

Sustainability and Samfunnsløftet 2022



Sustainability – both an opportunity and a risk

As a financial services group, SpareBank 1 Nord-Norge has a wide-ranging impact on the environment and society. The Group has both a direct and indirect impact on stakeholders, the climate and the natural environment. This brings with it a responsibility to preserve and strengthen the positive, and minimise the negative, impact.

The world faces major climate-related changes. In addition to the harm done to nature and society, there are possible repercussions for financial stability. This, in combination with climate policy both in Norway and the EU, and society's general movement towards low emissions, will affect the Group's ability to operate profitably in the future. Sustainability and ESG¹ risk are therefore part and parcel of both the Group's business strategy and risk strategy.

In 2022 SpareBank 1 Nord-Norge has had two focal areas as regards sustainability. One has been to integrate sustainability into established processes to an even greater degree. The other has been to explore future business potentials in this sphere. Sustainability was accordingly one of four strategic initiatives to be given priority by the Group management over the year. The upshot was the establishment of a double materiality analysis. The analysis gives an idea of how SpareBank 1 Nord-Norge on the one hand impacts the environment and the community and, on the other, of how sustainability entails risks and opportunities for the Group. The materiality analysis serves as a guide for this report and for the Group's assignment of priorities ahead.

¹ Environment, social and governance (ESG)

In 2022, SpareBank 1 Nord-Norge reached several milestones in its work with sustainability. Here are some of the key results:

NOK 15,9 billion

of the lending portfolio is classified as green

1 500

new summer jobs as part of the «1000 jobs» campaign

NOK 3,6 billion

in green bonds

202

suppliers risk assessed to ensure compliance with the Transparency Act

Sami

customer service established

42 %

of the group's managers are women.

SpareBank 1 Nord-Norge's approach to sustainability

Sustainability and climate risk are anchored in the Group's business strategy and risk strategy. Both are regularly reviewed by board of directors and the group management. The senior manager for this area is the Director of Communication, Society and Sustainability,

but all directors are responsible for integrating sustainability into their specialist units. This is enshrined in the Group's governance system, steering documents and core processes.

HOW SUSTAINABILITY IS ENSHRINED IN THE BUSINESS STRATEGY:

- "Sustainable" is one of four strategic principles in the Group's business strategy. This reflects the Group's intention to be sustainable in terms of the advice it provides and its choices, and to give particular consideration to our vulnerable Arctic areas.
- In the business strategy the Group management defines each year strategic initiatives of particular significance for the business. For 2022 "Sustainable business" was highlighted as one of the key strategic initiatives. This initiative has run throughout 2022 and will terminate in Q1 2023.
- The Group has set the following tactical goals for 2023:
 - To implement a green transition in practice (a result of Sustainable business)
 - To strengthen our position in maritime industries
 - To reduce our staffing vulnerabilities
 - To increase the number of active customers in the age range 20-50 yrs.

How to read the report:

The Sustainability Report has been developed in accordance with the Global Reporting Initiative (GRI) standards. This means that under each chapter, you will find the indicators that correspond to the information provided. These indicators may be one of GRI's own, or they may be developed specifically by SpareBank 1 Nord-Norge. A complete overview of all the indicators can be found in the GRI Index at the end of this report.

We report climate risks in accordance with the Task-Force for Climate Related Financial Disclosures (TCFD) framework. This can be read in full from pages 182-190 of this report.

You will also come across many abbreviations in the text. Here is a brief description of what you will encounter:

ESG: Environmental, social, and governance - this is an overarching term that encompasses the considerations we make in a sustainability perspective.

UNEP FI: Taskforce on Nature-Related Financial Disclosures - this is an initiative we have signed up for in order to develop our sustainability work in line with the UN's goals.

PCAF: The Partnership for Carbon Accounting Financials - this is a method for calculating the financed emissions of our loans.

Materiality analysis: This analysis shows the most important sustainability themes for the company, both because the company can have a positive or negative impact on the environment and society, and because sustainability is an area that can have a financial impact on the company.

Net-zero: This is a goal of achieving zero emissions of greenhouse gases, either by stopping all emissions or by offsetting remaining emissions in various ways.

HOW THE SUSTAINABILITY EFFORT IS EMBODIED IN THE GROUP'S STEERING DOCUMENTS:



Policy on sustainability and social responsibility: The Group's policy on sustainability and corporate social responsibility guides the Group's work on its own governance, responsible financing, investment and governance of co-owned entities, social responsibility, as well as reporting in this area. The policy is operationalised through a series of guidelines in key areas. An update is planned in the first half of 2023.

Ethical guidelines: The Group's ethical guidelines apply to the Group and all its employees, and defines the Group's values.

ESG team: An interdisciplinary team presided over by the head of Treasury. The team meets once each quarter, its main task being to qualify green assets in keeping with the green product and financing framework.

Structure and reporting: The sustainability effort is built up with a basis in initiatives and principles such as UNEP FI (United Nations Environment Programme Finance Initiative) and the Global Compact's ten principles for responsible business. Climate risk is reported on under the reporting framework developed by the Task Force for Climate-Related Financial Disclosures (TCFD). The present sustainability report is structured in line with the principles of the Global Reporting Initiative (GRI). The report is drawn up in accordance with the GRI 2021 standard.



UNEP FI: SpareBank 1 Nord-Norge has signed the UN principles for responsible banking, UNEP FI




KVINNER I FINANS CHARTER: SpareBank 1 Nord-Norge has signed this initiative as a funding partner



GLOBAL COMPACT: SpareBank 1 Nord-Norge has signed the UN initiative Global Compact, the world's largest initiative for social responsibility in business and industry.

Goal attainment in 2022

SpareBank 1 Nord-Norge's ambition is for the Group to foster target attainment on all UN sustainable development goals. This is to be achieved both through the Group's business activities, and through applications granted by 'Samfunnsløftet'. The status of goal attainment can be found in Samfunnsløftet's report. The Group has selected three sustainability goals to which particular efforts are directed:

 <p>"Take urgent action to combat climate change and its impacts"</p> <p>TARGET 13.2</p>	 <p>"Conserve and sustainably use oceans and marine resources in a way that promotes sustainable development"</p> <p>TARGETS 14.1 AND 14.3</p>	 <p>"Promote lasting, inclusive and sustainable economic growth, full employment and decent work for all"</p> <p>TARGET 8.6</p>
<p>Some results:</p> <ul style="list-style-type: none"> NOK 14,533m of the Group's loan portfolio is classified as green (in the categories of homes, commercial property, renewable energy and transport) The Group has reduced emissions from its own operations (scope 1) by 67 per cent since 2016 	<p>Results:</p> <ul style="list-style-type: none"> NOK 3,661m of the Group's lending to fishery and aquaculture is classified as green The Group has given increased focus to maritime industries with the aim of strengthening its position in those industries Increased in-house fishery taxonomy competency to prepare employees and customers for changes ahead. 	<p>Results:</p> <ul style="list-style-type: none"> Knowledge Bank (kbnn.no) is working to obtain updated insights into various conditions in North Norway. Kbnn.no can point to the following statistics: <ul style="list-style-type: none"> 41,473 users 96,518 page views The podcast Nord-Norge i verden ('North Norway in the World') has in 2022 published 47 podcasts and had about 6,000 listeners each month 1,500 new summer jobs were announced and filled through the campaign "1000 jobber" ('1000 jobs')



ECO-LIGHTHOUSE: SpareBank 1 Nord-Norge is certified under the Eco-Lighthouse scheme under the head office model, including all finance centres.



CLIMATE PARTNER: SpareBank 1 Nord-Norge is a member of Climate Partner Nordland, Troms and Finnmark.



PCAF: Joined PCAF – the Partnership for Carbon Accounting Financials as from 2022

In 2022 the Group set new sustainability goals and ambitions in the work done under the strategic initiative Sustainable Business. New ambition:

As the largest¹ financial actor in North Norway, SpareBank 1 Nord-Norge aspires to be a driver for a sustainable future in the North.

This includes the following ambition goals:



To be an attractive and inclusive region

Aiming to contribute to a positive migration flow by 2030



Green transition of North Norway

Aiming for net zero in the loan portfolio by 2040



The ocean in Arctic regions

with the aim that 70 per cent of the maritime industry portfolio should qualify for green financing by 2030²

The sustainability ambitions and the tactical goal of contributing to the green transition are operationalised through a plan of measures. All entities in the Group have set their own goals to contribute to attaining the Group's sustainability ambition. The status of goal

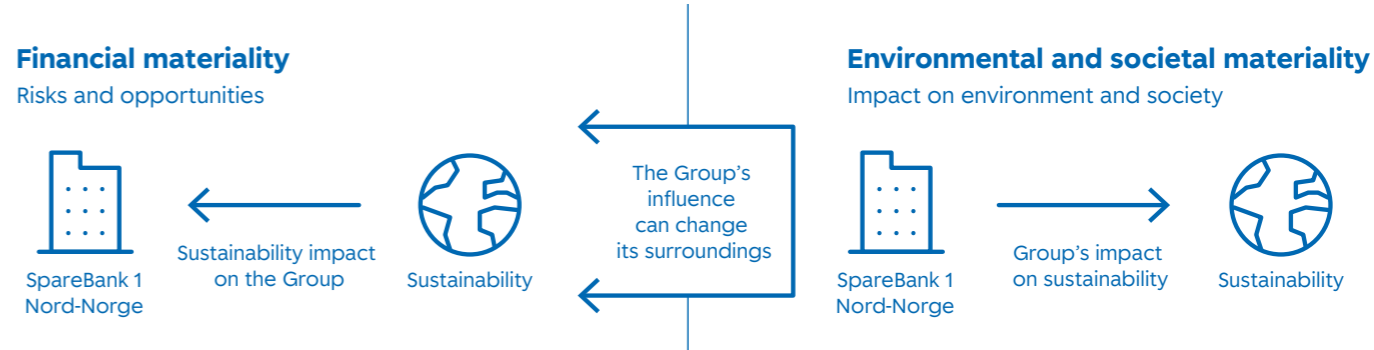
attainment and any measures taken is reported and followed up on an ongoing basis through the Group's corporate governance tool. The Group will report on goal attainment in its annual report for 2023.

Materiality analysis – new version in 2022

SpareBank 1 Nord-Norge's work on sustainability is based on a materiality analysis performed in 2022. Performing such an analysis has become an industry standard, and reporting based on such analysis is expected to become a statutory requirement for the largest companies. This is in line with a new EU directive on corporate sustainability reporting, CSRD, which is to be introduced in 2024³. The materiality analysis aims to help businesses to identify sustainability themes that are of particular interest, and makes it easier for stakeholders to compare information between companies. The principle of materiality is at centre stage here, i.e. that an element can be assigned higher priority than other elements in the work done on sustainability.

SpareBank 1 Nord-Norge established its first materiality analysis in 2019, and updated it in the course of 2022 under the double materiality concept. This was done in order to renew and deepen the existing basis on which sustainability builds, and to take account of new risks and opportunities arising both from climate change and society's increased focus on sustainability. The analysis puts the Group in a better position to concentrate its effort on areas where it has the greatest impact power, and to assess to a larger degree the financial consequences this may have for the Group, its customers and business and industry in North Norway. As the largest financial services group in the region, its power to exert influence is also substantial. Many sustainability themes will thus be of material significance for the Group from a financial as well as an environmental and societal perspective.

¹ The Group is the largest financial group registered in North Norway in terms of number of employees (973) and number of local offices (15)
² in accordance with the Group's green framework
³ CSRD - Corporate Sustainability Reporting Directive.



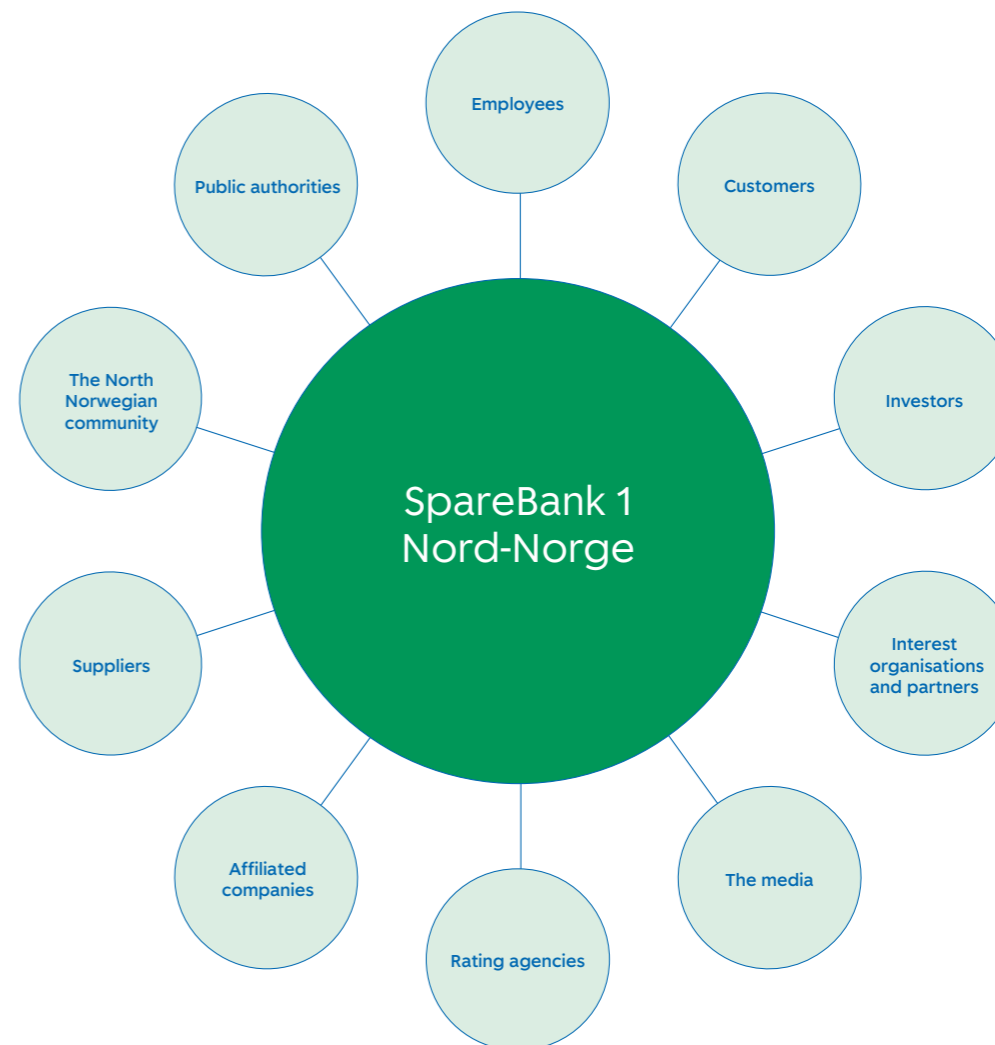
The figure illustrates the “double materiality” principle as described in the NFRD, the directive on non-financial reporting.

The materiality analysis was developed with a basis in a stakeholder analysis along with extensive interviews with customers, employees and managements. It is supplemented with other analyses such

as an impact analysis, competitor analysis, expectations barometer and megatrends for the financial industry. The analyses were carried out with the help of expertise from EY Norway.

THE GROUP'S MOST IMPORTANT STAKEHOLDERS

Updating of the materiality analysis in 2022 took into account a number of analyses and insights obtained from the Group's stakeholders, along with in-depth interviews with customers, managements and staff. The community is also a key stakeholder for a savings bank, and an extensive dialogue is conducted with various stakeholders through the year. The stakeholder analysis can be read in extenso in an appendix to the annual report. The most central stakeholders with a bearing on the Group's work on sustainability are listed in the figure below.



IMPACT ANALYSIS

As a supplement to the materiality analysis, an impact analysis has been performed with a basis in the Principles for Responsible Banking tool (Portfolio Analysis Tool for Banks). This indicates where the Group could have its greatest impact on society through financing. In addition, the bank has made its own assessments based on an analysis of emissions from the loan portfolio which gives an idea of carbon exposures in segments financed by the Group. The impact analysis points to the following areas where the Group has a particularly positive or negative impact.

FACTS:

Areas with a particularly negative impact:

1. Climate
2. Resource efficiency
3. Inclusive and sustainable economy

Areas with a particularly positive impact:

1. Employees
2. Inclusive and sustainable economy
3. Climate

The negative impact derives from the fact that through its lending the Group finances activities which for example entail emissions and thus have a negative impact on the climate. The positive impact derives from the fact that the Group's business has an opportunity to set requirements and contribute to a positive trend for example for employees. Thus the climate area can have both a positive and negative impact. Fuller information about the analysis can be found at UNEP FI Impact Analyses.

MATERIALLY SIGNIFICANT SUSTAINABILITY THEMES

Since SpareBank 1 Nord-Norge performed its first materiality analysis in 2019, the sustainability field has developed apace. The themes featuring in this materiality analysis were prioritised with a basis in stakeholder analyses and input from the Group in the form of surveys and workshops with key personnel. While some areas retain their importance in 2022, new materially significant themes have also come to the fore.

New materialities:

- ESG technology
- Demographic risk
- Collaboration and networks
- Knowledge of climate change in Arctic regions
- Work environment
- Carbon footprint in operations and financing
- Social products and services
- Risk management

Materialities that are reformulated:

- "Personal data protection and information security" reformulated to "Cybersecurity and personal data protection"
- "Climate risk" reformulated to "Climate and natural risk"
- "Ethics and anti-corruption" reformulated to "Anti-money laundering"
- "Contributing to local communities" and "Local

business development" reformulated to "Local-level value creation"

- "Green products and innovation" reformulated to "Contributing to green transition"
- "Banking" and "Responsible financing" reformulated to "Ethical banking operations"
- "Employee development" reformulated to "Competence in sustainable transition"
- "Supplier chain follow-up" reformulated to "Accountability and openness in value- and supplier chains"

Materialities that are removed:

- Negative screening and exclusion
- Requirements on financial providers
- Marketing of products and services

The Group categorises some materialities as hygiene factors, i.e. factors from which a financial Group cannot abstain. They include ethical banking operations, risk management, cybersecurity and personal data protection. These areas may entail substantial financial consequences if they are not complied with.

Some areas require further development both internally and externally, being areas in which the Group wishes to take a clearer position. Among them is the green transition of North Norway. This is a matter of factual climate changes facing the world, and of the transition risk bearing on business and industry in the shift to a low

emissions society. The consequence of failing to take necessary steps and of not contributing to the region's transition could potentially hit both the Group and its customers in the future. For that reason, knowledge of climate change in the Arctic and competence in sustainable transition are included as new material themes that will receive attention in the period ahead.

Another theme to have received new focus in this materiality analysis is the demographic risk to which the Group is exposed in a region whose population is steadily diminishing and ageing. This will affect the Group in both the short and long term.

A further description of how the materiality analysis is performed can be found in the sustainability library at www.snn.no. SpareBank 1 Nord-Norge plans to update the materiality analysis every two years.

An overview of the most materially significant themes is available here:

Environment and climate conditions (E – environment)

1. Green transition of North Norway	168
2. Competence in sustainable transition	171
3. Climate risk and natural risk(TCFD)	172
4. Carbon footprint in operations and financing	181
5. ESG technology	184
6. Knowledge of climate change in Arctic regions	185

Society and social conditions (S – Social)

7. Demographic risk	186
8. Collaboration and networks	187
9. Social products and services	188
10. Local value creation	189
11. Work environment	190

Governance and business ethics (G – governance)

12. Anti-money laundering	191
13. Cybersecurity and personal data protection	192
14. Ethical banking	193
15. Accountability and transparency in value and supplier chains	194

Risk management¹

¹ Risk management is not mentioned in the Sustainability Report, but can be found on page 46 of the annual report.

1. Green transition of North Norway

Through the activities of SpareBank 1 Nord-Norge, the Group has a substantial impact on the climate and environment in North Norway – both by way of the objects and activities financed, and by way of its own operations. This impact may be negative when it finances high-emission activities, or positive in the opposite case. In order to reduce the negative impact and increase the positive impact, *contributing to the green transition* is set as an important priority for the Group.

Surveys conducted, for example through SpareBank 1 Nord-Norge's Expectations Barometer¹ show that getting the transition up to speed is a matter of urgency for the business sector. Business and industry have an insufficient understanding of how climate risk will impact them, and this represents a risk both for this sector and for SpareBank 1 Nord-Norge in the period ahead. Moreover, the EU taxonomy becomes effective in Norway as from 1 January 2023 with the purpose of turning capital in a greener direction. North Norwegian industry needs to master the green transition if it is to have access to capital on competitive terms ahead. That is why the green transition has been lifted up as a key focus at SpareBank 1 Nord-Norge, and efforts in this sphere are being stepped up in 2023. SpareBank 1 Nord-Norge has a number of tools available to that end.

Requirement for sustainability in the credit process

Responsible financing along with the integration of ESG assessments throughout the financing process are the chief tool available to the Group for inducing people and businesses to embrace the green transition. This includes areas in which the Group is exposed to climate risk and other ESG risks such as breaches of worker and human rights, economic crime and weak corporate governance. Assessing ESG-related issues is accordingly an integral aspect of the customer dialogue and the financing process. A policy specifically addressing sustainable financing describes this more closely.

An important priority in 2022 was to develop a new ESG model for the corporate market to support our advisers in their dialogue with customers, and to assemble the data needed to assess risk and compile reports in this area. As from 2023 the new module replaces the previous ESG screening tool used by the Group.

A further important priority was to improve data quality in the ESG field as regards the housing and property stock. In its 2022 report on financial stability, Norges Bank (Norway's central bank) shows that only 22 per cent of Norwegian commercial properties have a registered energy certificate. Analyses conducted by SpareBank 1 Nord-Norge of its own portfolio show that the situation as regards private dwellings is no better. This is despite the fact that the Energy Labelling Regulations of 2010 require possession of an energy certificate both upon completion of new dwellings and when dwellings are sold.

The absence of energy ratings for Norwegian buildings is a challenge that slows the green transition of the property stock inasmuch as energy enhancement of buildings has to be documented correctly. Moreover, it represents a direct risk for the customer who is left with erroneous, or no, information about their property which may in turn have a bearing on letting and sale potentials, and for the bank which lacks a correct overview of energy ratings in its own portfolios. Energy certificates are also a necessity for banks' creation of green products, and for reporting on the EU taxonomy. In 2022 SpareBank 1 Nord-Norge gave this issue prominence in its dialogue with stakeholders such as Finance Norway, the State Housing Bank, the Energy Regulatory Authority (NEV), ENOVA, Huseierne, NEAK and Norsk Takst. The aim is to ensure that the Energy Labelling Regulations are complied with throughout the industry. This effort was assigned much priority in the year behind us, and prompted measures to develop energy consulting skills in the property valuation industry. The matter will be taken further in 2023. SpareBank 1 Nord-Norge's risk strategy has a KPI with the specific aim of increasing the number of buildings with an approved energy certificate in SpareBank 1 Nord-Norge's portfolios.

Status:

- 12 per cent of all corporate customers were ESG screened over the year. This figure is expected rise steeply in 2023 due to the introduction of a new ESG screening system
- SpareBank 1 Nord-Norge is making an active effort to expand the percentage of ESG-screened customers in its portfolio. Measurement is by means of a KPI in the risk strategy and credit policy.

¹ <https://www.norges-bank.no/aktuelt/nyheter-og-hendelser/Publikasjoner/Finansiell-stabilitet--rapport/2022-finansiell-stabilitet/innhold/>

STATUS FOR GREEN FUNDING AND LENDING IN 2022		
Green loans under green frameworks (NOKm)	31.12.2022	31.12.2021
Green dwellings	6 786	6 438
Green commercial buildings	3 188	1 071
Renewable energy	1 325	1 300
Clean transport	936	300
Sustainable natural resource management and land use	3 654	3 707
Total	15 890	
Green dwellings at SpareBank 1 Boligkreditt	6 302	6 211
Green funding under green frameworks (NOKm)	31.12.2022	PER CENT
Own issued debt, e.g. subordinated debt and hybrid capital	20 411	17,85 %
Own issued green funding	3 644	
Share of covered bond financing at SpareBank 1 Boligkreditt	39 449	11,96 %
Share of green covered bond financing at SpareBank 1 Boligkreditt	4 719	

Green funding and green lending

SpareBank 1 Nord-Norge has for several years aspired to contribute to a greener securities market both nationally and internationally. The Group believes that green financial instruments are an effective tool for channelling investments to projects that have a demonstrably positive climate impact and thereby promote the attainment of the UN sustainable development goals. In 2020 the bank established a green product framework, supplemented in 2021 with a framework for green financing. In 2022 these frameworks were employed to build a green portfolio and to expand green financing (see table below). The Group is working proactively to approve and finance the bank's documented green balance sheet. An update of the green frameworks is planned on 2023 with the aim of including taxonomy criteria for those segments where technical criteria have been developed.

Labelling of savings products

SpareBank 1 Nord-Norge wishes to make it easier for customers to opt for savings products with a profile of their own preference, both as regards return but also other factors that are relevant to society and the customer. Guidelines for responsible distribution of mutual funds define what is expected, encouraged and required of managers of mutual funds that SpareBank 1 distributes. Should a manager breach the requirements and, after dialogue, fails to amend their practice, distribution of the mutual fund concerned will be halted. The funds are sustainability labelled based on annual screening of their work with respect to the environment and society.

Description of the method

The funds are labelled from A to F with a basis in a questionnaire which fund managers are required to complete each year, and which determines the point score assigned to the particular fund. A fund can achieve a total of five points on the following three criteria: negative screening, positive screening, active ownership. The funds then receive a grade based on the number of points gained. Random checks are carried out to ensure that the labelling is correct. Funds labelled A, B or C meet SpareBank 1 Nord-Norge's minimum requirements in terms of sustainability and are among those recommended to customers.

Scoring of the funds is updated annually. The table below shows the distribution of grades.

ESG-SCORE	2021	2022	NEW FUNDS 2022
A	8	9	2
B	163	171	7
C	15	17	2
D	2	4	
E	2	0	
F	1	1	
Total	191	202	

Improved score 5
 Poorer score 4
 Identical score 182

The great majority of funds receive grade B. To obtain grade A, funds must meet all expectations, and be classified as Article 9 under the Sustainable Finance Disclosure Regulation (SFDR). These are funds whose purpose is sustainability.

Taxonomy-related information

The EU taxonomy is the foundation of the EU's climate policy through the Green Deal. The SFDR and the Taxonomy Regulation entered into force on 1 January 2023, and set requirements as to what can be considered sustainable investments and economic activities. The Ministry of Finance urges Norwegian enterprises that will be covered by the new reporting requirements to include taxonomy-related information in their annual reports on a voluntary basis. SpareBank 1 Nord-Norge has opted to use the reporting template developed by Finance Norway for taxonomy-related information. Reporting on the taxonomy for 2022 is voluntary.

The taxonomy in brief

The EU taxonomy is a framework for defining which activities are sustainable in terms of the EU's defined environmental objectives. The intention is to increase market transparency and help move capital in a more sustainable direction. So far nine sectors are embraced by the taxonomy, and a criterion has been developed for the first two of a total of six of the EU environmental goals: reducing and preventing greenhouse gas emissions and climate change adaptation.

The reporting obligation is to be phased in over several stages:

In the first stage, the obligation is to report the share of a financial entity's activities that falls within the scope of the taxonomy, i.e. is taxonomy eligible. In the next stage the obligation is to report the share of the financial entity's activities that are in line with the taxonomy, i.e. is taxonomy aligned.

Where the financial industry is concerned, taxonomy-related information is expected to include publication of the Green Asset Ratio.

The reporting obligation under the Taxonomy Regulation applies in the first instance to listed companies and all banks and insurance companies having more than 500 employees and considered to be large undertakings under the EU accounting directive.

The criteria for large undertakings are defined as

- companies with a balance sheet total of >NOK 420 million (EUR 40 million), or
- companies with a turnover of >NOK 210 million (EUR 20 million)

In the EU, amendments have been adopted to the Accounting Directive that will widen the scope of the reporting obligation under the Taxonomy Regulation to include additional undertakings. These amendments enter into force as from the 2024 annual report, when the NFRD is replaced by the CSRD.

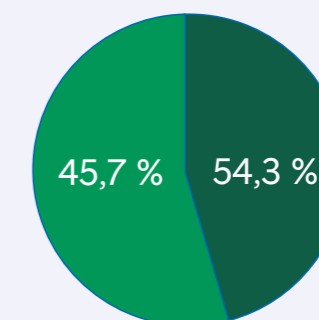
Share of the portfolio embraced by the taxonomy

SpareBank 1 Nord-Norge will publish the share of its activities that are covered by the taxonomy with a basis in prudential consolidation in accordance with Regulation (EU) No 575/2013 (2), Chapter 2. As at 31 December 2022 the Group's exposure to economic activity embraced by the taxonomy totals NOK 89.1 billion (54.3%). This exposure comprises exposure to households secured by real property, electric cars, along with covered bonds which are ESG labelled under the green product framework.

Assets	SHARE OF TOTAL ASSETS IN %	EXPOSURE IN NOK MILLION
Exposure to economic activity embraced by the taxonomy's environmental goals 1 and 2 (1)	52,1 %	89 146
Exposure to economic activity not embraced by the taxonomy (2)	6,6 %	11 309
Exposure to states, central banks, and supranational entities	2,7 %	4 676
Derivatives	1,2 %	2 094
Exposure to undertakings not embraced by NFRD (3)	37,3 %	63 740
All assets (A)	100 %	170 966
Of which, exposure to economic activity embraced by the taxonomy's environmental goals 1 and 2		
Mortgages to households (secured by real property)	53,6 %	88 051
Loans to electric cars	0,4 %	652
Covered bonds	0,3 %	443
All assets embraced by the taxonomy regulation (included in numerator) B	54,3 %	89 146
Assets excluded from the GAR scope		
	2,7 %	4 676
Exposure to states, central banks, and supranational entities	1,2 %	2 094
Derivatives	4,0 %	6 770
All assets excluded from GAR scope (C)	96,0 %	164 195
All assets forming part of the denominator (A-C)		

- 1) Exposure to economic activity embraced by the taxonomy (taxonomy eligible): Covers exposures to undertakings under the scope of application of the Non-Financial Reporting Directive (NFRD) which are covered by the technical criteria in environmental goal 1 and 2, along with households
- 2) Embraces exposures to economic activity not covered by the scope of application of the Non-Financial Reporting Directive (NFRD)
- 3) Embraces exposures to undertakings not covered by the scope of application of the Non-Financial Reporting Directive (NFRD).

Assets' taxonomy eligibility



- Exposure to economic activity embraced by the taxonomy, i.e. taxonomy eligible
- Exposure to economic activity not embraced by the taxonomy, i.e. non-eligible

2. Competence in green transition

Sustainability competencies among employees, and in the wider North Norwegian community, are a matter which the Group has the opportunity to influence in a positive direction. The wrong competency, or absence of competency, might well lead to errors in judging climate risk in investment and financing decisions and may have negative consequences. Success in achieving the Group's sustainability goals and ambitions also requires employees to possess competencies in sustainability and green transition and to make an active effort to acquire new competencies in that area. All new employees in the Group receive instruction in sustainability as part of their induction programme. Further, a digital course developed by Digital Norway was distributed to all employees in 2022. The course is specifically tailored to maritime industries, the real estate business along with a general course suitable for all sectors. Work on a competency plan in sustaina-

bility is required under HR sustainability guidelines and will be further developed in 2023.

An important source of competence in sustainability is the Knowledge Bank for North Norway (kbnn.no). In dialogue with knowledge providers from the entire country, articles and podcasts are published which support green competencies.

Status:

- Sustainable finance – a course for all new employees in the Group. Completion rate: 83%
- All employees in the Group have been offered instruction in sustainability from Digital Norway
- In-house instruction in the criterion proposed by the EU Platform on Sustainable Finance as regards fishery taxonomy

FACTS:

Responsible area in the Group:

- Credit
- Treasury
- Savings And Investment
- Sustainability
- Economy and Finance
- Risk Management
- HR

Measurement parameter:

SNN 1

Which steering documents and processes address ESG risk?

- Risk Strategy
- Business Strategy
- Policy on sustainability and corporate social responsibility
- Green Frameworks (GPF and GFF)
- Credit Policy
- Guidelines on sustainability at HR

Other links

UN sustainable development goal 13:3

3. Climate risk and natural risk (TCFD)

SpareBank 1 Nord-Norge is exposed to climate-related opportunities and risks through the conduct of its business. Climate risk is a part of the Group's overall risk management and capital management regime.

SpareBank 1 Nord-Norge reports on climate risk under the framework of the Task Force on Climate-Related Financial Disclosures (TCFD). Other areas of ESG risk, including corporate social responsibility risk and governance risk, feature in ESG risk reporting in the annual report, related notes and the Pillar 3 Report.

RISK MANAGEMENT

The business's processes for identifying, assessing and handling climate-related risk, and how these processes are integrated into the business's overall risk management regime

Like other risks to which the Group is exposed, climate risk is an integral part of the Group's overall risk management and internal control processes. Climate risk is accordingly an integral aspect of all elements of the Group's business, including central steering documents, processes and systems. Climate risk is identified, assessed, handled, monitored and reported in accordance with the Group's internal guidelines on risk management and internal control.

The business strategy and risk strategy constitute the normative steering documents in the Group's management system. The Group's business strategy determines the Group's business-strategy objectives, and the Group's risk strategy determines the risk appetite that the Group is willing to accept in order to achieve the business-strategy goals. The Group has established the following goals and risk appetite in relation to climate risk:

Business strategy:

- "Sustainable" is one of the four strategic principles of the Group's business strategy.
- "Sustainable business" is one of the three strategic initiatives for 2022/2023.
- "We shall carry through the green transition in practice" and "We shall strengthen our position in maritime industries" are two of the four tactical objectives for 2023.

Risk strategy: The Board of Directors has defined the Group's risk appetite in the ESG area as low to moderate. The risk appetite is operationalised through a number of quantitative targets related to climate risk, governance risk and corporate social responsibility risk. In the 2023 risk strategy, the ESG area is further developed with a particular focus on parameters related to climate risk. See the section entitled "Targets" below for a closer description.

The business-strategy goals and risk willingness as regards climate risk are operationalised in the following steering documents:

- **Sustainability ambitions:** see the description in the introductory text to the sustainability report.
- **Policy on sustainability and corporate social responsibility:** see the description in the introductory text to the sustainability report.
- **Ethical guidelines:** see the description in the introductory text to the sustainability report.
- **Granting of credit and portfolio management:** Lending constitutes the Group's core business, and the guidelines for the credit process and portfolio management are established in the steering documents for the Personal Banking and Corporate Banking divisions. The Group does not finance purposes or projects that involve a high risk of environmental damage, including production of fossil energy, and it exercises caution when it comes to financing dwellings with a weak energy rating. Moreover, industry-related requirements apply to climate risk assessments.
- **Liquidity management:** ESG considerations in financing are established in the liquidity management policy with a view to increasing the share of green financing. Further objectives and requirements on the area are operationalised through guidelines on social responsibility and sustainable liquidity management.

Climate risk is identified and assessed on various levels, and in connection with various risk management and internal control processes:

- **Double materiality analysis:** See the description of the materiality analysis in the sustainability report
- **EU taxonomy:** See the chapter on taxonomy in the sustainability report
- **Green product framework:** The green product framework enables the identification of green exposures that are already on the Group's balance sheet, and points to new exposures that may fulfil the requirements. Standardised products have been established that meet the requirements imposed on loans by the framework.
- **Green financial framework:** The framework for green financing enables the Group to avail itself of green assets.
- **ICAAP:** The annual overall assessment of the Group's risk exposure and capital need (Internal Capital Adequacy Assessment Process, ICAAP) takes into account climate risk. The Group's climate risk exposure is assessed through climate scenarios for various industries and locations, climate risk in significant industries in the loan portfolio, and in the Group's risk portfolio.

MANAGEMENT

The Board of Directors' knowledge of climate-related risks and opportunities

The Board of Directors is well acquainted with climate-related risks and opportunities through its activities, including strategic discussions, review and approval of steering documents, and reviews of various reports from the Administration. The most central steering documents adopted by the Board of Directors in which climate risk is explicitly assessed include the business strategy and risk strategy along with the policy on sustainability and corporate social responsibility. Moreover, the Board adopts policies in a number of risk areas, including credit risk and market risk in which ESG risk features. This is particularly true of the policy on granting of credit and the policy on liquidity risk in which explicit targets and requirements related to climate risk are established.

- **Risk strategy:** When establishing the Group's risk appetite, set out in the risk strategy, analyses and assessments are made of all material risks, including climate risk. The analyses largely employ a short time horizon.
- **Risk assessments:** Under the Group's risk assessment framework, all material decisions, including strategic decisions, investment decisions, product development etc., are to be risk assessed to ensure that all relevant risks are identified, assessed and managed. Risk areas to be assessed include both initiative-independent and initiative-dependent areas. ESG risk, including explicit assessment of climate risk, are part of the mandatory initiative-independent assessment.
- **Ongoing monitoring and reporting:** Reports are made to the Board of Directors and the Management on an ongoing basis in which the Group's risk exposure and management of climate risk are explicitly assessed. See the section on "Management" below for a closer description of the content of the various reports.

The Board of Directors receives regular reports, in addition to ad hoc reports, which include assessments of the Group's climate risk exposure. Through these reports the Board is kept informed on climate-related issues. The reports are central tools in the Board of Directors' monitoring and follow-up of the area.

The most central reports include:

- **Risk report (quarterly):** The Group's risk exposure in the ESG area is reported as an area in its own right in the risk report. Regulatory changes, the status of internal work and external collaboration, along with the risk exposure position in relation to the adopted risk willingness, including climate-related targets, form part of the ESG reporting. Also included is the status of goal attainment and compliance with the Group's policy on sustainability and corporate social responsibility, including the Group's goals for the in-house climate and environment effort.
- **Compliance report (quarterly):** Compliance risk in terms of ESG risk is reported as an area in its own right in the risk report. In 2022 climate risk is not specifically assessed, but the ESG area is assessed on an overall basis. Climate risk is covered through consideration of the EU Taxonomy Regulation and the Sustainable Finance Disclosure Regulation (SFDR).
- **Internal audit report (tertiary):** The internal audit function's report to the Board of Directors includes findings and recommendations from completed internal audit projects. In the fourth quarter of 2022 an internal audit of the management and control of ESG risk was carried out. Climate risk was specifically assessed in relation to financial risk, including the credit process, liquidity and financing. The report is to be considered by the Board of Directors early in 2023.
- **ICAAP (annual):** The annual assessment of overall capital need takes account of ESG risk. The Group's risk exposure is assessed by way of climate scenarios for various industries and locations, climate risk in significant industries in the loan portfolio, and in the Group's collateral portfolio.
- **Emerging risks (ad hoc reporting):** In the second quarter of 2022 the Board of Directors received a report on the Administration's management and control of emerging risks, including ESG risk. Climate risk is included in the account of work done on steering documents and special projects.

ESG module (ad hoc reporting): In the fourth quarter of 2022 the Board of Directors received a briefing on the new ESG module for identification and assessment of ESG risk in the granting of credit to corporate customers. The module contains both general and industry-specific questions related to ESG risk, with special emphasis on climate risk and natural risk.

The Board of Directors considers climate-related issues when granting major credit exposures to corporate customers. The Board considers such issues in relation to the individual loan application since ESG risk assessments, including assessments of climate risk, are a requirement in all credit cases. Further, the Board reviews climate-related issues in connection with significant decisions on outsourcing, investment, acquisitions, disinvestment etc., through risk assessment of the decision concerned in accordance with the Group's risk assessment framework.

The management's role in the assessment and management of climate-related risk and opportunities

At SpareBank 1 Nord-Norge management and control of all risks, including climate risk, is organised in accordance with the three-line model comprising three lines of defence.

First line of defence: The business lines constitute the first line of defence. Group managers in the first line of defence are responsible for identifying, managing and reporting on climate risk related to their own business line. The overarching responsibility for the ESG area as a whole rests with the executive director of Communication, Society and Sustainability.

Second line of defence: The Risk Management Department and Compliance make up the second line of defence. The executive director of Credit and Risk Management and the head of Compliance are responsible for the work on climate risk in the second line of defence.

This entails responsibility for:

- Ensuring that the management and control of climate risk is established in conformance with the risk willingness adopted by the Board of Directors.
- Ensuring that compliance with internal guidelines and external requirements, and with expectations related to climate risk, are in keeping with the risk willingness adopted by the Board of Directors.
- Periodical reporting to the Group Management and the Board of Directors on the Group's exposure to climate risk.

Third line of defence: The Group's internal auditor constitutes the third line of defence, and reports directly to the Board of Directors. The Board of Directors establishes annual audit plans, and the ESG area was audited by the internal auditor in 2022.

For further details of the three-line model and the Group's operationalisation of the model, see the Group's Pillar 3 report.

Further, the Group has established an ESG team, a management forum for risk and capital management and an innovation portfolio board where climate-risk-related issues are considered:

- **ESG team:** Assists the Group's sustainability work, including climate risk, to ensure progress and compliance with the Group's sustainability objectives. Further, the ESG team is responsible for approving objects/exposures that are likely to qualify under the green product framework.
- **Management Forum for Risk and Capital Management (MFRM):** Attends to overall follow-up of the Group's balance sheet management, risk profile, financing, liquidity and financial position and oversees the Group's compliance with regulatory requirements. The MFRM deals inter alia with the ICAAP, risk strategy and risk reporting where climate risk is explicitly assessed. The MFRM comprises the executive director of Credit and Risk Management, the executive director of Economy and Finance, the executive director of Corporate Banking, the executive director of Personal Banking and managers from relevant specialist areas.
- **Innovation Portfolio Board:** The Group has established a framework for managing new ideas, both minor initiatives and major innovative business ideas. Climate risk is reviewed in the case of initiatives where this is relevant. In 2022 the initiatives «Green corporate loan», «Sustainability advice», «Green financing of homes», and «Green financing for the personal market» were reviewed with a particular focus on climate-related risks and opportunities. The executive director of Innovation and Business Development, the executive director of Credit and Risk Management, along with the executive director of Economy and Finance and the executive directors of Personal Banking and Corporate Banking are regularly attending representatives on the Innovation Portfolio Board. Other directors participate in matters involving their specific areas of responsibility.

The Group Management as a whole is familiar with climate-related risks and opportunities through its strategic discussions, its approval of objectives and ambitions, preparation of steering documents, and its reviews of various reports etc.

In 2022 this applies in particular to:

- **Sustainable business:** In the first quarter of 2022 the Group Management resolved to implement the strategic initiative "Sustainable business" with the aim of developing a sustainable business model which simultaneously considers the business potential offered by the focus on sustainability. In conjunction with this initiative the Group Management received ongoing reports on progress made. The final report will be delivered after the first quarter of 2023. For a closer description, see the description in the introduction to this sustainability report.
- **Sustainability ambition:** In light of the findings and recommendations emanating from the strategic initiative «Sustainable business», the Group Management adopted in the third quarter of 2022 a new sustainability ambition with three appurtenant focal areas. For a closer description of the Group's sustainability ambition, see the introduction to this sustainability report.
- **Tactical goals 2023:** The Group implements an annual goal and planning process in order to establish tactical goals for the coming year and a plan for goal attainment. The Group Management adopted four new tactical goals for 2023. The climate goals in the Group's updated sustainability ambition are operationalised in each executive director's area of responsibility through concrete interim goals, status of goal attainment and ongoing reporting to the Group Management in the Group's governance system. See the section «Targets» for further details.

STRATEGY

Climate-related risks and opportunities the Group has identified in the short, medium and long term

The Group regards ESG risk as a risk area in its own right, but recognises that various aspects of ESG, particularly climate risk and natural risk, are also risk drivers for other risk areas. Both risks and opportunities are therefore linked in the short, medium and long term to lending, funding and capital market placements etc. This has a bearing on:

- Which segments the Group is to finance or not.
- Which objects the Group is to finance or not.
- Which products the Group is to offer or not.
- Which markets and type of securities the Group is to be exposed to or not.

Climate-related risks and opportunities in materially significant areas of the Group's business are presented in the following.

LOAN PORTFOLIO

Lending to personal and corporate customers, secured by collateral, is the core business of the Group. The Group's assets can be exposed to loss of value as a result of ESG risk, inflicting financial and non-financial loss. This is particularly true of physical risk due to climate change in the region along with transition risk resulting from the transition to a zero emissions society.

The Group does not finance businesses or purposes posing a high risk of serious environmental damage. This applies to individuals and corporates alike.

Emissions-intensive industries

This year, for the first time, the Group is reporting on financed emissions using the PCAF's methodology (see page x in the sustainability report). The largest emissions in the portfolio are from the following industries: agriculture and forestry, transport and fishery and aquaculture. Industries with the highest carbon intensity are agriculture and forestry and transport. The Group does not provide finance to fossil energy production and therefore has no exposure to that industry. The analysis will be utilised in the effort to cut financed emissions in line with the Group's sustainability ambition. The Group's overall exposure to emissions-intensive industries, which are particularly exposed to transition risk, is limited.

Residential and commercial property

Residential mortgages and loans to the segment *sale and operation of real property* account for the largest share of the Group's loan portfolio. Where climate-related risk assessments are concerned, loans secured by real property are of particular relevance for the Group. The most central climate-risk drivers related to real property on a medium- and long-term time horizon are considered to be:

- A building's standard, including age, technical standard, energy rating, heating efficiency and environmental certification.
- Geographical location, including in areas particularly vulnerable to rising sea level, flooding and land subsidence.
- Changing preferences among buyers and tenants.

The Group's risk assessments indicate that overall ESG risk in the residential mortgage portfolio is low, including low physical risk and low-to-moderate transition risk, both in a short and medium-term perspective. In the commercial property portfolio, the overall ESG risk in a short and medium-term perspective is considered to be low, including low physical risk and low-to-moderate transition risk.

Good assessments of the Group's risk exposure in a long-term perspective are however challenged by data-access and data-quality issues, and by uncertainty as regards predicting outcomes in the longer term. North Norway is characterised by hilly terrain and coastal communities, and is therefore particularly exposed to rising sea levels and storm surges. Predictions of sea level rise and storm surges towards 2090, undertaken by a number of public entities, show that the likelihood of storm surges is very low in municipalities where the Group has its largest loan exposures. However, some of the areas where the Group has somewhat larger exposures are exposed to sea level rises. This may indicate that the consequences of climate change are of greater significance in a long-term perspective. The Group is working on further analyses of these matters.

The Group has identified an opportunity to contribute to the green transition, while simultaneously reducing climate risk in its own residential mortgage portfolio, by offering «green products» to personal customers. The products «Green mortgage» (homes with energy rating A or B) and «Green environmental loan» are important tools for reducing climate risk in the mortgage portfolio, which along with better pricing will incentivise customers to opt for environment-friendly solutions. The Group exercises caution when it comes to financing dwellings with a low energy rating.

In the commercial property segment the Group has established a «Green corporate loan» which entails better pricing for financing of commercial property that meets specific criteria regarding energy rating, environmental certification and construction year.

Maritime industries

The maritime industries are the second largest industry category in the Group's corporate market portfolio. The maritime industries are central to the region in terms of employment, value creation and exports. The Group has identified a number of physical risks with various consequences for the respective links in the value chain. Changing weather conditions and eco-systems, changing fish health as a result of higher sea temperatures, and potential reduction of areas for wild catch fishing due to new industries such as offshore wind and offshore aquaculture, are considered to be material risks. Further, a potential has been identified in terms of circular economy, in particular with a view to reducing natural risk in the production of fish food. The maritime industries have a substantial need for investment in the period ahead, and the Group has identified an opportunity to provide finance and competencies as important tools for contributing to the transition to more climate-friendly operations.

Electric passenger cars

Norway's goal is that all new passenger cars should be zero-emission vehicles from 2025 onwards, as enshrined in the National Transport Plan (NTP). The Group has identified an opportunity to promote this development through financing passenger cars, and its goal is that the share of financed electric cars should at minimum match Norwegian authorities' planned development in the area. An additional benefit is the expectedly reduced risk of stranded assets through reduction of the share of passenger cars running on fossil fuel.

SECURITIES FUNDS

Climate risk in customers' mutual fund portfolios is regarded as relatively low both in the short and medium term. In the longer term, climate risk is expected to diminish since the Group will increasingly recommend funds carrying low to minimal risk.

The sustainability grade on all funds offered by the Group was updated in autumn 2022. Moreover, the Group is under way on taking account of customers' sustainability preferences in customer mapping in conformity with MiFID II and the Sustainable Finance Disclosure Regulation (SFDR).

LIQUIDITY PORTFOLIO

The Group's liquidity management and governance is in conformance with the Group's guidelines on sustainable liquidity management and corporate governance which state the following objectives:

- Integrate ESG risk into investment mandates and liquidity strategy
- Contribute to a greener securities market
- Integrate climate risk into internal stress tests and economic forecasts

The Group has set targets for the minimum share of capital to be invested in securities/companies that actively address ESG, including Green Bonds, Sustainability Bonds, Blue Bonds, Social Bonds etc. Through the green product framework the Group is working actively to qualify and finance the Group's documented green balance sheet. Moreover, the Group imposes ESG requirements on companies it invests in, and non-compliance with those requirements entails negative exclusion.

The Group's financial assets are considered to pose low climate risk since they are in all essentials invested in bonds from Norwegian covered bond undertakings, along with the Norwegian government and municipalities. In the medium to long term, significant changes in the climate risk exposure of the bank's financial assets are not anticipated.

OWN OPERATIONS

The Group's ESG risk posed by its own buildings corresponds to that applying to commercial property in general. In a short- and medium-term perspective, overall ESG risk is considered to be low, including low physical risk and low-to-moderate transition risk. SpareBank 1 Nord-Norge is Eco-Lighthouse certified. This applies to Head Office and all finance centres. Further, the Group has drawn up an emission target to reduce its own greenhouse

gas emissions by 5 per cent per year from the initial year 2016 to 2026. By the end of 2022 the Group's greenhouse gas emissions had risen 32 per cent from 2021. The increase is attributable to a massive drop in emissions in 2021 due to Covid-19. The overall reduction in the Group's own emissions since measurement started in 2016 is 67 per cent.

Climate risk in the Group's operational activities is a complex area, and is considered in relation to central areas, including the loan portfolio, securities funds and the liquidity portfolio (see above).

Description of the impact of climate-related risk and opportunities on the business's operations, strategy and financial planning

The Group's strategy, financial planning and operations are impacted by external and internal factors alike. Climate risk is a central external factor which is taken into account both in the preparation of strategy and in operational activities.

The Group's impact on its surroundings, and the surroundings' impact on the Group, have given direction to the preparation of the Group's strategic sustainability ambitions for the coming year. Operationalisation of the sustainability ambitions through concrete measures further impacts the Group's financial planning, its priorities as regards strategic and tactical goals and targets, its product and service portfolio, staff, requirements and expectations on suppliers, operational activities etc. Further, a high pace of change in the regulatory framework is anticipated along with increased insight into and data on climate risk and natural risk in the period ahead. The Group's strategy, and thereby the Group's operations, will adapt to the changes in requirements, expectations and insights.

LOAN PORTFOLIO

Residential and commercial property

The Group has brought to light challenges related to a lack of energy labelling of residential and commercial property, and poor compliance with requirements as to energy ratings among developers. The absence of energy labelling affects the Group's ability to provide green financing, classify loans to residential and commercial property in accordance with the Green Product Framework, estimate correct risk in the collateral portfolio, and incentivise borrowers and property owners to opt for green solutions. The Group has therefore established an objective to increase the proportion of energy-rated residential and commercial properties over the course of 2023.

In autumn 2022, EiendomsMegler 1 Nord-Norge started a pilot project with a view to increasing home buyers' and home owners' awareness of energy labelling of dwellings and measures in favour of green migration.

Maritime industries

Maritime industries are highly important for North Norway, and thus for SpareBank 1 Nord-Norge. The industry faces both transition risk and physical risk, and as the region's financial group the product and service portfolio must be adjusted to meet the needs of these industries. This entails increasing advisers' competencies on risks and opportunities in the maritime industries.

Securities funds

An ever larger focus both from public authorities and customers has prompted a clear shift towards products that pose a smaller threat to the environment. In 2023 the requirements of MiFID II and the Act on sustainability disclosures in the financial sector enter into force. Measures have been taken to meet those requirements and to inform customers about sustainability risk issues.

Liquidity portfolio

Green frameworks are updated regularly in accordance with changes in market standards, taxonomy and best practice. Substantial changes are expected in the medium term in requirements on taxonomy and reporting of the bank's green balance sheet.

Various scenarios' potential impact on the business's operations, strategy and financial planning, including a 2°C scenario

The annual overall assessment of the Group's risk exposure and capital needs (Internal Capital Adequacy Assessment Process, ICAAP) takes climate risk into account. In 2022 overarching assessments were made of climate risk in the Group's loan portfolio, both for individual segments and in relation to various scenario projections of sea level rise and storm surges. As previously mentioned, the analyses show the risk to be relatively low in the short and medium term, but of greater significance in a long-term perspective.

The Group has not performed independent analyses linked to 2°C scenarios, but has relied on conclusions from 2°C scenario analyses conducted

by UNEP FI¹ in 2019. These analyses estimate value losses on commercial properties resulting from transition risk and physical risk. On that basis, calculations have been carried out of the financial costs for the bank in the event of a corresponding fall in value of the bank's commercial property portfolio. The calculations show that impacts on the Group's financial position are very limited in a 15-year perspective. It should be pointed out that much uncertainty attends these assessments, both in terms of the representativity of the assumptions underlying the scenario analyses, and the representativity of any assumptions related to the commercial property market.

¹ <https://www.unepfi.org/industries/investment/changing-course-real-estate-tcfd-pilot-project-report-and-investor-guide-to-scenario-based-climate-risk-assessment-in-real-estate-portfolios>

TARGETS

Describe the methods used by the business to assess climate-related threats and opportunities in light of its strategy and processes for risk management.

Climate-related threats and opportunities are assessed on different levels, and through different processes across the Group; see the section «Risk management».

Businesses should report on Scope 1, Scope 2, and if appropriate, Scope 3 - greenhouse gas emissions, and the related risk factors.

I klimaregnskapet rapporterer konsernet på klimagassutslipp etter Scope 1, Scope 2 og Scope 3 for egen virksomhet. Konsernet rapporterer på utslipp etter GHG-protokollen. Se eget kapittel om utslipp i denne bærekraftsrapporten.

Describe the targets employed by the undertaking to manage climate-related threats and opportunities and results in relation to the targets.

As mentioned in above, the Group has identified a number of climate-related risks and opportunities, and adjusted its business strategy to accommodate them. This is operationalised through the sustainability ambitions and through concrete targets related to the most materially significant areas.

In the 2022 risk strategy and 2022 liquidity policy, targets are set for the following items in relation to climate risk:

- The share of climate-risk-exposed collateral in depot (stranded assets).
- The share of loans qualifying for the green product framework (GPF)
- Compliance with and goal attainment with respect to the Group's policy on sustainability and corporate social responsibility.
- The share of the LCR portfolio to be allocated to securities that actively address ESG.

In the 2023 risk strategy, further targets are added in the field of climate risk. These relate to the share of energy-labelled properties and the share of electric passenger cars, and the share of new loans granted and scored in the newly developed ESG module.

In 2022 the Group focused on climate risk, in part through the TCFD framework. Methodology and tools used to estimate natural risk will be a focal area for the Group in the future, and will require further mapping before the Group can define measures and targets in this area. This will be in focus in 2023.

FACTS:

Responsible area in the Group:

Risk Management

Measurement parameter:

GRI-12a), 2-17 and SNN 2

Which steering documents and processes address climate?

- Business strategy
- Risk strategy
- ICAAP
- Ethical guidelines

- Policy on sustainability and corporate social responsibility
- Green product framework and Green finance framework
- Credit policy at Corporate Banking and Credit policy at Personal Banking
- Guidelines on sustainable liquidity management and governance
- Framework for risk assessment of new products and processes (NPAP)

Link to UN sustainable development goals:

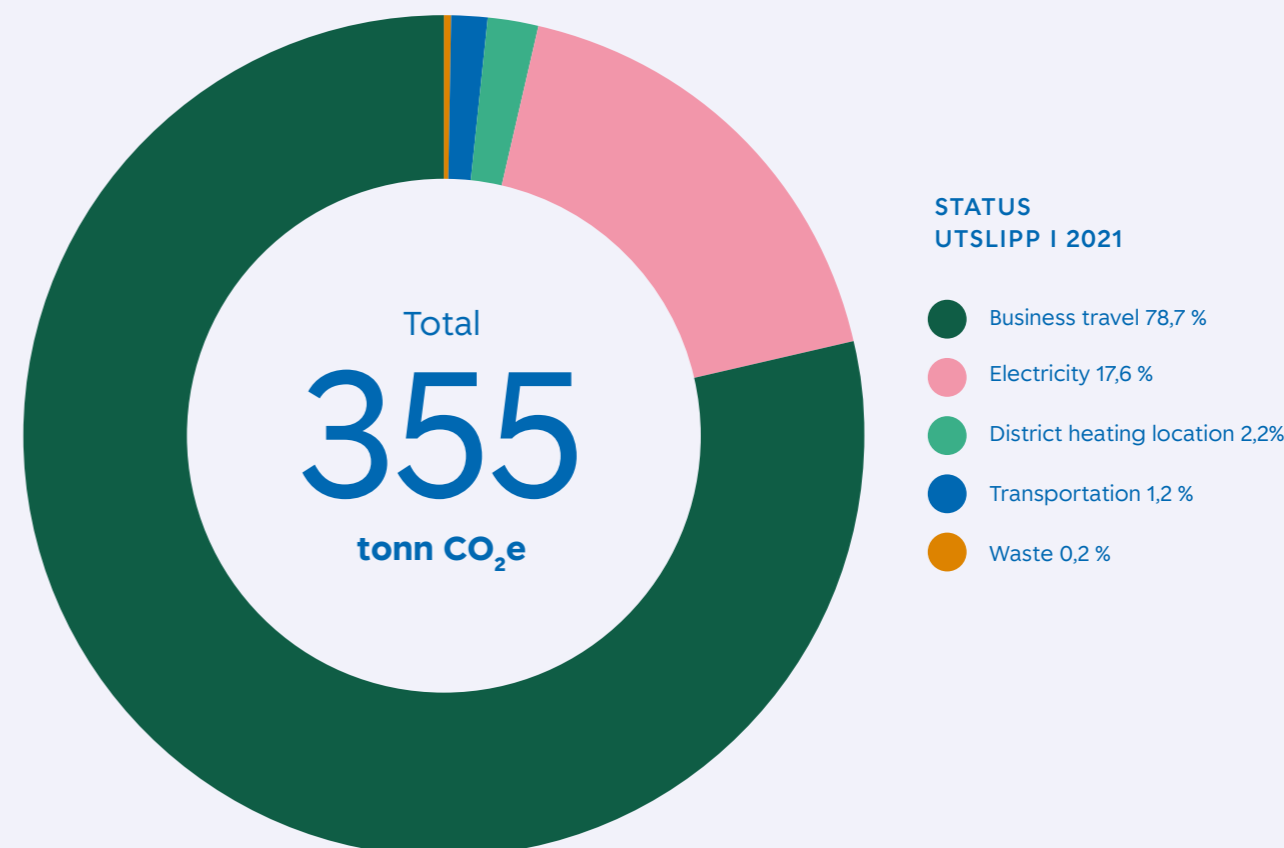
13:3

4. Carbon footprint in own operations and financing

SpareBank 1 Nord-Norges ambisjoner når det gjelder bærekraft fordrer at konsernet har god oversikt over hvilke utslipp virksomheten står for i egen drift, og indirekte gjennom finansiering. Høye utslipp er forbundet med negativ påvirkning på klimaet, og er i tillegg noe som potensielt vil føre til økt overgangsrisiko for både bank og kunde i det grønne skiftet. Det har derfor vært prioritert i 2022 å fremskaffe en oversikt over finansierte utslipp. For første gang rapporterer konsernet i år i henhold til GHG-protokollen på scope 1, scope 2 og scope 3 – inkludert finansierte utslipp for bedriftsmarkedsporteføljen. For å kunne jobbe målrettet mot netto nullambisjonen vil konsernet i 2023 jobbe videre med å øke datakvaliteten på finansierte utslipp. Se det foregående kapittelet *Grønn omstilling av Nord-Norge*, for beskrivelse av tiltak som vil bidra til å redusere de finansierte utslippene.

EMISSIONS FROM OWN OPERATIONS

In 2016 SpareBank 1 Nord-Norge set itself the goal of reducing its own greenhouse gas emissions by 40 per cent in the period to 2026. Emissions from our own operations in 2022 totalled 355 tonnes of CO₂e. This corresponds to an increase of 32 per cent compared with the previous year, and is mainly due to increased travel activity since Covid-19. For further information see the graph below and a complete climate account annexed to the annual report. Since measurements started in 2016 the Group has reduced emissions by 67 per cent. In the course of 2023 a new emissions reduction target will be set in line with the Group's net zero ambition in 2040.



FINANCED EMISSIONS

SpareBank 1 Nord-Norge reported estimated loan portfolio emissions for the first time in 2021. In the year behind us an important priority was to improve the quality of this reporting. To that end SpareBank 1 Nord-Norge has joined the Partnership for Carbon Accounting Financials (PCAF). The PCAF is an industry-led initiative designed to improve the reporting of financed emissions.

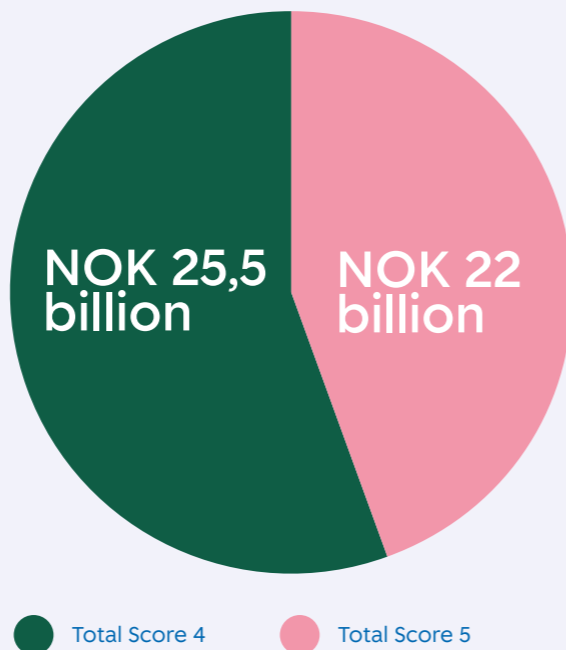
SpareBank 1 Nord-Norge has estimated its corporate portfolio emissions with a basis in the PCAF's database and methodology. Emissions are measured based on loan balances and publicly available accounting data together with industry data from the PCAF's database in order to estimate the financed carbon emission per industry. The analysis reported by SpareBank 1 Nord-Norge in 2022 does not contain emissions in the residential mortgage portfolio.

The PCAF ranks data quality from score 1 to score 5, where score 1 denotes the highest quality and score 5 the lowest. High quality data will typically be self-reported emission data at company level. Low quality data is based on factors at industry level. SpareBank 1 Nord-Norge's analysis employed data with scores of 4 and 5.

Methodology

The PCAF's methodology builds on the fact that a company can be financed using either equity or external capital. The level of emissions assigned to a party is that party's portion of the company's total financing. For example, if we finance 50% of the company, we are responsible for the same share of the company's emissions. Since we, in the Group, lack an adequate overview of our customers' emissions, industry-based emission factors are utilised. In order to establish the Group's share of an emission, we utilise publicly available accounting data, combined with lending volume. In cases where the accounting data is of insufficient quality, only lending volume is utilised. Accounting data in the PCAF's methodology is ranked as score 4 while loan-based data is ranked as score 5.

BREAKDOWN OF DATA QUALITY



Result

The table below shows financed emissions (in tonnes of CO2 equivalents) and emission intensity (in tonnes of CO2 equivalents per NOK million loaned) distributed on Scope 1, 2 and 3. Agriculture and forestry, transport and fishery, and aquaculture, account for the largest financed emissions in SpareBank 1 Nord-Norge's portfolio. Agriculture and forestry and transport account for a small portion of the bank's lending but produce large emissions due to those industries' carbon intensity. As one of the Group's largest industries, fishery and aquaculture will be an important focal area in terms of cutting financed emissions ahead. The portfolio has relatively low carbon intensity since the Group does not lend to carbon-intensive industries such as oil or gas. On the other hand, the Group has relatively high intensity in its lending to agriculture and forestry, transport and manufacturing. It is direct emissions (Scope 1 and Scope 2) that account for our financed emissions. Scope 3, indirect emissions, denotes a company's emissions from the value chain. Hence a company's indirect emissions will be another company's direct emissions. To avoid double counting, Scope 3 is not included. We have none the less included indirect emissions in the table in order to point up the industries' total emissions.

ESTIMATED CARBON EMISSION FROM THE CORPORATE PORTFOLIO (TCO2E)								
INDUSTRY	LENDING, PARENT BANK	SCOPE 1	SCOPE 2	SCOPE 1+2	SCOPE 3	EMISSION SHARE	DATA QUALITY	SCOPE 1+2 INTENSITY
Property	15 709	14 228	2 152	16 380	102 058	4,0 %	5,0	1,0
Financial enterprises, insurance and investment firms	11 131	2 327	24	2 351	4 735	0,6 %	4,1	0,2
Fishery and agriculture	8 306	51 721	418	52 139	102 792	12,7 %	4,3	6,3
Manufacturing	1 317	23 069	179	23 248	49 996	5,7 %	4,0	17,6
Agriculture and forestry	1 046	195 851	148	195 999	32 386	47,9 %	5,0	187,4
Power and water supply, construction	3 199	7 723	258	7 981	52 046	2,0 %	4,1	2,5
Public administration	176	138	66	204	2 271	0,0 %	5,0	1,2
Services	2 370	8 212	355	8 567	29 433	2,1 %	4,3	3,6
Transport	2 338	90 597	246	90 843	55 836	22,2 %	4,1	38,9
Wholesale and retail trade, hotels and restaurants	1 806	11 174	104	11 278	15 920	2,8 %	4,1	6,2
Total	47 398	405 039	3 949	408 988	447 473	100,0 %	4,5	8,6

It will be important for the Group to strengthen the emissions analysis ahead by means of better data. A robust emissions analysis is an important tool for reporting, measuring risk, correct pricing and in business development. In 2023 the Group will focus on putting in place an analysis of the housing portfolio, improving the quality of commercial property data and gathering customers' self-reported emissions.

Disclaimers

- Since the analysis is based largely on a public database, there are several sources of error. Even so, the Group opts to report on data quality 4 and 5 with the aim of improving the quality of data in the longer term.

- A company's industry code will not always describe the company's actual business.
- Not all companies/industries have public accounting data of sufficient quality.
- The analysis at this point in time cannot be compared with previous analyses of financed emissions since the methodology has changed.
- The PCAF's database was calculated in 2018 in euro and is not inflation-adjusted.
- The accounting data used is from company accounts from the Brønnøysund Register Centre.

FACTS:

Responsible area in the Group:

- Communication, society and sustainability
- Credit and risk management
- Economy and finance

Measurement parameter:

GRI 305-1, 305-2, 305-3

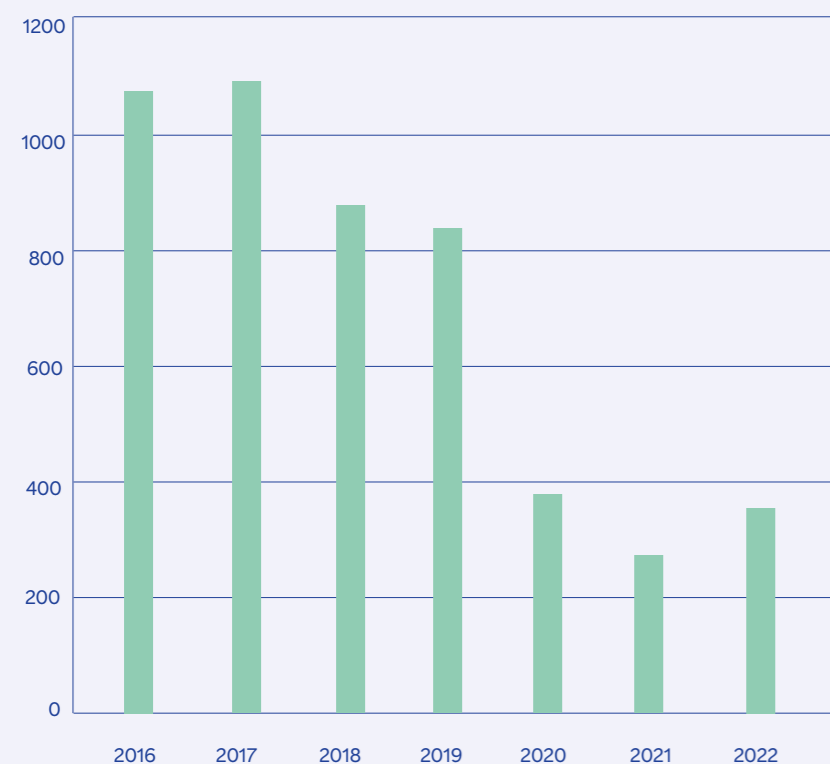
Steering documents:

- Credit policy
- Policy on sustainability and corporate social responsibility
- Guidelines on sustainable procurement

Link to UN sustainable development goal:

13,3

UTSLIPP (SCOPE 1 + 2 + 3), TONN CO₂E



5. ESG technology

One of the chief materialities in the sustainability field is ESG technology and ESG data capture. New requirements demand more precise sustainability reporting both for the financial industry and its customers. Good quality ESG data is in short supply today, impeding measurement, follow-up and reporting in this field. Moreover, the future is expected to bring far more stringent requirements as to verification of sustainability information. Building appropriate data capabilities offers both a challenge and an opportunity. In 2022 SpareBank 1

Nord-Norge carried through a project for collecting ESG data and developing new data products for the future. The work involved a number of in-house and external participants, and priority will be given to continued efforts in this field in 2023.

Status:

Completion of an ESG data project to identify flaws in key ESG data and to initiate measures for further development in this area

FACTS:

Responsible area in the Group:

Innovation and Business Development

Measurement parameter:

SNN 3

Steering documents:

- Business strategy
- Risk strategy
- Policy on sustainability and corporate social responsibility
- Innovation framework

Link to the UN sustainable development goal:

13.3, 16.4

6. Knowledge of climate change in Arctic regions

UN climate reports are crystal clear that climate change is bringing nature in the North under increased pressure. Since 1979 Arctic regions have warmed 3.8 times faster than the rest of the world. With our aspiration to be a driver for a sustainable future in the North, the Group will utilise knowledge, advice and products to help combat the climate changes we are facing. The Group can impart knowledge of climate change in the North to its employees and other stakeholders. By assembling and sharing knowledge, and providing advice based on this knowledge, the Group can exert a positive impact on the community. Work done in this sphere will be reported on in future annual reports.

The Knowledge Bank for North Norway (kbnn.no) also gathers and shares insights on sustainability that are specific to North Norway. This applies for example to knowledge of laws, rules and regulations and actual transition needs in the region.

Status:

- 24 climate-related articles published on kbnn.no
- 21 podcast episodes of "North Norway in the world" broadcast with climate as their theme
- New ESG module containing industry-related questions linked to climate change and changing environment taken into use in the course of 2022

FACTS:

Responsible area in the Group:

- Corporate Banking
- Communication, Society and Sustainability
- Innovation and Business Development

Measurement parameter:

SNN 4

Steering documents:

- Business strategy
- Risk strategy
- Policy on sustainability and corporate social responsibility

Link to UN sustainable development goals:

13.3, 14.2

7. Demographic risk

As a major employer with 15 finance centres and 900 employees across the entire region, and through its community dividend fund, SpareBank 1 Nord-Norge can influence demographic developments in North Norway.

Through Samfunnsløftet a number of awards were made and measures taken in the year behind us with a view to making North Norway a more attractive region to live. 2022 saw a particular focus on attractive places and employers (see the report on Samfunnsløftet). The Group has also defined “North Norway as an attractive and inclusive region” as one of three main pillars of the new sustainability ambition. Here the objective is to contribute to a positive migration flow by 2030.

FACTS:

Responsible area in the Group:

All

Measurement parameter:

SNN 7

Status:

- In 2022, together with LO Norway and the NHO, Samfunnsløftet launched the campaign “1,000 jobs”. Almost 1,500 summer jobs were announced and filled in connection with the campaign
- In 2022, Barometer X was carried through for the third time. This is a survey of the life choices of young North Norwegian adults aged 18–34.
- The survey is published at kbnn.no

Steering documents:

- Business strategy
- Risk strategy
- Guidelines for Samfunnsløftet

Link to UN sustainable development goal:

8.6

8. Collaboration and networks

It is important for SpareBank 1 Nord-Norge to connect to partners to address some of the challenges facing the region as regards both demography and climate, and to contribute to further growth and development. In 2022 SpareBank 1 Nord-Norge entered a cooperation agreement with Digital Norway. The object was to strengthen skills for the green transition by way of a digital learning journey. In 2023 the course will be distributed to customers and businesses that are keen to get started with the green transition. The Group also has an agreement of several years' duration with Norges Råfisklag (Norwegian Fishermen's Sales Organisation). In 2022 this agreement was reinforced with a view to providing the fishing industry and the sales organisation's members with financial management assistance and collaboration on changes taking place in the industry.

Collaboration and networks are a new materially significant theme in the sustainability sphere, and in 2022 the mapping of appropriate partners got off to a start. This will be reported on more extensively in forthcoming reports.

Status:

- Cooperation agreement with Digital Norway on training concerning the green transition for employees and for customers and the wider business sector.

FACTS:

Responsible area in the Group:

Communication, Society and Sustainability
Innovation and Business Development

Measurement parameter:

413-2

Steering documents:

- Policy on sustainability
- Innovation framework

Link to UN sustainable development goals:

13 and 16.4

9. Social products and services

SpareBank 1 Nord-Norge offers loan products with a social profile to corporate and retail customers. These products promote equal opportunities for borrowers with differing financial capacities. Some of the social products have been developed in conjunction with LOfavør.

SOCIAL PRODUCTS

Products to help younger borrowers get on the property ladder:

- Boliglån Ung ("Mortgages for young borrowers"): 2,795 granted
- LOfavør Boliglån Ung: 3,391 granted
- Førstehjemslån («First-time mortgages»): 1,584 granted
- LOfavør: Førstehjemslån: 1,834 granted
- Vekstlån og vekstkreditt ("Growth loans and growth credit") cater to innovative or rapidly expanding businesses which are creditworthy but lack collateral:
 - Vekstlån: 3 granted
 - Vekstkreditt: 4 granted

Likviditetsslån Krona med Statsgaranti ("Liquidity loan with government guarantee") was launched as a result of Covid-19 to strengthen SMBs' access to liquidity, where the State offered financial enterprises risk relief through a provisional guarantee arrangement.

- Liquidity loan: 183 granted

FACTS:

Responsible area in the Group:

Innovation and Business Development

Measurement parameter:

SNN 1

SpareBank 1 Nord-Norge also offers the loan product LOfavør Forskudd lønnsgaranti carrying a residential mortgage interest rate in the event that the business where the borrower is employed goes bankrupt, and payment from the Wage Guarantee Fund is pending. Another loan product offered is LOfavør konfliktlån carrying a residential mortgage interest rate for borrowers who find themselves in a protracted labour dispute in connection with a pay settlement.

GREEN PRODUCTS:

Grønt boliglån ("green mortgage") denotes loans to environment-friendly and energy-efficient measures for new and older dwellings, second homes and chalets. This product carries a very favourable interest rate to encourage borrowers to opt for environment-friendly solutions, whether the intention is to build a new house, refurbish or just to switch to energy sources less burdensome for the environment.

- Green mortgage: 105 granted
- Green first-time mortgage: 11 granted
- Green environment loan: 1 granted
- LOfavør green mortgage: 24 granted
- LOfavør green first-time mortgage: 7 granted

Steering documents:

- Standard for lending
- Policy on lending, corporate market
- Loan products, personal market
- Green financing, personal market
- LOfavør Forskudd lønnsgaranti
- LOfavør Konfliktlån
- Liquidity loan
- Growth guarantee scheme

Link to UN sustainable development goals:

9, 11, 13,3

10. Local value creation

SpareBank 1 Nord-Norge's business strategy sets a goal of being the first choice for people and businesses in the region. A further goal is to contribute to an attractive region. The Group's work on local business development is an important component of those goals.

In 2022 the Group showed 7.4 per cent lending growth in the corporate market, thereby strengthening its position as the first choice – in particular in the market for small and medium-size businesses. The corporate banking portfolio accounts for 33 per cent of the Group's total lending. 37 per cent of limited company start-ups in North Norway opted to establish a customer relationship with SpareBank 1 Nord-Norge in the year behind us. In 2022 the Group established a new department catering specifically to the SMB market.

Green innovation

The Group has established a framework for handling new ideas, both minor initiatives and larger innovative business ideas. The framework contains concrete processes for evolving an idea from its inception to finished product. A portfolio board comprising the director of Innovation and Business Development, the director of Credit and Risk Management, the director of Economy and Finance along with the directors of the Personal Banking and Corporate Banking Divisions approves the processes concerned in the innovation methodology.

FACTS:

Responsible area in the Group:

Corporate Banking
Innovation and Business Development

Measurement parameter:

SNN 7

In 2020 the following green initiatives were launched through the innovation framework:

- Green business loan for property purchase/development
- Enhancing sustainability competencies in-house at SNN
- Sustainability course for businesses in North Norway¹
- Green financing
- Green financing, personal market²

Sami areas

SpareBank 1 Nord-Norge's catchment area forms part of Sapmi (the Sami people's historical settlement areas). The Group is concerned to be present for the Sami local communities. In 2022 the Group established a Sami-speaking customer service centre. This was designed to make a better service offering available to Sami customers and at the same time to play a part in strengthening the position of the Sami language.

Status:

- 7.4% growth in lending in the corporate market
- Establishment of a Sami-speaking customer service centre

Steering documents:

- Lending policy, Corporate Banking
- Innovation framework

Link to UN sustainable development goals:

13 and 16.4

¹ [Bærekraft for bedrifter | Kurs innen bærekraft | SpareBank 1 Nord-Norge](#)

² [Grønne lån | SpareBank 1 Nord-Norge](#)

11. Work environment

In the process of updating the materiality analysis the work environment was added as a new materiality in the Group's sustainability effort. A good work environment is a key factor in driving a sustainable organisation forward. This is addressed in employee appraisal and development interviews held with all employees in each year's first quarter. In 2023 a new digital process for appraisal and development interviews is to be introduced. The system will make it possible to report completion rates for such interviews.

Gender equality and diversity are an important theme for the Group's focus on the work environment. The Group aims for a women's share of management positions of at least 40 per cent. The SNN Code denotes the Group's ethical guidelines and reflects the core values each employee is required to embrace.

See the HR Report for further information on the Group's approach to the work environment.

Status:

- 42 per cent of managers in the Group are women
- All employees are expected to have undergone an employee appraisal and development interview in the course of 2022. A new system for registering such interviews is under development
- No disclosures from the external whistleblowing channel registered
- 8 internal disclosures were registered by the Group's internal monitoring system

The following themes entailed labour law responses and follow-up in 2022:

- Accessing customer data without permission
- Breach of the provisions of the Working Environment Act
- Work environment
- Undesirable customer behaviour towards employees
- Occupational accidents

FACTS:

Responsible area in the Group:

Organisation

Measurement parameter:

404-3, 405-1, 416-2

Steering documents:

- Business strategy
- Guidelines on sustainability at HR

Link to UN sustainable development goals:

12. Anti-money laundering

Economic crime, including money laundering, undermines the integrity of the economic system in any society. The financial industry plays a particular role in society since key infrastructure can be exploited as a tool for criminal acts. SpareBank 1 Nord-Norge works proactively to prevent, expose and report transactions associated with the proceeds of criminal acts or connected to terrorist acts. Services shall not be provided, or advice given, to customers whose purpose is tax evasion, money laundering, terrorist financing or other economic crime. Both the provider and the recipient of such benefits may be held criminally liable. The Group has a system dedicated to capturing and reporting events. The status of this work is reported quarterly to the Board of Directors, or directly to the Board Chair where circumstances are brought to light that may conflict with the Group's policy on anti-money laundering and terrorist financing. The Group also collaborates with the wider financial industry to prevent economic crime.

Even so, each year a number of the Group's customers are exposed to attempted fraud. Combating money laundering and preventing economic crime is accordingly a key concern in all business connections, and active endeavours are made to guard against, expose and report transactions associated with criminal acts. The Group's work in this context is described in the SNN Code, the policy on anti-money laundering and terrorist financing and the policy on whistleblowing and exceptions handling.

Status:

- 768 cases of fraud were uncovered in 2022, compared with 338 in 2021. Fraud cases are handled in accordance with standard procedure.
- No external cases related to corruption were recorded in 2022.
- No in-house cases related to corruption were recorded in 2022 (no breaches of the SNN Code).

13. Cybersecurity and data privacy

Cybersecurity is a major concern for a financial group that handles large amounts of sensitive information. The overarching objective for security efforts at SpareBank 1 Nord-Norge is, through a systematic and risk-based approach, to:

- Protect the life and health of employees, customers and visitors.
- Secure SpareBank 1 Nord-Norge AS's assets and reputation, and the information that is processed.
- Ensure that public authorities, customers, employees and partners are confident and certain that information is processed correctly.
- Ensure that the security regime underpins the business and risk strategy in place at any and all times.
- Ensure secure and stable operations.
- Ensure that we are at all times compliant with the requirements on security services set out in applicable laws and regulations, including the requirement to protect customers' and employees' data privacy.

SpareBank 1 Nord-Norge processes various personal data that should not go astray or be misused. Customers' confidence and trust are important for the Group, and all applicable requirements and legislation are to be complied with. The principles and processes underlying the Group's cybersecurity are described in the Security Policy at SpareBank 1 Nord-Norge and the Data Protection Policy. The Group has in place a number of measures to ensure that employees have a knowledge of and competency in personal data protection. The status of compliance with rules and regulations, including any anomalies or exceptions, is reported quarterly to the Board of Directors and the Group Management.

Status:

- No. of external grievances considered by the Data Inspectorate: 0
- No. of internally recorded breaches of personal data security: 65, of which 11 were referred to the Data Inspectorate. All breaches were handled in accordance with standard procedure for personal data breaches

FACTS:

Responsible area in the Group:

Data protection officer
Innovation and Business Development

Measurement parameter:

GRI 418-1a

Steering documents:

- Data protection policy
- Data protection policy for employees

Kobling mot FNs bærekraftsmål:

9, 11, 13,3

14. Ethical banking

SpareBank 1 Nord-Norge manages substantial assets and has a major impact on the region through the investment of those assets. The Group is dependent on the trust it enjoys among all parties it has dealings with, and is concerned to operate in an ethically responsible manner across the entire value chain in order to minimise the negative impact and maximise the positive impact of its operations. SpareBank 1 Nord-Norge collaborates closely both with subsidiaries and SpareBank 1-alliansen to that end.

Ethical banking operations and anti-corruption are also part of the training provided to all employees, and are described more fully in the Group's ethics manual, the "SNN Code". All employees have received instruction in the Group's procedures through an introductory course for new employees and a mandatory e-training programme. The Board of Directors has also undergone such training. The Group has dedicated whistleblowing channels in place both in-house and externally which can be used to report anomalous or censurable circumstances. The external whistleblowing channel is managed by an independent party who advises the Group in the ensuing process, and guarantees the whistleblower's

anonymity. The process is described in the Policy on whistleblowing and exceptions handling, and the Group has an in-house procedure specifically addressing exceptions handling and whistleblowing.

Status:

- No breaches of the SNN Code were recorded in 2022
- No instances of whistleblowing through the external channel were recorded in 2022

Status of training carried out in 2022:

- Anti-money laundering for advisers and managers without direct customer contact. Completion rate 89 per cent
- Course in data protection at SpareBank 1. Completion rate: 86 per cent
- All Group employees are offered training in sustainability through Digital Norway
- Anti-money laundering, cases: Completion rate: 82 per cent
- Data protection for managers: Completion rate: 99 per cent

FACTS:

Responsible area in the Group:

Innovation and Business Development
Organisation

Measurement parameter:

GRI 205-2, 205-3

Steering documents:

- Policy on anti-money laundering and terrorist financing
- Policy on whistleblowing and exceptions handling
- Guidelines on sustainability among our staff
- SNN Code

Link to UN sustainable development goals:

16,4

15. Accountability and transparency in the value chain

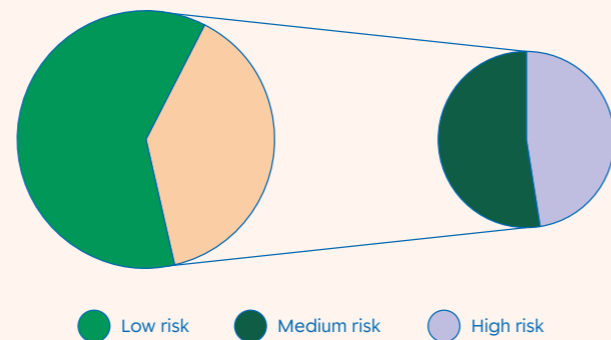
SpareBank 1 Nord-Norge' procurements comprise a substantial volume both regionally and nationally. Sustainable procurement refers to suppliers' awareness of their supply chain and to the effort they make to reduce negative impacts on the environment, social conditions and ethical business activity throughout their supply chain. By requiring suppliers to have in place sustainability guidelines, and to translate those guidelines into action, SpareBank 1 Nord-Norge uses its purchasing power to induce suppliers to operate in a more sustainable manner. This focus was further strengthened by the entry into force of the Transparency Act in 2022.

Group purchases are made in either of two ways – via SpareBank 1 Nord-Norge's own purchasing department, or on behalf of the Alliance via SpareBank 1 Utvikling. In both cases *joint guidelines for procurements* are followed which describe requirements on suppliers as regards the environment, employee and human rights, and ethical business operations. The largest share of purchases are via SpareBank 1 Utvikling. Agreements with suppliers consist partly of procurement agreements from which the savings banks in the Alliance make call-off orders, and agreements where SpareBank 1 Utvikling receives deliveries which it passes on the banks/companies.

Follow-up of suppliers that pose an increased risk of negative impacts

The Alliance's oversight of suppliers' attention to sustainability started in 2019 with a risk-based survey of 259 existing suppliers. This survey showed that 91 suppliers posed some, or an increased, risk of negative impact on environmental, social and business-ethical conditions. In 2020, 91 suppliers were subject to follow-up, and 43 were identified for scrutiny. In 2022 12 of the latter were subject to extended scrutiny. See the diagram in the next column.

249 SUPPLIERS DIVIDED BY RISK



- 158 suppliers assessed as low risk – no follow-up
- 43 suppliers assessed as medium risk – no follow-up
- 36 suppliers assessed as increased risk – subject to scrutiny
- 12 suppliers subject to extended scrutiny in 2022

The action plan for follow-up addresses three procurement categories that particularly singled themselves out:

- Administrative procurements
- IT-related procurements
- Purchase volume (the largest suppliers)

In the subsequent follow-up process it was considered appropriate to take an in-depth look at the individual supplier chains rather than address the breadth of the portfolio. This entailed selecting 12 individual suppliers in the following purchasing areas for prioritised follow-up in 2021-2022:

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

With a basis in the above segments, in-depth investigations were performed of suppliers in, among others, the IT hardware, IT systems and office furniture areas, in addition to scrutiny of consultancy firms and staffing agencies. An in-breadth survey was also carried out using the CEMAsys ESG Survey module in which 36 suppliers were required to state whether they had in place a strategy and objectives for the company's sustainability work, guidelines for their suppliers, and how they approached the Transparency Act. Replies were received from 18 suppliers; the remainder will be followed up in 2023.

An overview of follow-ups is provided by the table below:

MEASUREMENT PARAMETER 249 EXISTING SUPPLIERS	TARGET	RESULT			
		2019	2020	2021	2022
Risk assessment of suppliers	249	249			
Follow-up of suppliers posing increased risk	91	16	91		
Suppliers for further scrutiny	43 (48)				
In-depth surveys, no. of suppliers	12			6	12
Suppliers with a follow-up plan	N/A				6
Suppliers with terminated agreement	0				0
In-breadth survey, suppliers who responded	36				18

Work continues on systems improvement and supplier follow-up both in the Alliance and in the procurement unit of SpareBank 1 SNN.

Transparency Act

The Transparency Act entered into force on 1 July 2022. At SpareBank 1 SNN a project group comprising persons from relevant departments has worked on implementing the Act. This helped to strengthen internal guidelines on sustainable purchases. Further, the following mandate has been laid down: *«the purchasing unit shall comply with the Transparency Act's criteria on procurements and on the entire value chain from planning to implementation and follow-up.»*

SpareBank 1 SNN's purchases in 2022 came to NOK 474 million distributed on more than 1,353 different suppliers. Among the largest categories of purchases are joint procurements of systems in the Alliance, and new technology. About 70 per cent of the suppliers are located in North Norway. In 2022 the Group developed a method for due diligence assessments of the supplier chain with a basis in

the OECD due diligence guidance for responsible business conduct. This is employed to conduct due diligence assessments of 202 of SpareBank 1 Nord-Norge's suppliers. A plan for supplier follow-up in accordance with the Transparency Act will be implemented in 2023.

Status:

- A SpareBank 1 Nord-Norge project group has implemented the Transparency Act in internal purchasing procedures. An entirely new procurement standard has been established in the Group.
- 12 large suppliers in the supplier chain have been followed up in accordance with the action plan for risk assessments from the Alliance.
- 202 of SpareBank 1 Nord-Norge's suppliers have been risk assessed with a basis in the due diligence assessment method to ensure compliance with the Transparency Act.

FAKTA:

Responsible area in the Group:

Economy and Finance
Procurement unit at SpareBank 1 Utvikling

Measurement parameter:

412-2

Steering documents:

- Guidelines on sustainable procurement
- New procurement standard in 2022

Link to UN sustainable development goals:

13.3, 16,4

Samfunnsløftet in 2022

The regional community owns 53.6 per cent of SpareBank 1 Nord-Norge, and it is the dividends earned that are managed through Samfunnsløftet, the bank's community dividend fund. Samfunnsløftet is SpareBank 1 Nord-Norge's strategy for how the community dividend can lift North Norway, and was conceived with a basis in about 10,000 inputs received from people in the region in 2018.

The community dividend from 2021 totalled NOK 1.2 billion, of which NOK 698 million was apportioned to Samfunnsløftet in 2022. NOK 295 million of this sum comprised an extraordinary allocation in October, and over the course of the year NOK 298 million was accordingly granted to 1,567 different projects.

The foundation Sparebankstiftelsen SpareBank 1 Nord-Norge received the remaining NOK 500 million. The foundation's mission is to take the savings bank

tradition forward, and ensure that the North Norwegian community can remain a major stakeholder in the Group. Long-term saving in the foundation will ensure that the community can retain its ownership position should the bank at some point be in need of more funds from its owners. Without this, the community's ownership may suffer dilution. The foundation is the bank's largest North Norwegian owner, and its net profit also goes to projects of public utility in the North. Read more about the foundation at snnstiftelsen.no.

Key figures, Samfunnsløftet in 2022

Figures for 2021 and change from the preceding year in parenthesis



Marked increase in applications

Samfunnsløftet received 2,770 applications during the year, an increase of 1,800 over the past five years (see Graph 1). The amount applied for has also increased. In 2022 applications totalled NOK 956 million. Over the last five years the distribution across the categories of sports, culture and business development has evened out somewhat (see Graph 3).

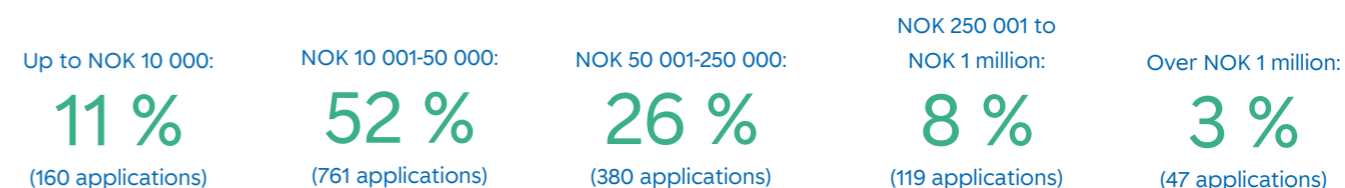
The strategy is divided into four main areas. A clear majority of applications referred to local communities, with overall support of NOK 52 million going to 690 projects small and large emanating from local commitment and built on collective effort. Arena receives larger applications for development of urban spaces, sports facilities, culture and art along with larger festivals. In 2022 NOK 141 million went to 248 such projects. NOK 43 million went to 120 projects under 'ungdomsløftet', which oversaw the distribution of 31 talent awards.

'Innovasjonsløftet' comprised NOK 34 million going to 394 projects, including Arctic Accelerator for the region's ten best early stage businesses. In addition, employees from SpareBank 1 Nord-Norge provide tuition at lower- and upper-secondary schools in collaboration with 'Young Entrepreneurship'. In 2022, staff members met 4,774 pupils, and spoke about personal finances and career choice, in line with the curriculum.

All applications for support are reviewed for conformance with the Samfunnsløftet strategy. Moreover, an assessment is made of the quality of the application, its public utility, whether it promotes a community's attractiveness as a place to live and life quality, whether the project triggers other funding/new initiatives and involves collective/volunteer efforts.

Over the course of the year Samfunnsløftet made 46 awards of more than NOK 1 million, an increase both in number (+31) and in per cent (+2 percentage points).

In terms of size the awards from Samfunnsløftet break down as follows:



Alle tildelinger gjennom året publiseres på samfunnsløftet.snn.no, men blant prosjektene er:

- 'TIL 2020' – a three-year boost for women's football in the North (NOK 9.9 million)
- 'Horisontii Sauna' – a shared sauna for the populace of Vadsø
- 'Ettertanken på Røst' – converting a condemned water tank into a self-service lookout tower and a memorial to Per Fugelli (NOK 1 million)
- 'Storhall' (large sports hall) in Mosjøen for 19 different sports teams
- Cross-country ski events: Reistadløpet (NOK 1.5 million) and Summit 2 Senja (NOK 300,000)
- 'Hjemmeresidens' – an award to 35 North Norwegian artists (NOK 2.1 million)
- 'Barents Spektakel' in Kirkenes – a contemporary arts festival (NOK 100,000)
- 'Fremstr' – a trainee programme for Tromsø, Karlsøy and Balsfjord (NOK 2.9 million)
- 'Kraft' – a national centre for sustainable community development in Bodø (NOK 1 million)
- Business incubator in Lofoten and Vesterålen (NOK 300,000)
- 'Árran 360' – the world's largest lavvo (Sami tent) featuring 360-degree films (NOK 1.5 million)
- 'Headspace Tromsø' – a project for better mental health for young people (NOK 3 million)
- 'Unreal Academy' – a project to develop the gaming industry in the North, at Andøya (NOK 2 million)



CYCLING:

Harstad sykkelpark ('bike park') opened in 2022. The bike park is a unique arena internationally. It features both organised and non-organised activities. It is also a good example of ground-breaking collaboration between the bike club, the municipality, business and private actors. The project received NOK 9 million from Samfunnsløftet.

NEW ARENA: The swimming hall in Bodø switched from being filled with water to being filled with culture in step with society's emergence from the pandemic. The support of NOK 1 million from Samfunnsløftet was used to purchase sound, light and stage.



POLAR NIGHT:

A number of localities in the North have received support to brighten up their polar night, among them Tromsø town centre which is working for a more vibrant town centre both for the local populace and for visitors. Together with Visit Tromsø and the area's business association, they wish to establish North Norway's largest town as a Christmas town that will attract more visitors.



SNOW: Norway's easternmost alpine ski centre is kept up by Sandnes idrettslag (sports club), which received support to improve its snowmaking capacity. Sandnes Alpine Ski Centre draws visitors from the entire East Finnmark, and previously also from neighbouring towns in Russia.



EMERGENCY PREPAREDNESS:

Norwegian rescue dogs in Finnmark received support for SatNavs, headlamps and multi-purpose poncho tarps for their handlers. Turning out for rescue operations year-round is demanding in terms of first aid and hypothermia, in addition to the skills needed to conduct searches with dogs.

ICE COLD:

During the Borealis Winter Festival, Samfunnsløftet played its part in transforming the town centre park in Alta into an ice park with 300 ice sculptures. The project Iskalde gleder ('ice cold pleasures') gives young people experience of shaping ice and professional ice artists an arena for their artistry.





TALENTS:

Samfunnsløftet's talent award was handed out for the fourth time in 2022. 31 North Norwegian talents in the fields of sports, culture and an open class were award recipients, and were invited to a workshop in collaboration with Olympiatoppen Nord.

NEW FESTIVAL:

Vardhågen Live received support to put an entirely new festival through its paces at Løvund. Over the course of two days, eight different concerts were staged on the island, and family events were also held.



ARTISTS: Gunnbjørg Gunnarsdottir is one of 35 North Norwegian artists who received an artist-in-residence award of NOK 60,000 during the pandemic. From her caravan in Lofoten she worked on the manuscript for the feature film "Stemoren".



VOLUNTEER EFFORT: Stafett for livet draws attention to the cancer cause. It has been arranged in Harstad several times, and in 2022 it also came to Tromsø with 1,495 participants walking for the cancer cause over a period of 24 hours.

Attractive employers?

In line with the Samfunnsløftet strategy, the Board of Directors establishes each year a theme which is important for the region. In 2022 the theme was attractive places and employers. Together with LO Norway, the NHO (Norway's largest employers organisation) and Regnskapshuset SpareBank 1 Nord-Norge, Samfunnsløftet developed the concept "1,000 jobs".

The concept addressed following issue:

- Only 48 per cent of young people saw career opportunities in the North (Barometer X)
- Only 59 per cent of positions in the private sector are advertised (NAV's business perceptions survey).

The work was divided into three phases:

1. Assembling employers in the North: About 1,500 summer jobs in the region were assembled on the webpage 1000jobber.no.
2. Reaching out to employees across the nation: The campaign engaged 2.3 million users via Tik Tok, Snapchat, Facebook, YouTube and Finn.no. Unique visitors to the webpage 1000jobber.no totalled 141,943, and job vacancies there received 23,000 clicks.
3. Establishing networks: There were 31 different events in local networks (Tromsø2037, LINK Vesterålen, LINK Harstad, LINK Narvik, Bodø2040, Sør-Varanger UNG). Two of the networks were established in 2022.

Webinars in conjunction with the NHO, LO and NAV enabled knowledge about diversity and employees' rights, and how best to receive new employees, to be shared with employers. Some employers report that by participating they learned more about the NAV and the opportunities available to promote diversity and integration.

Figures from the NAV show a very large increase in summer job announcements in 2022, and North Norway appears to show a larger increase than the rest of the country. A number of employers stated that joint promotion was important, that they felt "noticed" and a sense of shared interests, that they announced more summer jobs than they would otherwise have done and that they had gained an increased understanding of how summer jobs can be part of a long-range recruitment effort.

In their evaluation the NHO, LO, Regnskapshuset and SpareBank 1 Nord-Norge have all voiced a desire to

rerun the concept in 2023 and 2024. In 2022 a ceiling of NOK 10 million was earmarked for the concept, and the outcome shows that NOK 9,947,988 was spent on its implementation.

Knowledge-based development

Knowledge is an important focus for Samfunnsløftet, and NOK 10 million was devoted to that end in 2022.

The Knowledge Bank collaborates with a series of knowledge providers on procuring new and updated insight into and knowledge of a variety of matters in North Norway. Over the year added focus has been given to sustainability by profiling the circular potentials in various industries, to the status of green commercial buildings in the region and to the green transition. Ownership, the capital gap and investments in the region was also highlighted through a series of four articles. In addition, Boligrappporten ("Housing Report"), Forventningsbarometeret ("business perceptions barometer"), Barometer X and Konjunkturbarometeret ("economic barometer") for North Norway, have been published at kbnn.no. In 2022 the website had 41,473 users (+0.3 per cent) and 96,518 page views (+10 per cent).

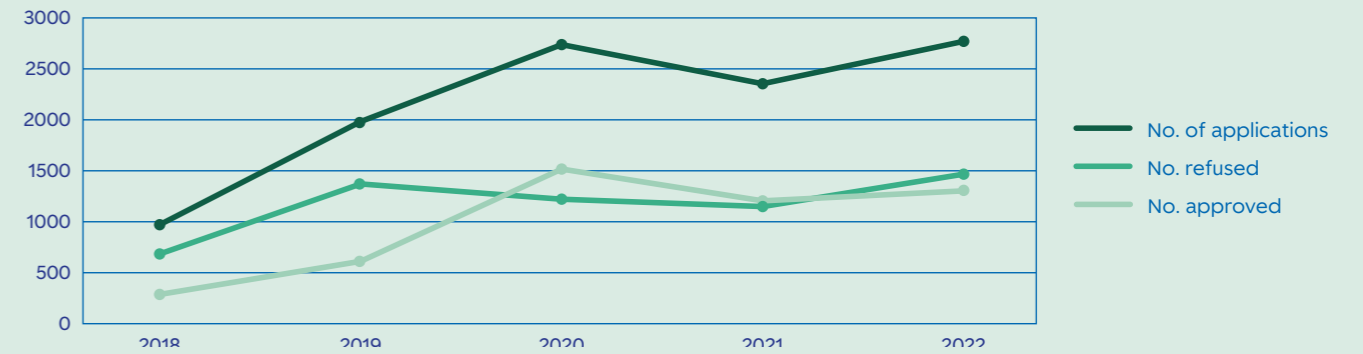
The podcast 'North Norway in the world' aired 47 episodes. A total of 79 guests took part, of whom 42 per cent were women. The number of listeners has shown a positive trend since 2019, and the podcast has drawn an average of more than 6,000 listeners per month.

UN sustainable development goals

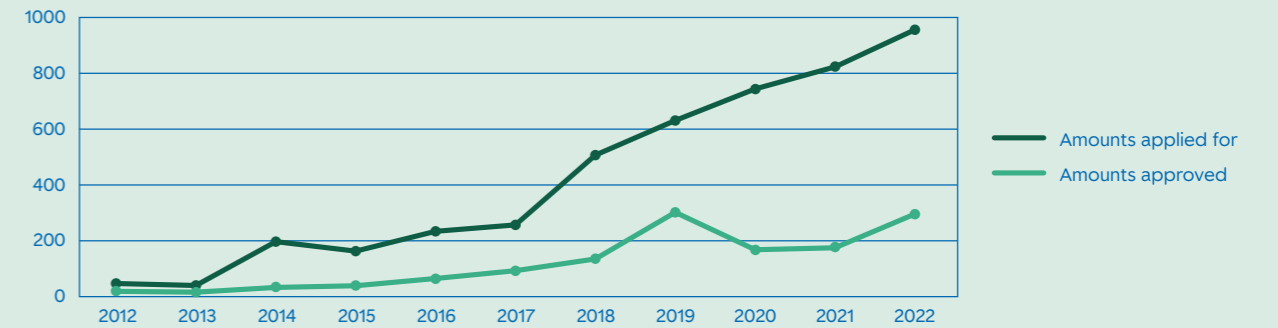
Through the year Samfunnsløftet has contributed to projects within all the UN sustainable development goals. All applicants must select which sustainability goal(s) their project contributes to, and up to September they were able to opt for more than one goal. Good health and well-being is the goal selected by most applicants (22 per cent), followed by sustainable cities and communities (18 per cent), partnerships for the goals (15 per cent) and decent work and economic growth (10 per cent). The last-mentioned goal showed the largest increase, due to the "1000 jobs" concept.

A complete distribution of amounts in terms of the UN sustainable development goals can be found in Graph 4.

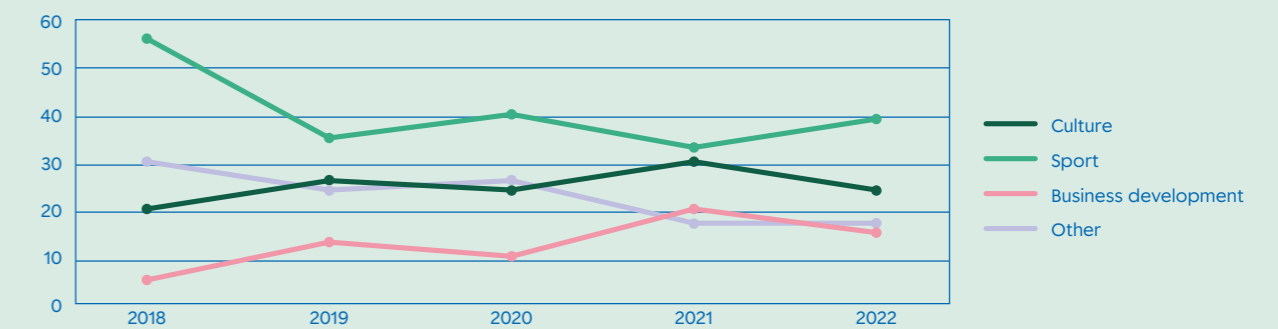
Graph 1:
NO. OF APPLICATIONS OVER THE LAST FIVE YEARS



Graph 2:
AMOUNTS APPLIED FOR AND APPROVED OVER THE LAST TEN YEARS

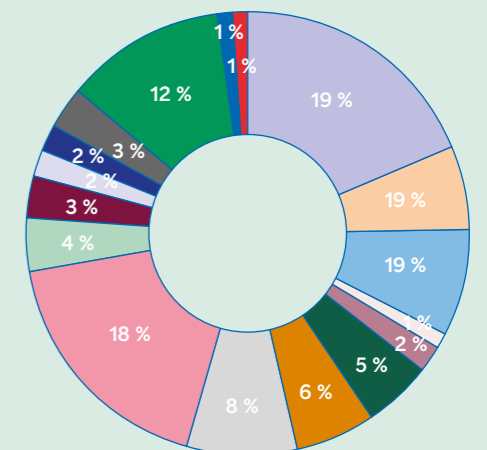


Graph 3:
ALLOCATED AMOUNT BY CATEGORY OVER THE LAST FIVE YEARS



Graph 4:
PERCENTAGE DISTRIBUTION ON UN SUSTAINABLE DEVELOPMENT GOALS IN 2022

- 1. No poverty 1 %
- 2. Zero hunger 1 %
- 3. Good health and well-being 19 %
- 4. Quality education 6 %
- 5. Gender equality 8 %
- 6. Clean water and sanitation 1 %
- 7. Affordable and clean energy 2 %
- 8. Decent work and economic growth 5 %
- 9. Industry, innovation and infrastructure 6 %
- 10. Reduced inequalities 8 %
- 11. Sustainable cities and communities 18 %
- 12. Responsible consumption and production 4 %
- 13. Climate action 3 %
- 14. Life below water 2 %
- 15. Life on land 2 %
- 16. Peace, justice and strong institutions 3 %
- 17. Partnerships for the goals 12 %



Appendix

APPENDIX 1 GLOBAL REPORTING INDEX (GRI) FOR SPAREBANK 1 NORD-NORGE 2022

INDICATORS DEVELOPED BY SPAREBANK 1 NORD-NORGE

- SNN 1 – No. of green and social products sold
 SNN 2 – KPIs for management of ESG risk
 SNN 3 – No. of green innovations to be explored through the Group's Innovation Framework
 SNN 4 – No. of cases case at kbnn.no related to climate change in Arctic regions
 SNN 5 – No. of formal collaborations on sustainability
 SNN 6 – Completion rate for training in sustainability
 SNN 7 – No. of measures to achieve a positive migration flow

Statement of use	SpareBank 1 Nord-Norge has reported in accordance with the GRI Standards for the period January 1st 2022 to December 31st 2022.
GRI 1 used	GRI 1: Foundation 2021

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX	OMISSION	REASON FOR OMISSION
2-1	Name of organisation		SpareBank 1 Nord-Norge AS		
2-1	Location of headquarters		SpareBank 1 Nord-Norge has its head office in Tromsø.		
2-1	Countries of operation	Annual report - Note 8 (94)	The Group's market area comprises people and businesses in Troms, Finnmark and Nordland		
2-1	Nature of ownership and legal form		SpareBank 1 Nord-Norge is a savings bank which is 53.6% owned by the North Norwegian community and 46% owned by holders of equity certificates quoted on Oslo Stock Exchange.		
2-6a	The organisation's size and scope	Annual report – (78) Annual accounts note 11, 20 and 35	64.190 Banking services, accounting services, estate agency services and object financing		
2-6b	Description of the organisation's supply chain and other business relationships	Sustainability report (204)			
2-6 c	Relevant business partners	Sustainability report (172)			
2-6d	Significant changes in the reporting period in terms of size, structure or ownership		No significant changes in 2022.		

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX	OMISSION	REASON FOR OMISSION																								
2-7	Total number of employees by type of appointment, employment contract and region, and a breakdown by gender	Sustainability report (203) HR report page (xx)	<table border="1"> <thead> <tr> <th></th> <th>women</th> <th>men</th> </tr> </thead> <tbody> <tr> <td>Permanent employees (group)</td> <td>468</td> <td>423</td> </tr> <tr> <td>Temporary employees</td> <td>24</td> <td>22</td> </tr> </tbody> </table> <p>Number of employees: 891 (937 incl. temporary)</p> <table border="1"> <thead> <tr> <th></th> <th>women</th> <th>men</th> </tr> </thead> <tbody> <tr> <td>Full time</td> <td>421</td> <td>403</td> </tr> <tr> <td>Part time</td> <td>71</td> <td>42</td> </tr> </tbody> </table> <p>Gender breakdown of employees paid by the hour:</p> <table border="1"> <tbody> <tr> <td>K</td> <td>29</td> </tr> <tr> <td>M</td> <td>32</td> </tr> <tr> <td>Total</td> <td>61</td> </tr> </tbody> </table> <p>The figures are taken from the Group's personnel lists as at December 2022 and are based on the number of employees per category. No major changes are reported for 2022.</p> <p>By region is meant North Norway. All employees of the Group are located in the region.</p>		women	men	Permanent employees (group)	468	423	Temporary employees	24	22		women	men	Full time	421	403	Part time	71	42	K	29	M	32	Total	61		
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Part time	71	42																											
K	29																												
M	32																												
Total	61																												
2-8	Workers who are not employees	HR Report (xx)	No work is done at SpareBank 1 Nord-Norge by workers who are not employees. Work performed by external parties is formalised on a contract-to-hire basis or by consultancy/service agreements.																										
2-22	Statement from the management	Annual report page (6)																											
2-28	Membership of industry associations or other membership associations, and national or international advocacy organisations	Sustainability report (172)																											

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX	OMISSION	REASON FOR OMISSION
Governance					
2-9	The organisation's governance structure, including committees of the highest governance body and committees that are responsible for decisions on economic, environmental and societal topics	Annual report - (38) The work of the Board of Directors (40) Sustainability report page (171)			
2-9a	Highest governance body and its composition	Annual report – The work of the Board of Directors (39, 40)	The Supervisory Board comprises equity certificate holders, customers, employees and representatives from our largest owner – the North Norwegian community. The Board of Directors consists of 9 representatives of whom 2 are employee representatives. 4 of the members are men and 5 are women.		
2-9b	List of committees	Annual report page (41)	Remuneration committee, audit committee, risk committee.		
2-9c	Composition of the highest governance body	Annual report – The work of the Board of Directors (39, 40)	Criteria for board composition are: competence, industry, gender, impartiality and length of service Under-represented social groups are not among the set of criteria for board composition.	C vi.	Information N/A
2-10 a,b	Nomination and selection of the highest governance body	Annual report - (38, 39 and 40)	Information on the election committee is available at snn.no		
2-11	Chair of the highest governance body	Annual report (39, 40)	The chair of the Board of Directors is independent. The Group CEO is not a member of the Board of Directors.		
2-13	Delegation of responsibility for managing impacts	Sustainability report (168, 174)			
2-14a,b	Role of the highest governance body in sustainability reporting	Report of the Board of Directors (14)	The sustainability report is integrated into the annual report and is reviewed and approved by the Board of Directors. The materiality analysis is reviewed and approved by the Group CEO.		
2-15 a,b	Conflicts of interest	Annual report (40)			
2-16a	Communication of critical concerns		At SNN the following roles are entitled to report directly to the Board of Directors (in addition to the Group CEO): • CRO (Chief Risk Officer) • Head of compliance • Anti-money laundering officer Reporting is done quarterly to the Board of Directors. This is in addition to the right and obligation to report to the Board chair if circumstances are brought to light that may conflict with the Group's policies		
2-16b	Board of directors' involvement in critical concerns		No critical concerns were reported to the Board of Directors in 2022		

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX	OMISSION	REASON FOR OMISSION
2-17	Highest governance body's knowledge, skills and experience of sustainable development	Sustainability report (171)	ESG-related matters considered by the Board of Directors in 2022: Business strategy, Risk strategy, Policy on lending, Policy on liquidity management, briefing on the ESG module and on the Transparency Act		
2-18	Evaluation of the performance of the highest governance body		ESG is not among the set of criteria for evaluating the performance of the Board of Directors. Consideration will be given to introducing this a criterion in 2023	A,b,c	Information N/A
2-19a-c	Remuneration policy	Annual report page (49) and HR report (xx)			
2-20 a-c	Processes to determine remuneration	Annual report on the remuneration committee page (41)	Information on processes to determine remuneration appears in the Remuneration policy which is open at snn.no		
2-21	Annual total compensation ratio		2-21 a. The ratio of total compensation for the highest paid employees to the median for other employees is 7.03 2.21 b. The ratio of the percentage increase in annual total compensation for the highest paid employees to the median percentage increase for other employees is 1.21 2.21 c. The ratios are based on personnel reports from January 2022 and 2023. Total compensation is defined as direct compensation which includes contractual annual salary + car allowance. Definition of other employees: all employees on fixed contractual salary.		
2-23a, d	Sustainability policy		The policy on sustainability and corporate social responsibility builds inter alia on the UN Global Compact's 10 principles of respect for human and worker rights, the environment and prevention of economic crime. The policy is adopted by the Board of Directors.		
2-23b	Sustainability policy: human rights	Sustainability report page (204)	This is covered inter alia in the chapter on green transition and accountability and transparency in the supplier chain. A guideline specifically on human and worker rights can be found at snn.no		
2-23c, d	Publication of policy		The policy on sustainability and corporate social responsibility is available at snn.no with appurtenant guidelines.		
2-23f	Description of how the policy is communicated to employees		Instruction in the policy is included in the Group's training programme		
2-24a-e	Implementation of sustainability policy	Sustainability report page (162)	See also reporting on 2-23 a, c, d and f		

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX	OMISSION	REASON FOR OMISSION
2-25	Processes to remediate negative impacts	Sustainability report page (165,168,189)	SNN uses stakeholder dialogue, impact analysis and a whistleblowing mechanism to bring to light negative impacts. The Group has both an internal and external whistleblowing channel. The policy on exceptions handling and whistleblowing describes the procedure. The Group will work to improve procedures and stakeholder involvement in order to reduce negative impacts in 2023.	a, c, d, e	Information N/A
2-26	Mechanisms for ethical conduct and whistleblowing	Sustainability report (199)	This is described in the SNN Code (ethical guidelines). See also reporting on GRI 416-2		
2-27	Compliance with laws and regulations		No law violations were registered in 2022		
Stakeholder dialogue					
2-12	The highest governance body's oversight of and involvement in work on sustainability.	Annual report page (39). Sustainability report (171)	The Board of Directors is well acquainted with climate-related risks and opportunities through its strategic discussions, its review and approval of steering documents, and its reviews of various reports from the administration. In 2022 the Transparency Act and ESG module were also considered by the Board of Directors	b and c	Information N/A
2-29	Stakeholder groups with which the organisation is in dialogue	Sustainability report (175) + Annex 1			
2-30	Percentage of staff that are covered by collective bargaining agreements		100% at the Parent Bank, 100% across the Group		
Reporting practice					
2-2	Entities included in the organisation's sustainability reporting in the annual report	Sustainability report page (xx)	The sustainability report applies exclusively to SpareBank 1 Nord-Norge, not to subsidiaries or other companies.		
2-3	Reporting period		01.02.2022 - 31.12.2022. The sustainability report is published annually as part of the annual report		
2-3	Contact point for queries regarding the report or its content		Ragnhild Dalheim Eriksen		
2-4	Restatements of historical data from previous reports		None		
2-5	External assurance		The report has been verified for the first time externally by KPMG. The independent attestation statement is included in this report. KPMG has performed its attestation of Sparebank1 Nord-Norge's sustainability report with moderate certainty. The attestation was carried out in accordance with ISAE 3000.		

Reporting on material topics according to the GRI index and our own indicators

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX	OMISSION	REASON FOR OMISSION
3-1 a-f	Process for determining the Group's most material topics	Sustainability report (174) Appendix 1	A description of how the Group has identified positive and negative impacts on ESG, including impacts on human rights in the Group's business connections, is provided in a note on the materiality analysis at snn.no. Stakeholder involvement in the process is also described here		
3-2 a-b	List of all topics identified as material	Bærekraftsrapport (s. 166 og 167)	Beskrivelse av vesentlighetsanalysen og endringer av temaer er beskrevet i bærekraftsrapporten. Mer detaljert beskrivelse finnes i notat om vesentlighetsanalysen på snn.no		
3-3	Management of material topics	Sustainability report (175-204)	The Group's sustainability ambition is set with a view to reducing negative and increasing positive impacts. A new sustainability policy is to be established in 2023 with a basis in the most central materialities. More extensive reporting of goal attainment will be provided in 2023.		
Green transition of North Norway					
3-3 a-f	Management of material topics	Sustainability report page (178)			
SNN 1	Green and social products	Sustainability report (179)	SNN has developed its own indicator to report on green (and social) products		
Climate and natural risk					
3-3 a-f	Management of material topics	Sustainability report page (182)	This is a new materiality for SNN, and work will be done to concretise it in 2023.		
SNN 2	KPIs for ESG risk	Sustainability report TCFD (182-190)			
Carbon footprint in operations and financing					
3-3 a,b,c	Management of material topics	Sustainability report page (191)	Materiality will be further developed in the course of 2023	d, e,f	Information N/A
305-1, 305-2, 305-3	Carbon footprint in operations scope 1, 2 and 3	Sustainability report page (191)	See also the climate account for 2022 as an annex to the annual report		
305-4	Emissions intensity in the loan portfolio (financed emissions scope 3)	Sustainability report page (192)	Reported with the aid of PCAF's methodology and emissions data		
ESG technology					
3-3	Management of material topics	Sustainability report page (191)	KPIs for ESG technology and development of data products have not been set. Materiality will be further developed in the course of 2023	a, b, c, d, e f	Information N/A
SNN 3	Number of green innovations	Sustainability report (194)	In 2023 a target will be set for the number of green products and innovations to be explored through the Group's innovation framework		

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX	OMISSION	REASON FOR OMISSION
Knowledge of climate change in Arctic regions					
3-3	Management of material topics	Sustainability report page (195)	Materiality will be further developed in the course of 2023	a,b,c,d,e,f	Information N/A
SNN 4	Number of items on climate change at kbnn.no	Sustainability report page (195)	24 articles and 21 podcast episodes related to climate are published at kbnn.no		
Demographic developments					
3-3	Management of material topics	Sustainability report page (196)	Definitions and objectives in this area have not been set and can therefore not be reported on. Materiality will be further developed in the course of 2023	a,b,c,d,e	Information N/A
SNN 7	Number of measures with a positive impact on migration flows	Sustainability report page (196)	The campaign entitled '1000 jobs'		
Collaboration and networks					
3-3 a	Management of material topics	Sustainability report page (201)		b,c,d,e, f	
SNN 5	Number of formal collaborations on sustainability	Sustainability report page (201)	2 collaborations in 2022: Digital Norway and Råfisklaget		
Competency in sustainable transition					
3-3	Management of material topics	Sustainability report page (181)	Definitions and objectives in this area have not been set and can therefore not be reported on. Materiality will be further developed in the course of 2023	a, b, c, d, e, f	Information N/A
SNN 6	Completion rate for training in sustainability	Sustainability report page (181)			
Social products					
3-3	Management of material topics	Sustainability report page (197)	Materiality will be further developed in the course of 2023	a,b,c,d,e, f	Information N/A
SNN1	Green and social products	page (197)	SNN has developed its own indicator to report on green and social products.		
Local-level value creation					
3-3 c, d	Management of material topics	Sustainability report page (202)	Materiality will be further developed in the course of 2023	a,b,d,e,f	Information N/A
SNN 7	Community involvement	Page (202)			
Work environment					
3-3 a, b, c	Management of material topics	Sustainability report page (203) HR report page (xx)	Materiality will be further developed in the course of 2023	d,e	Information N/A
404-3	Share of employees that regularly undergo appraisal and development interviews	Sustainability report page (203) HR report page (xx)	SNN has established a practice requiring all employees in the organisation to attend an appraisal and development interview in Q1 with their immediate superior. In 2023 a digital solution will be developed for follow-up and enumeration of appraisal and development interviews		

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX	OMISSION	REASON FOR OMISSION																																																																
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405-1	Diversity in governing bodies and in various employee categories	Sustainability report page (203) HR report page (xx)	<table border="1"> <thead> <tr> <th></th> <th>WOMEN</th> <th>MEN</th> </tr> </thead> <tbody> <tr> <td>Management team</td> <td>3</td> <td>5</td> </tr> <tr> <td>Other managers</td> <td>21 (26)</td> <td>39 (26)</td> </tr> <tr> <td>Ordinary employees</td> <td>218 (200)</td> <td>247 (106)</td> </tr> </tbody> </table> <p>Management team: Group management team.</p> <p>Other managers: Managers in the bank. Managers in the subsidiaries stated in parenthesis.</p> <p>Ordinary employees: Employees in the banking segment with a non-managerial role. Ordinary employees with a non-managerial role in subsidiaries stated in parenthesis.</p> <table border="1"> <thead> <tr> <th></th> <th>30 AND UNDER</th> <th>31 - 50</th> <th>51 +</th> </tr> </thead> <tbody> <tr> <td>Management team</td> <td></td> <td>1</td> <td>7</td> </tr> <tr> <td>Other managers</td> <td>4</td> <td>70</td> <td>38</td> </tr> <tr> <td>Ordinary employees</td> <td>189</td> <td>339</td> <td>243</td> </tr> </tbody> </table> <p>Personal Banking, Corporate Banking, SNN Capital Market and the Treasury Department are defined as core/line functions.</p> <p>Compliance, Credit and Risk Management, Finance, Organisation, Communication, Society & Sustainability and Innovation and Business Development are defined as staff/support functions.</p> <table border="1"> <thead> <tr> <th></th> <th>WOMEN</th> <th>MEN</th> <th></th> </tr> </thead> <tbody> <tr> <td>Staff/support</td> <td>72</td> <td>113</td> <td>185</td> </tr> <tr> <td>Core (funding, lending, treasury)</td> <td>168</td> <td>178</td> <td>346</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td>531</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th></th> <th>30 AND UNDER</th> <th>31 - 50</th> <th>51 +</th> <th></th> </tr> </thead> <tbody> <tr> <td>Staff/support</td> <td>24</td> <td>103</td> <td>58</td> <td>185</td> </tr> <tr> <td>Core (funding, lending, treasury)</td> <td>98</td> <td>140</td> <td>108</td> <td>346</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td></td> <td>531</td> </tr> </tbody> </table>		WOMEN	MEN	Management team	3	5	Other managers	21 (26)	39 (26)	Ordinary employees	218 (200)	247 (106)		30 AND UNDER	31 - 50	51 +	Management team		1	7	Other managers	4	70	38	Ordinary employees	189	339	243		WOMEN	MEN		Staff/support	72	113	185	Core (funding, lending, treasury)	168	178	346	Total			531		30 AND UNDER	31 - 50	51 +		Staff/support	24	103	58	185	Core (funding, lending, treasury)	98	140	108	346	Total				531	e, f	Information N/A
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416-2	Breach of guidelines	Sustainability report page (203)	No registered breaches of the SNN Code (ethical guidelines) in 2022	e, f	Information N/A																											
Anti-money laundering																																
3-3 a,b,c,d,	Management of material topics	Sustainability report page (xx)	Materiality will be further developed in the course of 2023	e, f	Information N/A																											
205-2	Documented training in ethical banking operations and work on anti-money laundering	page (xx)																														
205-3	Identified corruption events internally and externally	Sustainability report page (xx)	No documented cases of corruption in 2022																													
Cybersecurity and personal data protection																																
3-3 a,b,c,d	Management of material topics	Sustainability report page (200)	Materiality will be further developed in the course of 2023	e,f	Information N/A																											
418-1	Number of documented complaints related to breaches of data privacy or loss of customer data	page (200)																														
Ethical banking operations																																
3-3 a,b,c,	Management of material topics	Sustainability report page (199)	Materiality will be further developed in the course of 2023	d,e,f	Information N/A																											
205-2	Documented training in ethical banking operations and work on anti-money laundering	page (199)																														

INDICATOR	DESCRIPTION	LOCATION IN THE REPORT	REPORTING DIRECTLY IN THE INDEX	OMISSION	REASON FOR OMISSION
Risk management					
3-3 f	Management of material topics	Annual report page (29, 30 and 31). Sustainability report – TCFD (182)	Risk management is covered in two locations in the annual report: in the chapter on risk management and internal control, and in the sustainability report concerning reporting on climate risk. Materiality will be merged with climate and natural risk in the course of 2023	a, b, c, d, e, f	Information N/A
SNN 2	KPIs for ESG risk	Sustainability report TCFD (190)			
Accountability and transparency in the supplier chain					
3-3 a-f	Management of material topics	Sustainability report (203)			
412-2 a-d	Risk screening of suppliers	Sustainability reporting (204)	The result of due diligence assessments is clear from the text. No suppliers were found to have a particularly negative impact.	e, f	Not relevant

APPENDIX 2 STAKEHOLDER ANALYSIS 2022

STAKEHOLDERS	MEETING POINT FOR DIALOGUE	KEY THEMES	MEASURES RELATED TO THEMES
Customers	Customer and market surveys in the personal and corporate markets. Position survey Other points of contact <ul style="list-style-type: none"> Meetings with corporate customers In-depth interviews with corporate customers and public sector stakeholders Advice on green products, retail market Expectations barometer Various webinars / seminars 	Attitudes to sustainability teams Growing need for industry knowledge North Norway lagging behind in the green transition	New materiality analysis and new sustainability ambition Publishing of knowledge about climate change in Arctic regions Further development of social products and services Further development of ESG Increasing focus on sustainability-related themes in dealings with customers Development of new green products
	The Expectations Barometer (kbnn.no) which each year measures business and public sector perceptions of developments in North Norway	Expectations, developments 41% of North Norwegian businesses say that climate risk has no strategic significance	Development of content on kbnn.no Content for lectures on green transition Customer dialogue on climate risk Risk reporting
Staff	Annual organisational survey Work environment committees in all Group companies Monthly meetings between employee representatives and the Group's HR department Sustainability survey, internal Unit meetings related to sustainability	Work environment, competence raising, gender equality, involvement in processes and projects.	Involving employees in the development of the Group Recruitment policy focusing on diversity and gender equality New digital e-learning course in sustainability Collaboration with trade unions Broad involvement in work on new sustainability ambition Manager workshop with a focus on sustainability
Owners	Supervisory Board meetings and elections for equity certificate holders	Annual accounts and application of net profit, in the event other corporate actions. Election of members to the Board of Directors.	
	Stock exchange notices and quarterly reports	Accounting profit and goal attainment, return, briefings on trends in North Norway's economy and financial markets	
	Investor presentations	Profit trend and sustainability/ESG	Increased reporting on sustainability

STAKEHOLDERS	MEETING POINT FOR DIALOGUE	KEY THEMES	MEASURES RELATED TO THEMES
Public authorities	Contact with control and supervisory authorities (the Financial Supervisory Authority of Norway and others) throughout the year		Increased focus on compliance with laws, rules and regulations
	Participation in the Government's Expert Committee for Climate-Friendly Investments	Management and control, operations and security	Strengthened focus on and target for reduction of carbon footprint in operations and financing
	Participation in the Government's Legislative Committee on Securities	Increased focus on sustainability reporting	Extensive contact with supervisory authorities, Finanstilsynet and others.
	Compliance with laws, rules and regulations		
The North Norwegian community	Barometer X	Job opportunities in the North Young people's everyday life in North Norway and their perceptions of challenges and opportunities ahead	Establishment of competence-raising programme «young voices». The programme is a direct response to inputs received, and is one of several means by which SNN will involve and engage young voices Over 1000 new summer jobs in 2022
	Knowledge Bank kbnn.no partners extensively with knowledge providers in North Norway Media	Sharing knowledge about the international macroeconomic environment, the Norwegian economy and North Norwegian conditions Climate risk, natural risk Transparency, local presence	Development of kbnn.no <ul style="list-style-type: none"> 24 reports, memos and articles 47 podcasts «North Norway in the World» over 41,473 unique users News items and articles
	Various projects have applied for and received support from 'Samfunnsløftet.' Dialogue and meetings with further stakeholders Data contributed to Master's theses focusing on sustainability challenges / opportunities	Insights into the activities of clubs, associations and other stakeholders in the region Sustainability reporting, strategy	Development of green focus from Samfunnsløftet «temaløftet 2023»
Innovation Norway	Measures for businesses in North Norway	Growth-guarantee loans	

STAKEHOLDERS	MEETING POINT FOR DIALOGUE	KEY THEMES	MEASURES RELATED TO THEMES
Stakeholder organisations	Ethical Bank Guide UNEP FI Finance Sector Union of Norway LO Finance Global Compact Norge Skift Norway (climate network) LO Norway and NHO (Norway's main worker and employer organisations)	Exploiting SpareBank 1 Nord-Norge's position and ownership power to make the investment market more sustainable Responsible investments, credit activities, transparency, trust and local presence	Broader communication of the Bank's own work on sustainability New sustainability ambition Agenda Nord-Norge 1,000 jobs
	Participation in Finance Norway's working group on natural risk	Mapping natural risk, and preparation of guide on natural risk management	Increased attention to, and insight into, ESG
Suppliers and collaboration	Collaboration with LO Norway through LO favør and various projects in the region over the year	Special focus on the Transparency Act	Risk-based implementation of due diligence assessments
Affiliated enterprises	Competence raising, knowledge sharing Collaboration with Alliansen	Climate risk, natural risk, Act on sustainable finance Preparation of new ESG module for the corporate market Various working groups across companies	Digital meetings Physical meeting places Shared standards and understanding
Rating agencies	Meetings with rating agencies	The group's work on ESG	More extensive ESG reporting

APPENDIX 3 CARBON ACCOUNTING FOR OWN OPERATION



Carbon Accounting Report 2022

SpareBank 1 Nord-Norge

This report provides an overview of the organisation's greenhouse gas (GHG) emissions, which is an integrated part of the organisation's climate strategy. Carbon accounting is a fundamental tool in identifying tangible measures to reduce GHG emissions. The annual carbon accounting report enables the organisation to benchmark performance indicators and evaluate progress over time.

This report comprises all registered emissions from SpareBank 1 Nord-Norge.

The input data is based on consumption data from internal and external sources, which are converted into tonnes CO₂-equivalents (tCO₂e). The carbon footprint analysis is based on the international standard; *A Corporate Accounting and Reporting Standard*, developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). The GHG Protocol is the most widely used and recognised international standard for measuring greenhouse gas emissions and is the basis for the ISO standard 14064-1.



Reporting Year Energy and GHG Emissions

Emission source	Description	Consumption	Unit	Energy (MWh)	Emissions tCO ₂ e	% share
Transportation total				20.1	4.5	1.3 %
Petrol		1,126.5	liters	10.9	2.6	0.7 %
Diesel (NO)		880.2	liters	9.1	1.8	0.5 %
Scope 1 total				20.1	4.5	1.3 %
Electricity total				289.7	7.5	2.1 %
Electricity Nordic mix		289,679.6	kWh	289.7	7.5	2.1 %
District heating location total				934.6	8.8	2.5 %
District heating NO/Tromsø		685,711.0	kWh	685.7	6.5	1.8 %
District heating NO/Harstad		248,938.0	kWh	248.9	2.3	0.7 %
Scope 2 total				1,224.3	16.4	4.6 %
Waste total				-	14.5	4.1 %
Residual waste, incinerated	Brennbart restavfall	27,810.0	kg	-	14.0	3.9 %
Organic waste, treated	Våtorganisk avfall	8,270.0	kg	-	0.2	-
Organic waste, treated	Frityrolje	400.0	kg	-	-	-
Glass waste, recycled		3,930.0	kg	-	0.1	-
Paper waste, recycled	Papir til sikkerhetsmakulering	2,378.0	kg	-	0.1	-
Paper waste, recycled	Bølgepapp	370.0	kg	-	-	-
Organic sludge, anaerobic digestion	Fett fra fettavskiller rent	8,210.0	kg	-	0.2	-
Business travel total				-	320.1	90.1 %
Mileage all. car (NO)		149,110.0	km	-	11.2	3.1 %
Flights		308,889.0	kgCO ₂ e	-	308.9	86.9 %
Scope 3 total				-	334.5	94.1 %
Total				1,244.4	355.4	100.0 %
KJ			4,479,802,786.8			

Reporting Year Market-Based GHG Emissions

Category	Unit	2022
Electricity Total (Scope 2) with Market-based calculations	tCO ₂ e	-
Scope 2 Total with Market-based electricity calculations	tCO ₂ e	8.8
Scope 1+2+3 Total with Market-based electricity calculations	tCO ₂ e	347.8

Carbon Accounting 2022

In 2022, SpareBank 1 Nord-Norge had a total greenhouse gas emission of 355.4 tonnes of CO₂ equivalents (tCO₂e). This was an increase of 85.6 tCO₂e, corresponding to 31.7%, compared to 2021. An important reason for the increase in emissions was an increase in air travel. This can be connected to a higher need for transport and business trips in 2022 compared to 2021, as 2021 was to a greater extent characterized by travel restrictions during Covid-19.

The greenhouse gas emissions in 2022 had the following distribution:

Scope 1: 1.3% (4.5 tCO₂e)

Scope 2: 4.6% (16.4 tCO₂e)

Scope 3: 94.1% (334.5 tCO₂e)

There was a reduction in emissions in Scope 2 and Scope 3, while an increase in emissions in Scope 1 from 2021 to 2022.

Scope 1

Actual consumption of fossil fuels in the company's vehicles. Total emissions from company owned cars were 4.5 tCO₂e. The consumption of 880.2 liters of diesel accounted for 1.8 tCO₂e in 2022, while 1 126.5 liters of petrol accounted for 2.6 tCO₂e. This is an increase of 33.7% in Scope 1 emissions compared to 2021. The increase in emissions can be attributed to an increase in the consumption of diesel. There was a decrease in the consumption of petrol.

Scope 2

Electricity: Emissions from electricity consumption in company-owned or leased locations. The table shows greenhouse gas emissions from electricity calculated with the location-based emission factor *Electricity Nordic mix*. Emissions from electricity consumption have been reduced by 93.3% compared to 2021. This is because electricity consumption has gone from 3 622 638.1 kWh in 2021 to 289 679.6 kWh in 2022. In addition, the emission factor for *Electricity Nordic mix* has been reduced by 16.1% from 2021 to 2022.

Electricity with a market-based emission factor is presented in a separate table in this report. The total

District heating: Use of district heating in company-owned or leased locations. Total emissions from district heating were 8.8 tCO₂e in 2022, which is a decrease of 43.3% compared to 2021. This is both due to the consumption of district heating being reduced by 131 495 kWh from 2021 to 2022, but also due to a change in the emission factor. In previous years, an emission factor for district heating was used based on the Norwegian production mix, while in 2022 location-specific emission factors have been used which are more accurate. In 2022, emission factors for district heating in Tromsø and Harstad have been used, both of which are lower than the emission factor for the Norwegian district heating mix.

In total, Scope 2 emissions have been reduced by 87.2% compared to 2021.

Scope 3

Waste: Emissions from third-party disposal and treatment of waste generated in the reporting company's owned or controlled operations. The total emissions from waste were 14.5 tCO₂e in 2022, which is an increase of 172.1% compared to 2021. This is mainly due to an increase in the amount of waste reported in 2022.

Business travel: Emissions from the transportation of employees for business related activities in vehicles owned or operated by third parties. Total emissions from air travel were 308.9 tCO₂e in 2022. This represents 86.9% of total greenhouse gas emissions for SpareBank 1 Nord-Norge. This is an increase of 146.31% compared to 2021. The increase in air travel can be related to the fact that 2021 was to a greater extent characterized by Covid-19 and travel restrictions.

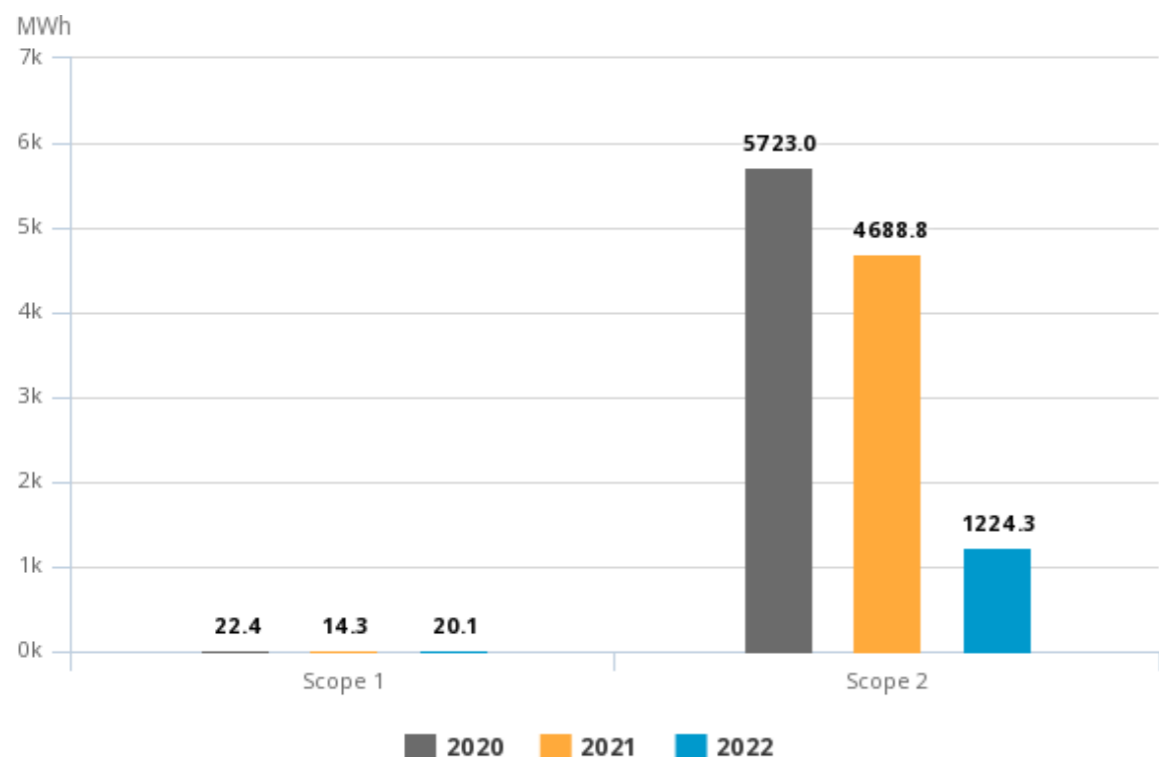
Mileage allowance: Emissions from traveling with employees' own vehicles from mileage allowance. From 2022, this is a new activity that has not previously been included in the carbon accounting. The total emissions from mileage allowance were 11.2 tCO₂e in 2022.

In total, Scope 3 has had an increase of 141.3% compared to 2021.

Annual GHG Emissions

Category	Description	2020	2021	2022	% change from previous year
Transportation total		5.1	3.3	4.5	33.7 %
Petrol		2.7	2.8	2.6	-5.6 %
Diesel (NO)		2.3	0.6	1.8	231.7 %
Scope 1 total		5.1	3.3	4.5	33.7 %
Electricity total		211.4	112.3	7.5	-93.3 %
Electricity Nordic mix		211.4	112.3	7.5	-93.3 %
District heating location total		8.3	15.6	8.8	-43.3 %
District heating Norway mix		8.3	15.6	-	-100.0 %
District heating NO/Tromsø		-	-	6.5	100.0 %
District heating NO/Harstad		-	-	2.3	100.0 %
Scope 2 total		219.7	127.9	16.4	-87.2 %
Business travel total		144.2	133.3	320.1	140.1 %
Air travel, continental	Europa	12.5	2.7	-	-100.0 %
Air travel, continental	Norden	-	0.4	-	-100.0 %
Air travel, domestic		131.7	130.2	-	-100.0 %
Mileage all. car (NO)		-	-	11.2	100.0 %
Flights		-	-	308.9	100.0 %
Waste total		6.5	5.3	14.5	172.1 %
Residual waste, incinerated		6.3	5.1	-	-100.0 %
Residual waste, incinerated	Brennbart restavfall	-	-	14.0	100.0 %
Paper waste, recycled		0.1	0.1	-	-100.0 %
Paper waste, recycled	Papir til sikkerhetsmakulering	-	-	0.1	100.0 %
Paper waste, recycled	Bølgepapp	-	-	-	100.0 %
Organic waste, treated		-	0.1	-	-100.0 %
Organic waste, treated	Våtorganisk avfall	-	-	0.2	100.0 %
Organic waste, treated	Frityrolje	-	-	-	100.0 %
Glass waste, recycled		-	-	0.1	246.0 %
EE waste, recycled		-	-	-	-100.0 %
Wood waste, recycled		-	-	-	-100.0 %
Organic sludge, anaerobic digestion	Fett fra fettavskiller rent	-	-	0.2	100.0 %
Scope 3 total		150.6	138.6	334.5	141.3 %
Total		375.4	269.8	355.4	31.7 %
Percentage change		100.0 %	-28.1 %	31.7 %	

Annual energy consumption (MWh) Scope 1 & 2



Annual Market-Based GHG Emissions

Category	Unit	2020	2021	2022
Electricity Total (Scope 2) with Market-based calculations	tCO ₂ e	-	-	-
Scope 2 Total with Market-based electricity calculations	tCO ₂ e	8.3	15.6	8.8
Scope 1+2+3 Total with Market-based electricity calculations	tCO ₂ e	164.0	157.5	347.8
Percentage change		100.0 %	-3.9 %	120.8 %

Methodology and sources

The Greenhouse Gas Protocol initiative (GHG Protocol) was developed by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). This analysis is done according to *A Corporate Accounting and Reporting Standard Revised edition*, currently one of four GHG Protocol accounting standards on calculating and reporting GHG emissions. The reporting considers the following greenhouse gases, all converted into CO₂-equivalents: CO₂, CH₄ (methane), N₂O (laughing gas), SF₆, HFCs, PFCs and NF₃.

For corporate reporting, two distinct approaches can be used to consolidate GHG emissions: the equity share approach and the control approach. The most common consolidation approach is the control approach, which can be defined in either financial or operational terms.

The carbon inventory is divided into three main scopes of direct and indirect emissions.

Scope 1 includes all direct emission sources. This includes all use of fossil fuels for stationary combustion or transportation, in owned and, depending on the consolidation approach selected, leased, or rented assets. It also includes any process emissions, from e.g. chemical processes, industrial gases, direct methane emissions etc.

Scope 2 includes indirect emissions related to purchased energy; electricity and heating/cooling where the organisation has operational control. The electricity emission factors used in CemAsys are based on national gross electricity production mixes from the International Energy Agency's statistics (IEA Stat). Emission factors per fuel type are based on assumptions in the IEA methodological framework. Factors for district heating/cooling are either based on actual (local) production mixes, or average IEA statistics.

In January 2015, the GHG Protocol published new guidelines for calculating emissions from electricity consumption. Primarily two methods are used to "allocate" the GHG emissions created by electricity generation to the end consumers of a given grid. These are the location-based and the market-based methods. The location-based method reflects the average emission intensity of the grids on which energy consumption occurs, while the market-based method reflects emissions from electricity that companies have purposefully chosen (or not chosen).

Organisations who report on their GHG emissions will now have to disclose both the location-based emissions from the production of electricity, and the market-based emissions related to the potential purchase of Guarantees of Origin (GoOs) and Renewable Energy Certificates (RECs).

The purpose of this amendment in the reporting methodology is on the one hand to show the impact of energy efficiency measures, and on the other hand to display how the acquisition of GoOs or RECs affect the GHG emissions. Using both methods in the emission reporting highlights the effect of all measures regarding electricity consumption.

The location-based method: The location-based method is based on statistical emissions information and electricity output aggregated and averaged within a defined geographic boundary and during a defined time period. Within this boundary, the different energy producers utilize a mix of energy resources, where the use of fossil fuels (coal, oil, and gas) result in direct GHG-emissions. These emissions are reflected in the location-based emission factor.

The market-based method: The choice of emission factors when using this method is determined by whether the business acquires GoOs/RECs or not. When selling GoOs or RECs, the supplier certifies that the electricity is produced exclusively by renewable sources, which has an emission factor of 0 grams CO₂e per kWh. However, for electricity without the GoO or REC, the emission factor is based on the remaining

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market perspective, this implies that Norwegian hydropower is largely substituted with an electricity mix including fossil fuels.

Scope 3 includes indirect emissions resulting from value chain activities. The scope 3 emissions are a result of the company's upstream and downstream activities, which are not controlled by the company, i.e. they are indirect. Examples are business travel, goods transportation, waste handling, consumption of products etc.

In general, the carbon accounting should include information that users, both internal and external to the company, need for their decision making. An important aspect of relevance is the selection of an appropriate inventory boundary which reflects the substance and economic reality of the company's business relationships.

Sources:

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WBCSD/WRI (2015). GHG protocol Scope 2 guidance: An amendment to the GHG protocol corporate standard. World Business Council on Sustainable Development (WBCSD), Geneva, Switzerland /World Resource Institute (WRI), Washington DC, USA, 117 pp.

The reference list above is incomplete but contains the essential references used in CEMAsys. In addition, several local/national sources may be relevant, depending on which emission factors are used.



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Til styret i Sparebank 1 Nord-Norge

Uavhengig revisors attestasjonsuttalelse om bærekraftsrapporten for 2022

Om attestasjonsoppdraget

Vi har blitt engasjert av styret i Sparebank 1 Nord-Norge («selskapet») til å avgi en attestasjonsuttalelse om bærekraftsrapporten inntatt i selskapets årsrapport for året som ble avsluttet 31. desember 2022 («Rapporten»).

Vi har utført attestasjonsoppdraget for å oppnå moderat sikkerhet for at Rapporten i alt det vesentlige er utarbeidet i samsvar med Global Reporting Initiative (GRI) Standards som et av selskapets rapporteringsprinsipper som angitt på side 161 i rapporten.

Omfanget av vårt arbeid omfatter ikke framtidige hendelser eller selskapets overholdelse av formål og oppnåelse av målsettinger og forventninger. Vårt arbeid omfatter heller ikke informasjon på nettsider som Rapporten refererer til, med mindre dette er spesifisert i denne attestasjonsuttalelsen.

Konklusjon

Vår konklusjon er formet på bakgrunn av, og er underlagt, de forhold som er angitt i denne attestasjonsuttalelsen.

Etter vår mening er innhentet bevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Basert på utførte handlinger og innhentet bevis, er vi ikke blitt oppmerksomme på noe som gir oss grunn til å tro at Rapporten ikke i alt det vesentlige er utarbeidet i samsvar med GRI Standardene som beskrevet på side 161 i Rapporten.

Ledelsens ansvar

Styret og daglig leder («ledelsen») er ansvarlig for utarbeidelsen av Rapporten, og for informasjonen i den, i samsvar med GRI Standardene som forklart i på side 161 i Rapporten.

Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide en Rapport som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil. Videre er ledelsen ansvarlig for å forhindre og avdekke misligheter, samt for å identifisere og sikre at selskapet overholder de lover og forskrifter som er relevante for selskapets aktiviteter.

Vår uavhengighet og kvalitetskontroll

Vi er uavhengige av selskapet slik det kreves i lov, forskrift og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av the International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene.

Offices in:

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Statsautoriserte revisorer - medlemmer av Den norske Revisorsforening

KPMG Confidential

Oslo	Elverum	Molde	Straume
Alta	Finnsnes	Tromsø	Tynset
Arendal	Hamar	Trondheim	Ulssteinvik
Bergen	Haugesund	Slidre	Sandefjord
Bodø	Knarvik	Sandnessjøen	Ålesund
Bryne	Kristiansand	Stavanger	
Drammen	Mo i Rana	Stord	



Vi anvender den internasjonale standarden for kvalitetskontroll (ISQC 1) og opprettholder følgelig et omfattende system for kvalitetskontroll, herunder dokumenterte retningslinjer og rutiner for etterlevelse av etiske krav, faglige standarder og gjeldende lovmessige og regulatoriske krav.

Revisors oppgaver og plikter

Vår oppgave er å utføre et attestasjonsoppdrag som skal gi moderat sikkerhet, og avgi en konklusjon på grunnlag av de handlinger vi har utført.

Vi har utført vårt attestasjonsoppdrag i samsvar med internasjonal attestasjonsstandard (ISAE) 3000 (revidert) – «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», utgitt av International Auditing and Assurance Standards Board. Denne standarden krever at vi planlegger og gjennomfører oppdraget for å oppnå moderat sikkerhet for hvorvidt Rapporten ikke inneholder vesentlig feilinformasjon.

Utførte handlinger

Et attestasjonsoppdrag innebærer forespørsler, hovedsakelig til personer som er ansvarlig for å utarbeide informasjonen i Rapporten, samt analytiske kontrollhandlinger og andre hensiktsmessige handlinger. Utførte handlinger avhenger av vår forståelse av Rapporten og andre omstendigheter ved oppdraget, og vår vurdering av hvilke områder det er sannsynlig at vesentlig feilinformasjon kan oppstå. Våre handlinger omfatter:

- Sammenlignet informasjonen i Rapporten mot de relevante kriteriene i GRI Standardene.
- En risikovurdering, inkludert et mediesøk, for å identifisere forhold som kan ha betydning for selskapet i rapporteringsperioden.
- Intervjuer med utvalgte ansatte om bærekraftstrategi og retningslinjer for vesentlige forhold, samt implementering av disse i virksomheten. Intervjuene ble utført både på konsernnivå og i enkelte forretningsområder.
- Intervjuer av utvalgte ansatte, både på hovedkontoret og forretningsområder, som er ansvarlige for å fremskaffe informasjonen i Rapporten.
- Gjennomgang av et begrenset utvalg av relevant intern og ekstern dokumentasjon for å vurdere påliteligheten av Rapporten.
- Sammenlignet informasjonen som er presentert i Rapporten med tilsvarende informasjon i relevante underliggende kilder for å vurdere om all relevant informasjon i slike underliggende kilder er inkludert i Rapporten.
- Lest informasjonen i Rapporten for å vurdere hvorvidt den er i tråd med vår overordnede kjennskap til, og erfaring med selskapets bærekraftarbeid.
- Vurdert informasjonen i GRI indeksen som presentert i selskapets bærekraftsrapport som vedlegg 1.

Handlingene som utføres på et attestasjonsoppdrag som skal gi moderat sikkerhet, varierer i type og tidspunkt fra, og er i mindre omfang enn, et attestasjonsoppdrag som skal gi betryggende sikkerhet. Følgelig er graden av sikkerhet som oppnås ved et attestasjonsoppdrag som skal gi moderat sikkerhet,




betydelig lavere enn ved et attestasjonsoppdrag som skal gi betryggende sikkerhet.

Iboende begrensninger

Det foreligger en generell mulighet for at det oppstår feil og mangler som ikke avdekkes av internkontrollen knyttet til utarbeidelsen av Rapporten. Vårt attestasjonsoppdrag er ikke utformet for å avdekke alle svakheter i denne internkontrollen. Våre handlinger er utført på utvalgte deler av dokumentasjonen som ligger til grunn for Rapporten og handlingene er ikke utført gjennom hele rapporteringsperioden.

Tromsø, 7.mars 2023 KPMG AS


Stig-Tore Richardsen
Statsautorisert revisor

List of Signatures Page 1/1

Årsberetning, balanse og erklæring fra konsernsjef og styret.pdf

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External reference: 24C4428CE4E142A2B69A338CDD27AB9C