNN
12	Sale and operation of real property	0%	40%
13	Lodging and food services	0%	2%
14	Postal and telecommunications services	0%	0%
15	Other service sectors	1%	4%
16	Other domestic transport	13%	6%
17	Education	0%	0%
18	Shipping	24%	1%
19	Extraction of crude oil and natural gas	24%	0%
20	Water supply, sewerage and waste management	2%	0%
21	Retail trade and car repairs	2%	3%

 Covered through Green Product Framework

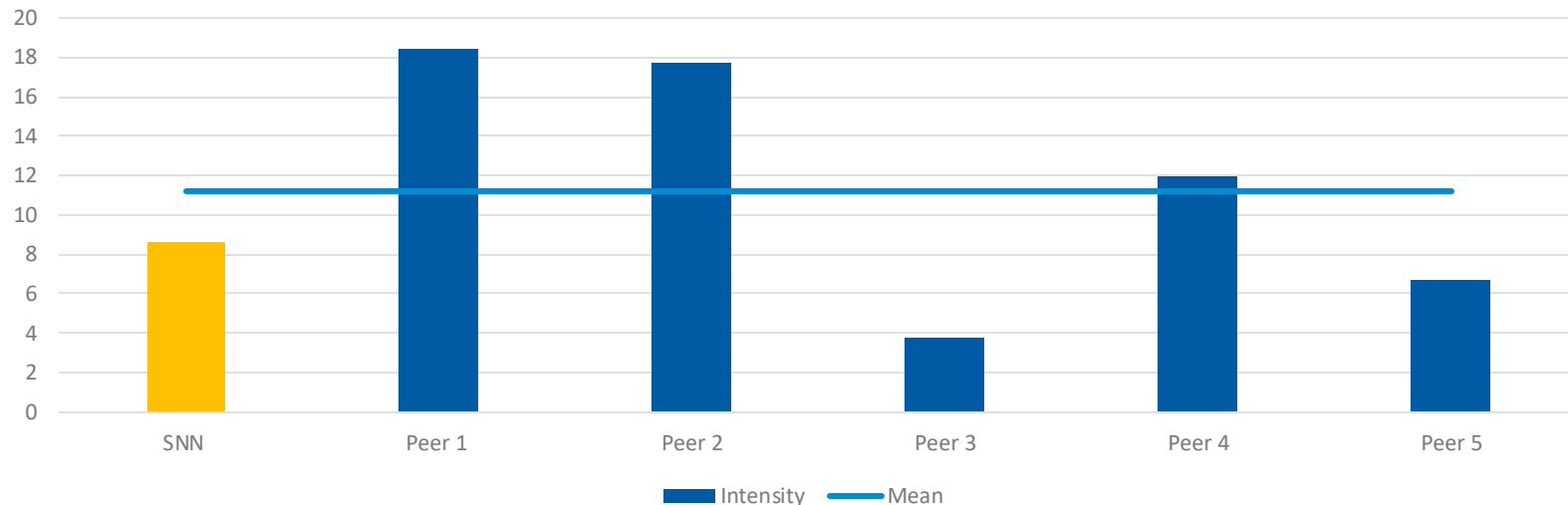
CO2 emissions intensity benchmark



A comparison between nordic banks that disclose under the PCAF standard.

(Note that our emissions are estimated for 2022 while the peer's disclosed emissions are from 2021.)

Corporate book emissions intensity (Scope 1 + 2) in TCO2/mNOK



¹the disclosing banks emissions are not necessarily comparable as the method used for emissions estimations might differ. The emissions are only estimated and not verified. We are working on measuring and disclosing our financed emissions using the PCAF standard.

SNN's Green Product Framework

Greening the asset base

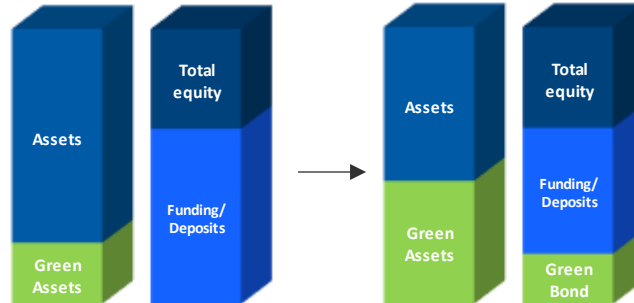


In 2020 The Framework was developed with a basis in criteria set by Green Bond Principles, Green Loan Principles and the Climate Bond Initiative and other established market standards.

Cicero assigned the framework its top score of 'Excellent'



Aim: Green Product transition



Sectors covered

- Aquaculture
- Fishery
- Agriculture
- Forestry
- Property
- Land transport
- Maritime transport
- Renewable energy

From Product to Finance Framework

Accessing capital markets

- SNN's **Green Product Framework** has a focus on greenifying SNN's loan asset base. The Framework was established to strengthen The Group's work on climate risk in the portfolio, its conformance with new regulation and requirements, and to play a part in assisting Northern Norwegian business and industry to achieve a green transition
- SNN's **Green Finance Framework** will leverage on the experience with the Product Framework and enhance transparency and accountability through the liability side
- **Governance** in relation to eligibility criteria between both Frameworks
 - The Green Finance Framework has a limited scope in relation to sectors covered
 - Criteria are aligned for the majority of the Use-of-Proceeds categories that are listed



Asset side



Overlap in sectors covered

Aquaculture

Fishery

Agriculture

Forestry

Property

Land transport

Maritime transport

Renewable energy



Funding side

SNN Green Finance Framework



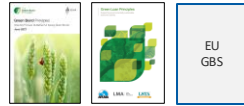
SNN's Green Finance Framework

Rationale

- SNN intends to align its funding strategy with its mission, sustainability and climate strategy and targets
- With this Green Finance Framework, we want to leverage on that experience and enhance transparency and accountability through the liability side

Alignment with best market practices

- ICMA Green Bond Principles 2021
- LMA Green Loan Principles 2021
- EU Taxonomy Climate Delegate Act as of June 2021
- EU Green Bond Standard

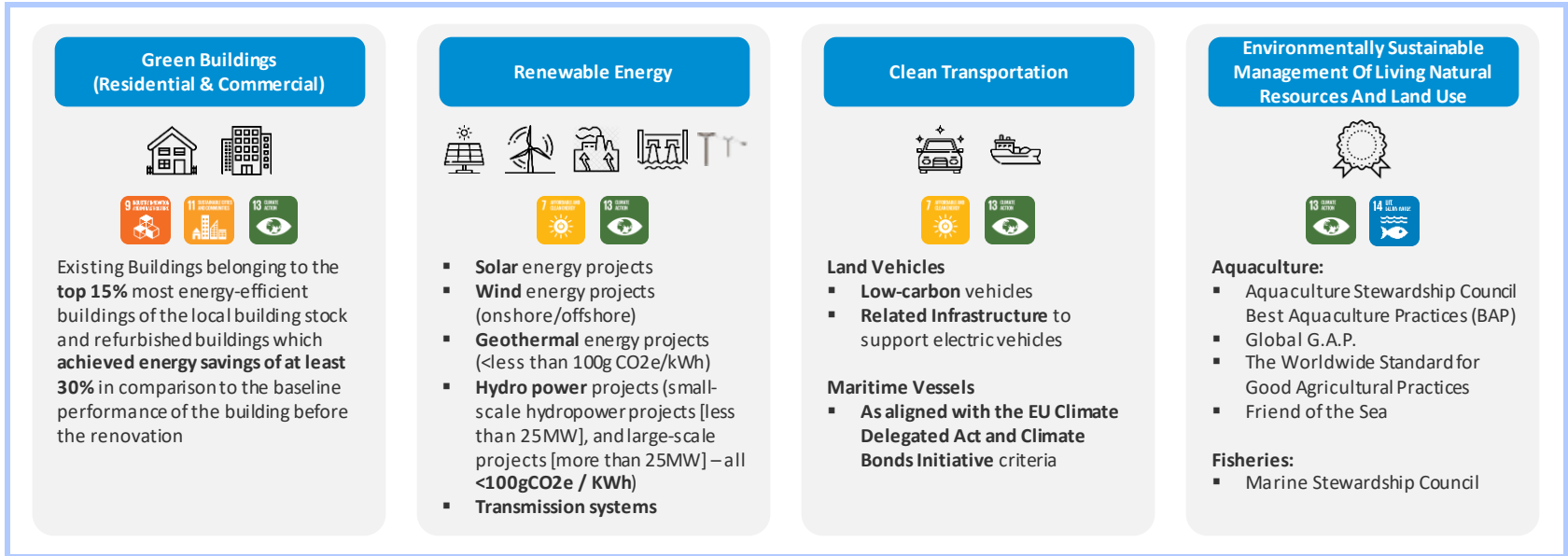


Framework description

Use of Proceeds	SNN's green finance instruments will finance/re-finance Eligible Green Loans
Project Evaluation and Selection Process	In accordance with Eligibility Criteria and undertaken by the Green Finance Committee
Management of Proceeds	Managed by SNN through a portfolio approach
Reporting	On the allocation of net proceeds to the Eligible Green Loan Portfolio and wherever feasible reporting on portfolio impact
External Review	Second-party opinion by ISS ESG and auditor limited assurance report may be requested on the allocation report



Use of Proceeds



¹In accordance with the EU Taxonomy Climate Delegated Act, buildings built from 1 January 2021 onwards should meet the ‘NZEB -10%’ criterion. In Norway, NZEB definitions were announced on 31 January 2023. Currently, a practical method to select compliant NZEB -10% buildings is not available, where detailed scrutiny is needed to ensure a robust selection approach. Going forward, green buildings expert Multiconsult will investigate if a suitable selection approach is possible. If feasible, SpareBank 1 Nord-Norge expects to implement this new selection approach.



Project Evaluation and Selection Process

SNN's Green Finance Committee

- SNN's Green Finance Committee consists of members from the following departments:



- The committee will manage any future updates to the Framework, including expansions to the list of Eligible Categories and changes in the green bond standards on a best effort basis, and oversee its implementation
- The Green Finance Committee monitors the Eligible Green Loan Portfolio after each reporting period and is also responsible for:
 - Reviewing the content of SNN's Green Finance Framework and updating it to reflect changes in sustainability strategy, market and regulatory developments on a best effort basis
 - Excluding loans that no longer comply with the Eligibility Criteria and replacing them on a best efforts basis

Adherence to EU Taxonomy and EU GBS

In its asset selection, SNN takes into account **Do No Significant Harm** ('DNSH') criteria and **Minimum Social Safeguards** requirements



Confirmed by ISS ESG in the SPO as of June 2021

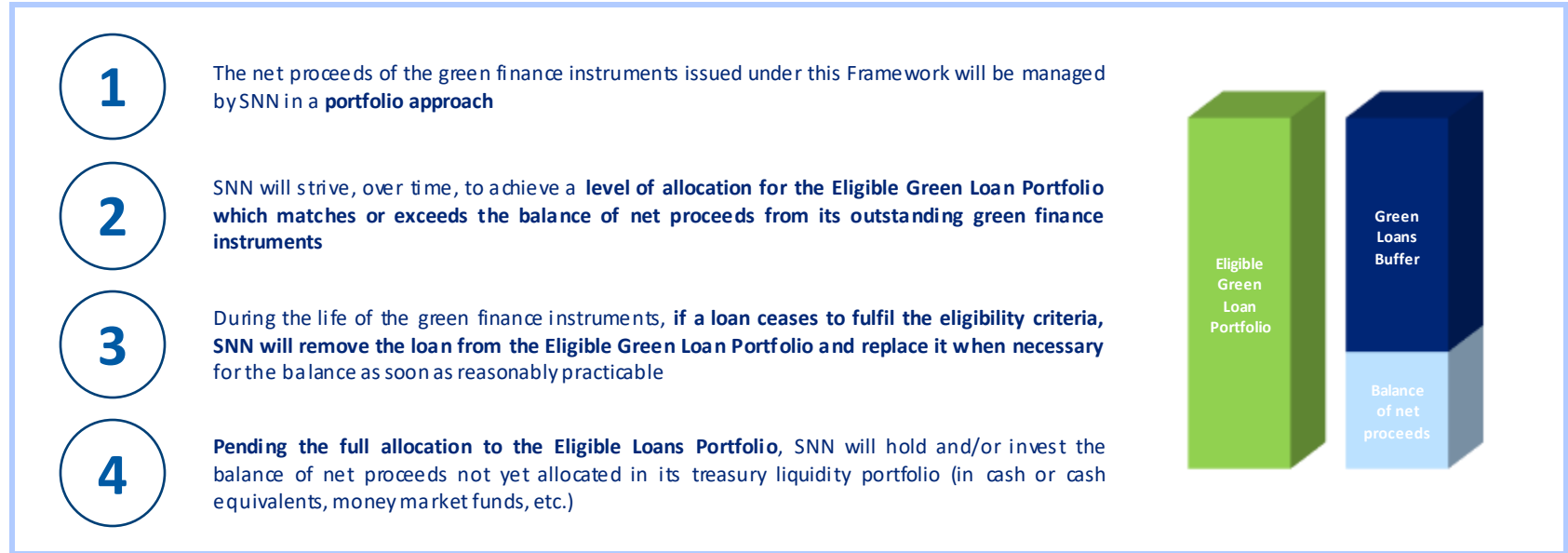
Alignment with SNN's internal ESG policies

- The Eligible Green Loan Portfolio is required to align SNN's related internal sustainability codes and policies
- Taken into consideration are SNN's
 - Policy for sustainability and corporate responsibility
 - Guidelines for sustainable financing (credit)
 - General guidelines for corporate and social responsibility and sustainability
 - Green Product Framework



Management of Proceeds

Description of SNN's approach



Reporting

SNN will make and keep readily available reporting on the allocation of an amount equal to the net proceeds to the Eligible Green Loan Portfolio and wherever feasible reporting on the impact of the Eligible Green Loan Portfolio, at least at the category level, to be renewed annually until full allocation

Allocation Report, indicators SNN will report on

- 1 The total amount of SNN green finance instruments outstanding
- 2 The amount of net proceeds allocated to Eligible Green Loans
- 3 The balance of unallocated proceeds
- 4 The amount or the percentage of new financing and refinancing
- 5 The proportion of loans that are aligned with the EU Taxonomy Climate Delegated Acts as of June 2021

Impact Report may provide

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

SNN will align, on a best effort basis, the impact reporting with the portfolio approach described in "Handbook – Harmonized Framework for Impact Reporting (June 2021)"



Reporting – Allocation

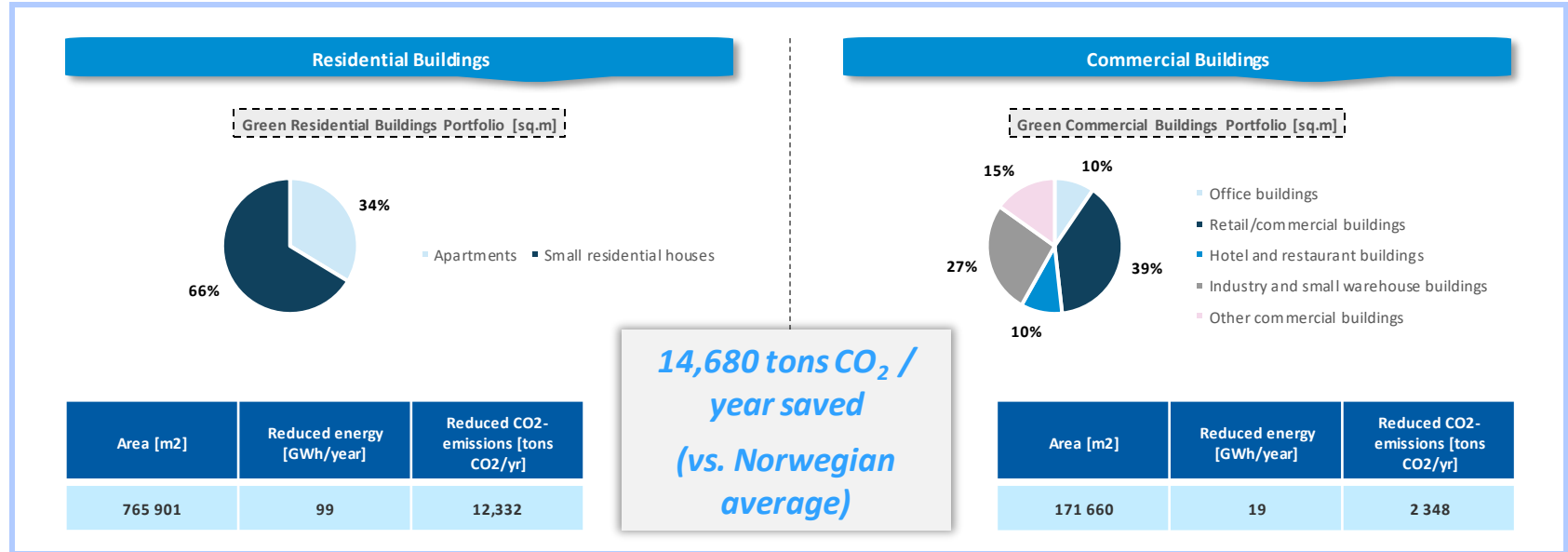
Based on Q4 2022 numbers

Eligible Green Loan Portfolio		Green Funding			
	Amount (NOKm)	Instrument (ISIN)	Issuance Date	Due Date	Amount (NOKm)
Green Residential Buildings	6.786	NO0012626987	22.08.22	22.08.25	1.000
Green Commercial Buildings	3.188	NO0012534017	27.05.22	27.05.27	250
Renewable Energy	1.325	NO0012534025	27.05.22	27.05.27	1.000
Clean Transportation	936	CH1132966271	15.09.21	15.09.28	1.300
Environmentally Sustainable Management Of Living Natural Resources And Land Use	3.654				
Fisheries (MSC Certification)	857				
Aquaculture (Global.G.A.P. and ASC Certification)	2.797				
Total	15.890	Total			3.550
Percentage of Eligible Green Loan Portfolio allocated (usage)			22,3%		
Percentage of Net Proceeds of Green Funding allocated to Eligible Green Loan Portfolio			100%		
Eligible Green Loan Portfolio - Unallocated (NOKm)			12.399		



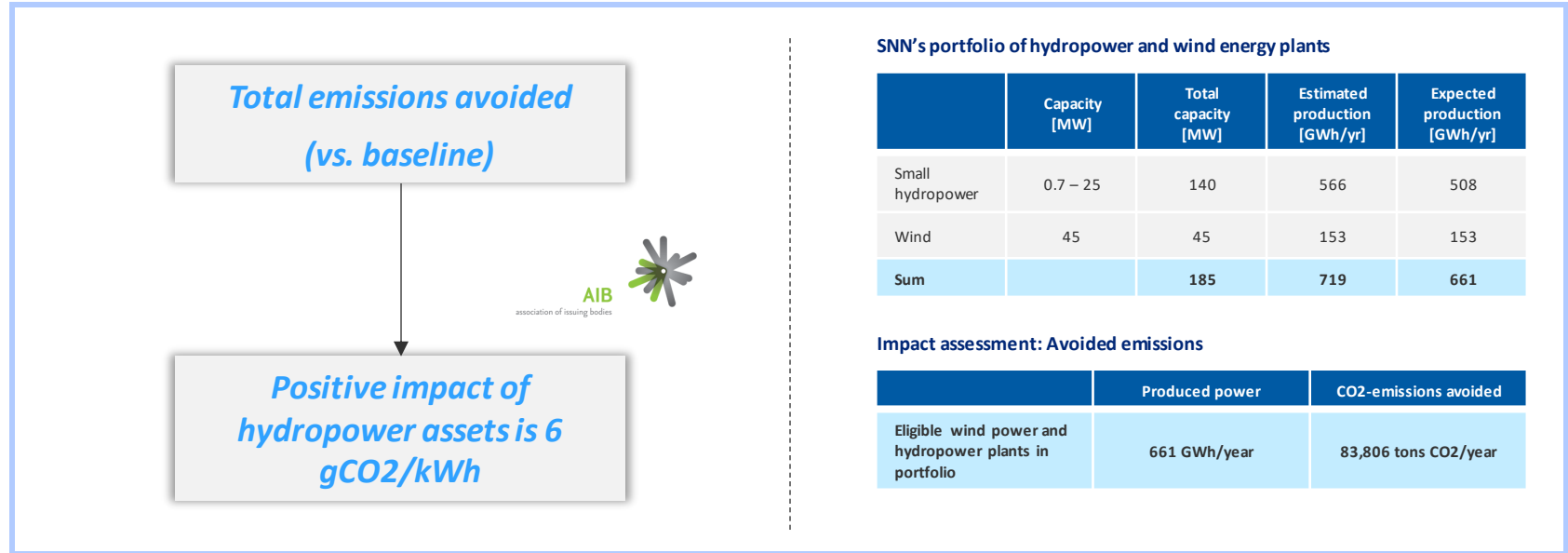
Reporting – Impact (1/5) (from 2021)

Green Buildings



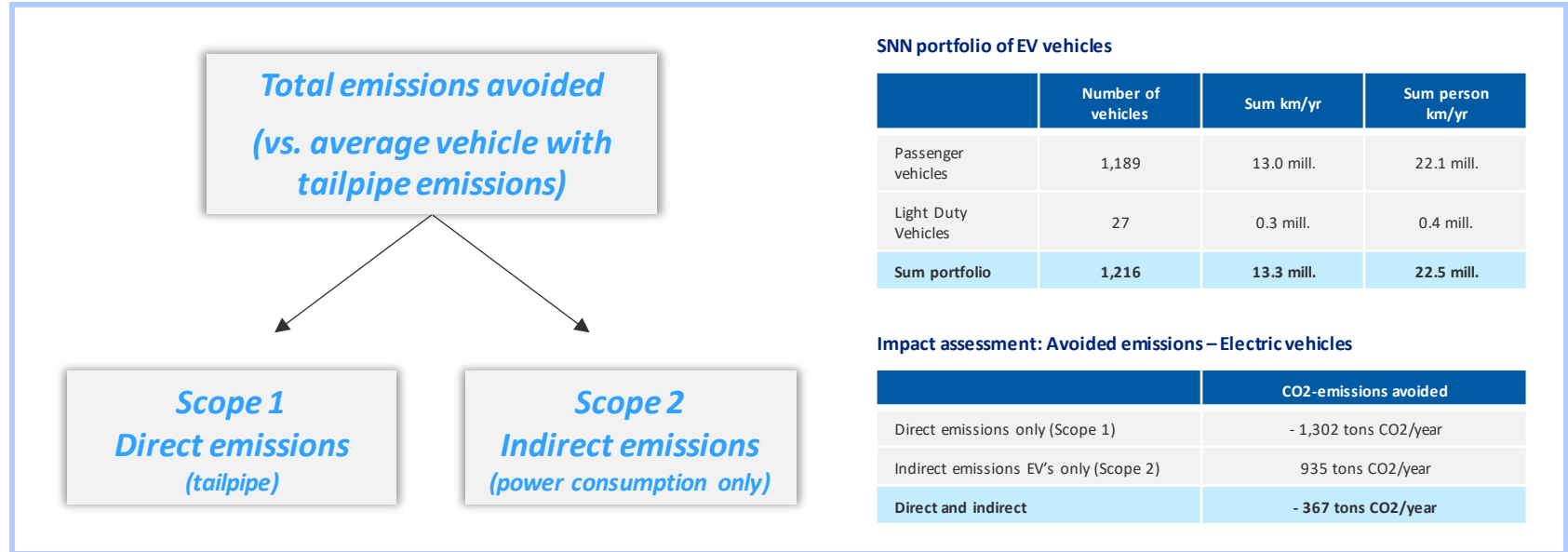
Reporting – Impact (2/5) (from 2021)

Renewable Energy



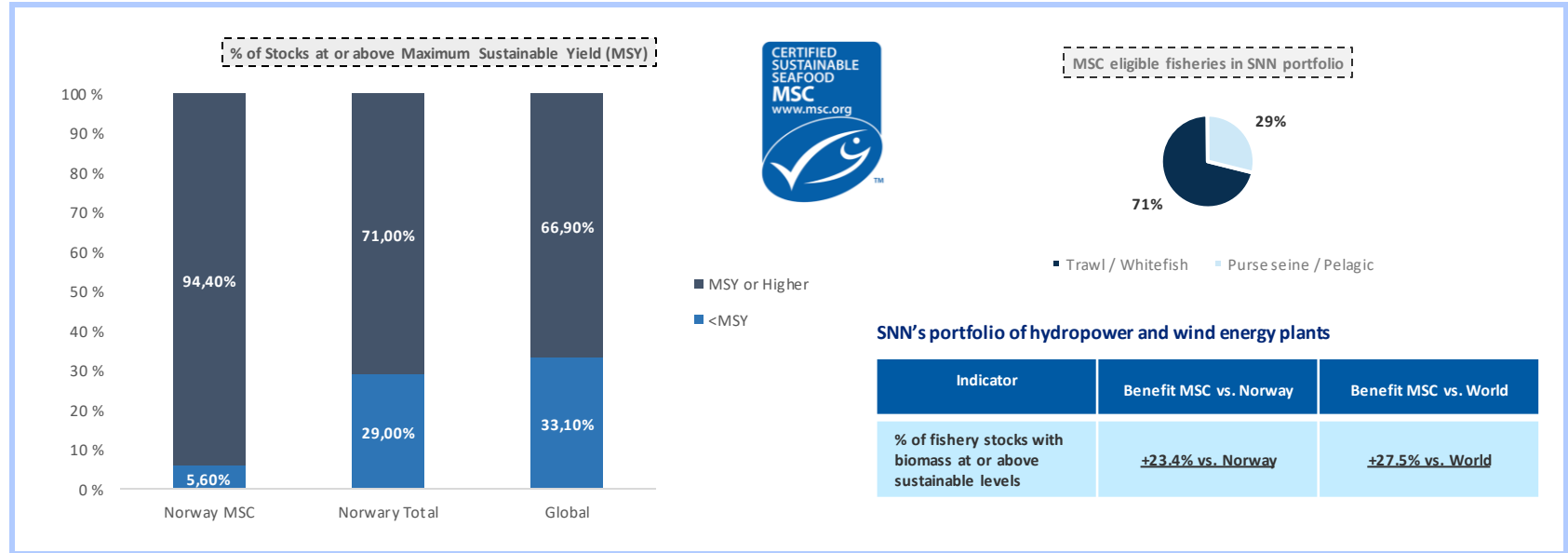
Reporting – Impact (3/5) (from 2021)

Clean Transportation



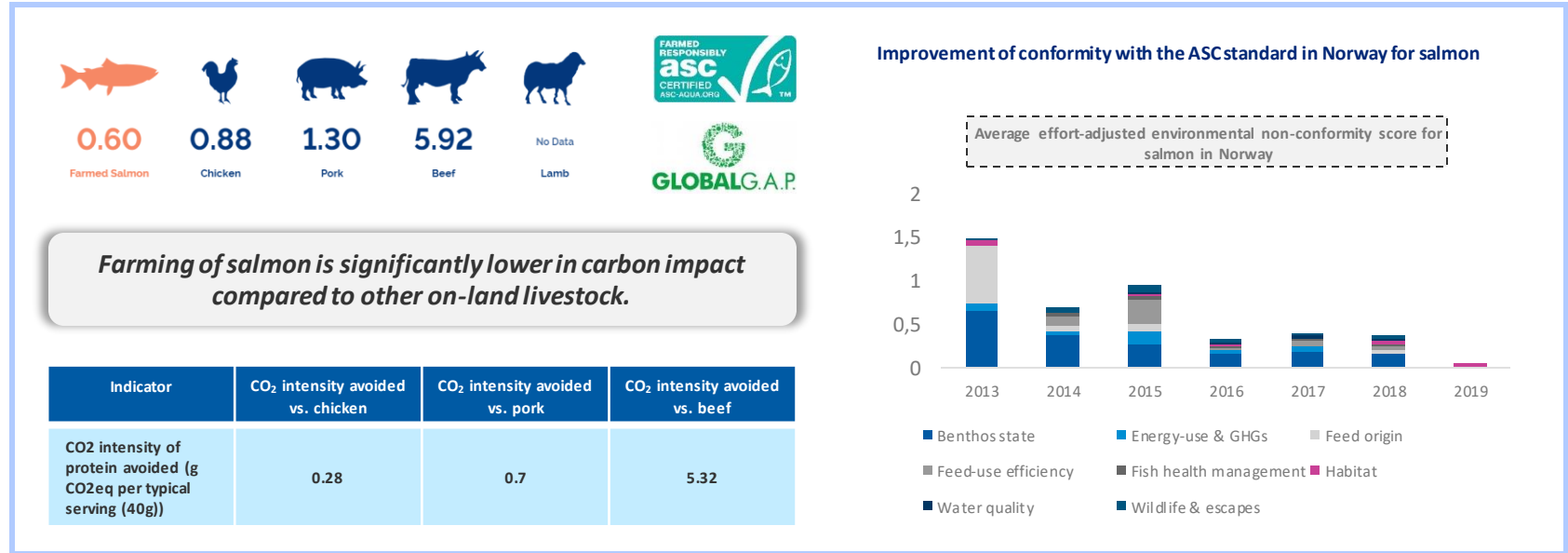
Reporting – Impact (4/5) (from 2021)

Environmentally Sustainable Management Of Living Natural Resources And Land Use



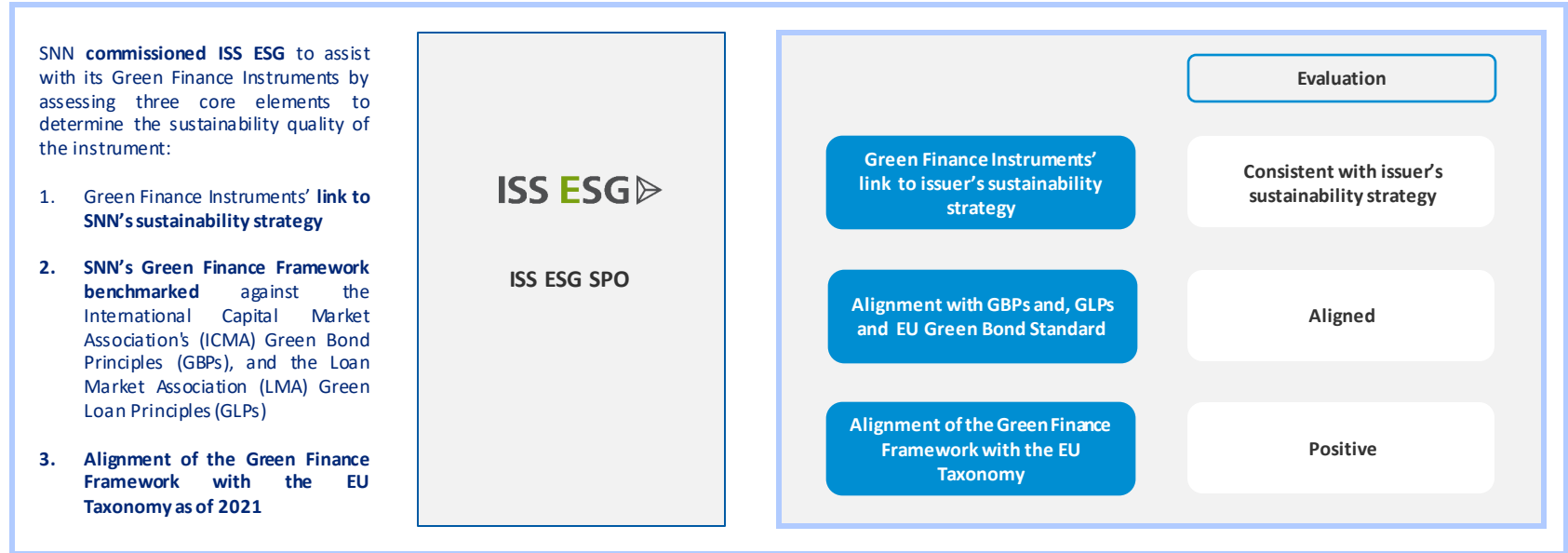
Reporting – Impact (5/5) (from 2021)

Environmentally Sustainable Management Of Living Natural Resources And Land Use



External Review - Second Party Opinion (1/2)

ISS ESG SPO, 11 August 2021



External Review - Second Party Opinion (2/2)

Contribution to SDG assessment

GBP/GLP Category	SDG	
Green Residential Buildings	Significant contribution to SDG 13	Limited contribution to SDG 11
Green Commercial Buildings	Significant contribution to SDG 13	Limited contribution to SDG 11
Renewable Energy	Significant contribution to SDG 13	Significant contribution to SDG 7 (except for hydropower, limited contribution)
Clean Transportation	Significant contribution to SDG 13	Limited contribution to SDG 7
Aquaculture	No Net Impact to SDG 14	
Fisheries	No Net Impact to SDG 14	



EU Taxonomy Assessment: TSC, DNSH & MS

High level assessment  ISS ESG 

Eligible Green Asset Category	Green Buildings (Residential & Commercial)	Solar Power	Wind Power	Geothermal Power	Hydro Power	Transmission Systems	Land Vehicles	Maritime Vessels
Geography	Norway							
Eligibility Criteria	Top 15% - (via Building code / EPC) Renovation of existing buildings	Electricity generation from solar power	Electricity generation from wind power	Electricity generation from geothermal power	Electricity generation from hydro power	Development of new, or improvement of existing, transmissions systems	Low-carbon vehicles (zero-emission) and Infrastructure to support electric vehicles	Transport by maritime vessels
Alignment with the Technical Screening criteria of the EU Taxonomy Climate Delegated Act (June 2021)	TSC alignment = 90% <2021: 90% (9.011/9.974) ≥2021 ¹ : 10% (963/9.9974)	100% TSC alignment	100% TSC alignment	100% TSC alignment (only facilities with <100gCO ₂ e/KWh life cycle emissions)	100% TSC alignment (only facilities with <100gCO ₂ e/KWh life cycle emissions)	100% TSC alignment	100% TSC alignment	100% TSC alignment
Do No Significant Harm & Minimum Social Safeguards	SpareBank 1 SNN ensures that all eligible loans comply with official national and international environmental and social standards and local laws and regulations on a best effort basis. The terms and conditions that govern SNN's business lending require borrowers to comply with all applicable laws, regulations and practices and that they will comply with all authorisations, consents, approvals, waivers, resolutions, licences, permits, exemptions or registrations related to the project financed. The Eligible Green Loan Portfolio is required to align with SNN's related internal sustainability codes and policies, including the General guidelines for corporate social responsibility and sustainability and the Code of Conduct. SNN recognises the need to align frameworks, policies and practices to environmental, social and governance (ESG) principles, and this continues to be an ongoing focus							
<p><i>(June 2021) EU Taxonomy alignment assessment (in scope): 92% aligned (NOK 11.325m aligned out of NOK 12.288m total portfolio in scope)</i> <i>(June 2021) EU Taxonomy alignment assessment (in scope + out of scope): 71% aligned (NOK 11.325m aligned out of NOK 15.949m total portfolio)</i></p>								

¹ For calculating the Taxonomy alignment percentage, only eligible categories for which there are defined Technical Screening Criteria available were considered. Out of scope category is Environmentally Sustainable Management Of Living Natural Resources And Land Use.

² In accordance with the EU Taxonomy Climate Delegated Act, buildings built from 1 January 2021 onwards should meet the 'NZEB -10%' criterion. In Norway, NZEB definitions were announced on 31 January 2023. Currently, a practical method to select compliant NZEB -10% buildings is not available, where detailed scrutiny is needed to ensure a robust selection approach. Going forward, green buildings expert Multiconsult will investigate if a suitable selection approach is possible. If feasible, SpareBank 1 Nord-Norge expects to implement this new selection approach.

