



# The road towards Net Zero 2040

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# CEO's foreword

Dear reader. SpareBank 1 Nord-Norge has been the regional bank for Northern Norway's people and businesses since 1836. As a savings bank, the small communities in the north have always been in our hearts, and we have been driven by a sense of optimism on behalf of the region and faith in development. This remains the case. However, future development can no longer rely merely on a desire for growth measured in terms of traditional economic theories. Growth also has to be sustainable from an ecological perspective.

The last few years have seen research on how our way of life is changing the planet on a scale that is compromising our own future. In parallel with this we have felt the physical effects of climate change. Rising temperatures, enormous forest fires, floods, landslides and extreme weather events with a regularity that indicates something needs to be done. And that it has to be done now.

The main causes of the changes are greenhouse gas emissions from human activities. The energy generated from fossil fuels currently accounts for as much as three quarters of global emissions.<sup>1</sup> One of the main ways of reducing this is to switch to renewables. Norway generates a lot of renewable energy through hydropower and a growing number of wind farms. But this is far from enough. Investing in new renewable facilities is therefore crucial. As far as the big picture is concerned, individuals and businesses need to do their bit by taking action to reduce emissions now, including through electrification, energy efficiency and investing in renewables. Sufficient infrastructure for delivering electricity also has to be in place.

In reality, for us as a bank, this means that we need to change our business models. Banks have been identified as having a key role to play in the green transition. The reason for this is simple. We can have an impact by steering funds in a more sustainable direction. This is a job we at SpareBank 1 Nord-Norge take seriously. Instead of just backing financially profitable projects, we will increasingly look for projects that are both profitable and sustainable. This also means that many of our customers will need to change their business models. Because it is our combined total emissions that need to fall.

At the same time, we will continue to back people and businesses in Northern Norway. This means we need to be a driving force behind this process. In this role, we want to offer both green expertise, green products and green capital. At the same time, we will set clear requirements for all of our customers. It is only through working together and joint efforts that we will make a success of the green transition. Failure is not an option. While the world as such has said that net zero will be achieved by 2050, SpareBank 1 Nord-Norge has set itself a goal of achieving net zero by 2040. Both in our own operations and in our loan portfolio. This is an ambitious goal, although we have good reasons to be ambitious. Firstly, Northern Norway, with its vulnerable arctic nature, is seeing the effects of climate change both earlier and stronger than further south. But also because nature-based industries are our lifeblood. What will happen to fisheries if ocean temperatures rise? What will happen to the aquaculture industry? Ignoring the serious consequences of global warming threatens our existence in many ways. At the same time, it is challenging. Moving towards a low emissions society in the periods up to 2040 and 2050 will require significant efforts in many areas of society. And these need to start now.

While climate change poses a serious threat to our communities and the global economy, it also presents opportunities. We can already see new actors emerging, with both ideas and solutions that will make the transition possible. Norway has long been an energy nation. We have the expertise and we have the experience. Norway has the raw materials such as rare earth metals that can be used to produce batteries and advanced electronics. We also have plenty of wind, both on land and at sea. This provides the conditions for new, renewable and sustainable industries. For us as a bank, it is natural to want to support such new activities. Both in terms of financing and with support via Samfunnsløftet.

SpareBank 1 Nord-Norge has signed up to a number of green initiatives, including the UN Global Compact, UNEP FI, PCAF, Eco-Lighthouse and Klimapartnere, and we want to contribute to the global effort to cut emissions. We report in line with recognised reporting standards and want to give all of our stakeholders an insight into how we work. We rely on science-based methods (the Science Based Targets initiative) to validate whether or not our goals and methods are consistent with the Paris Agreement's goal of limiting global warming to well below 2°C, and preferably less than 1.5°C.

We have taken a deliberate approach to setting targets for our operations and developing tools and systems to measure and evaluate our overall climate impact. This includes calculating emissions from our own operations, our "financed emissions", as well as measures and strategies for achieving net zero by 2040. At the same time, we will pride ourselves on reporting transparently on our journey towards

achieving our goals.

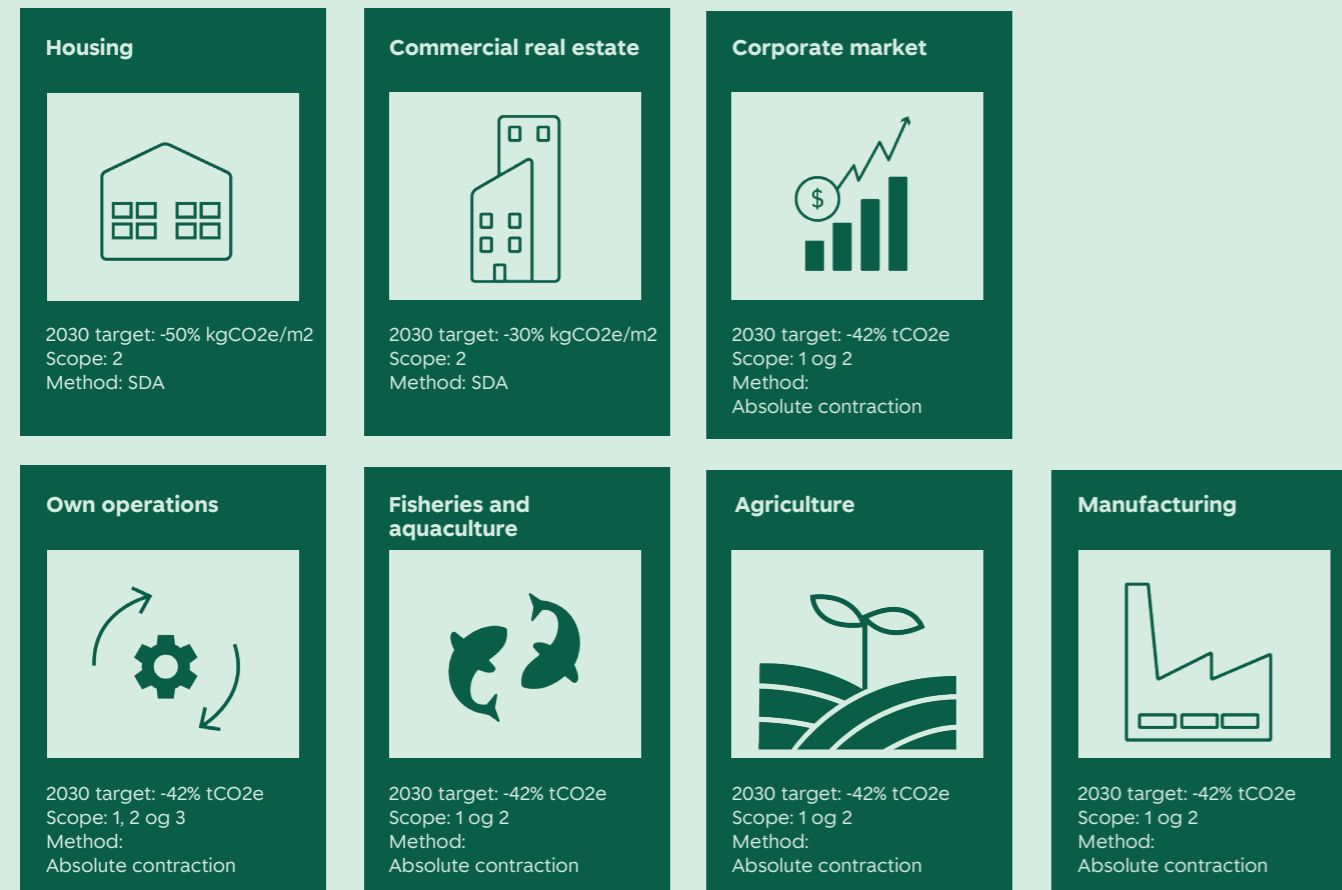


<sup>1</sup> Sector by sector: where do global greenhouse gas emissions come from? - Our World in Data

# Emissions targets for lending and own operations

SpareBank 1 Nord-Norge has set emissions reduction targets for our loan portfolios for the corporate and retail markets, as well as for our own operations. These targets will help us implement concrete measures

that reduce our emissions in our processes and make choices that support the customer while reducing our climate-related risk exposure from our lending.



## A driving force behind a sustainable Northern Norway

SpareBank 1 Nord-Norge's ambition is to be a driving force behind a sustainable future in Northern Norway. This transition plan describes the measures we will employ to achieve this ambition. The document is based on estimated carbon emissions in our loan portfolio at the end of 2023. It contains specific reduction targets for the portfolio, with a particular focus on the industries with frameworks for setting good emissions paths. Furthermore, the plan points

out measures for reducing emissions and planned measures that have been adopted to drive this change forward. At the same time, the plan looks at dilemmas that both we and our customers will face in such a transition and our need for good enough quality data that can be used to make the right choices. The plan is valid for 2 years and is scheduled for revision in 2026. The faster pace of climate change and comprehensive climate policies, nationally and internationally, mean

that as a bank we need to rethink risk. The time horizon for the Paris Agreement will challenge traditional and typical business time horizons such as maturities on loans, credits and/or other cycles that usually shape our plans and decisions. This is a challenge for both us as

a financial group and our customers. Therefore, we are dependent on working together with our customers and the rest of society, and we will have to continuously adapt to political incentives and means.

## Means

The means SpareBank 1 Nord-Norge will use in its efforts to achieve net zero by 2040 can be summarised as follows:

1. "Green" competence
2. "Green" products
3. "Green" capital

### Green competence

In all processes for loans in excess of a certain size, climate-related risk will be part of the criteria that are assessed, initially in the corporate market. A customer's climate-related risk score will affect the loan in the future. Both in relation to terms and conditions and in relation to how the customer is followed up. The focus on climate-related risk and climate adaptation measures will increase in the years to come. At the same time, this area is developing quickly and it is not the case that all of the answers exist. Therefore, it is important to start wherever we can. One important factor is access to data that can be linked to emissions. Therefore, one key task for us is to raise this topic in meetings with customers, industries and other stakeholders. This is also an area where we as a bank can make a difference by actively using our means.

- We are improving our employees' climate expertise such that we can provide more precise advice at a time when greater transition efforts and (climate-related) risk-mitigation measures are required.
- We offer transition loans to help customers make the right decisions when refurbishing their home to improve its energy efficiency.
- We are working to develop ESG data that will accelerate the green transition and prevent green-washing.
- We support the research into and development of green transition initiatives. Either with money from Samfunnsløftet or by contributing the expertise of our employees
- We are cleaning our own house and cutting our own emissions by at least 6 per cent a year.

### Green products

Today, we offer products designed to finance activities associated with low emissions or reducing existing emissions. These are intended to create incentives for the transition and help us achieve our emissions targets. Through its taxonomy, the EU has developed a classification system that will make it possible to specify what green economic activities are. For banks, this represents both an opportunity to develop green products, and a risk because the classification requirements are so detailed and demanding to achieve. Definitions of what can be called green will also develop in line with the phasing in of the EU taxonomy. Green loans are a means that can create demand for activities that pull us in a greener direction, and it gives us as a bank the opportunity to build a greener balance sheet.

- We offer green loans to private individuals and businesses.
- Our green loans were developed based on our green financial framework.<sup>1</sup>
- In the future, we want to be able to provide transition services for our customers.

<sup>1</sup> The criteria in the framework will, as far as possible, be aligned with the Green Bond Principles, Green Loan Principles, Guidance on Bonds to Finance the Sustainable Blue Economy, and the EU's Taxonomy Delegated Acts (as of June 2023). Changes may occur in line with changes in the EU taxonomy.

## Green capital

Climate considerations are already something we work a lot with in all of our processes. Detailed requirements have been set for, for example, emissions reporting, environmental certification and climate-related risk exposure, both ours and our customers. These are insights about our customers that we use to assess risk and ensure it is properly priced and followed up. It has been our ambition to contribute to a greener capital market for many years, an ambition that has guided, and will continue to guide, much of our approach to the green transition. The transition we advocate for our customers must correspond with the regulatory requirements and expectations of both the authorities and investors. Moving forward, we will increase our

focus on emissions paths, climate targets and proven cuts in emissions in our financing processes, and we will also have to exclude some industries and activities from our green loan programmes.

- **We are setting stricter climate requirements** in the credit processes for all of our customers > 5MNOK.
- **We are contributing MNOK 200** to the green transition of business through Samfunnsløftet.
- **We will continue to contribute to a greener capital market.**

## Status in Northern Norway

SpareBank 1 Nord-Norge is the leading financial group in Northern Norway with local branches across the entire region. Given our northern market area, we are particularly concerned about factors that impact arctic regions. Climate change is impacting and harming nature and our communities, as well as impacting global financial stability. As a financial group in this region, we have a substantial impact on the environment and society. This entails a responsibility to preserve and reinforce the positive, and minimise the adverse, impacts of our operations.

SpareBank 1 Nord-Norge's vision, "For Northern Norway", and our mission, "More than anyone else, we shall understand and do what is important for people and businesses in Northern Norway".

Sustainability and climate-related risks are embedded in the Group's business and risk strategies. The ambition to achieve net zero in the loan portfolio is based on the Group's double materiality analysis, which points out the important role the Group has to play in the

green transition. With this in mind, our most important task in the next few years will be to get the rest of the business sector to join us in the transition in time before regulations come into effect and reduce the competitiveness of those who have not yet started the process.

### Therefore, our ambition for the area of sustainability is as follows:

*As the largest financial group in Northern Norway, SpareBank 1 Nord-Norge aims to be a driving force behind sustainable development.*

### This includes the following ambitious goals:

- Green transition of Northern Norway: goal of net zero in the loan portfolio by 2040.
- Attractive and inclusive region: goal of contributing to positive migration flow by 2030.
- Arctic Ocean region: goal of 70 per cent of the ocean industries portfolio qualifying for green financing by 2030.

## Stricter emissions reporting requirements

For banks and other non-profit enterprises, 2024 will represent a milestone when sustainability reporting becomes a legal requirement pursuant to the Accounting Act.<sup>1</sup> Furthermore, the reporting requirements will become more stringent in stages and apply to more enterprises from 2025 and 2026 onwards. These legislative changes mean, for example, that sustainability information will have the same status as financial

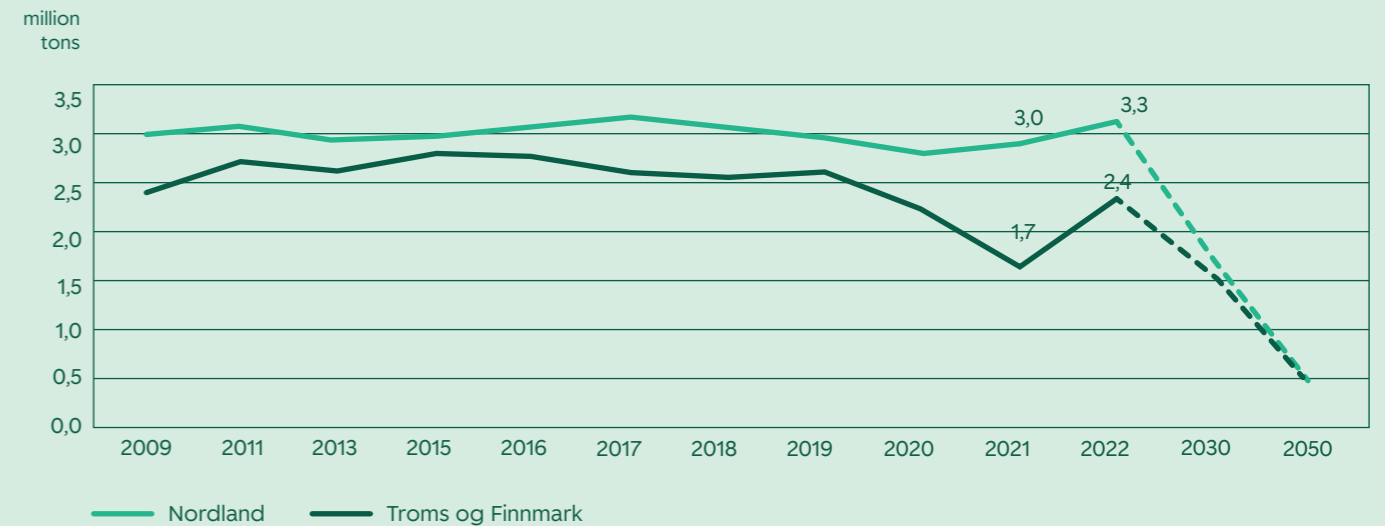
information. In particular, enterprises will be subject to stricter reporting requirements for carbon accounting throughout their value chains. The reporting will have to include both direct and indirect greenhouse gas emissions (scopes 1, 2 and 3) and will therefore affect all parts of both the business sector and the public sector.

## Greenhouse gas emissions in Northern Norway

Norway's national goal is to reduce greenhouse gas emissions by up to 55 per cent from the 1990 level by 2030.<sup>2</sup> This will result in a direct and indirect transition in large sections of the business sector. For Nordland, it means that emissions must be cut by 47 per cent by 2030 and 87 per cent by 2050, compared with 2022

emissions. Troms og Finnmark must cut greenhouse gas emissions by 33 per cent by 2030 and 83 per cent 2050, compared with 2022 emissions.<sup>3</sup> The transition risk in this phase will increase, although it also presents opportunities for growth and innovation.

### Greenhouse gas emissions Nordland og Troms og Finnmark



Historical emissions of greenhouse gases and emission targets for Nordland and Troms and Finnmark (2021).

<sup>1</sup> <https://www.regjeringen.no/no/dokumenter/hou-2023-15/id2977731/>

<sup>2</sup> <https://www.regjeringen.no/no/tema/klima-og-miljo/innsiktsartikler-klima-miljo/klimaendringer-og-norsk-klimapolitikk/id2636812/>

<sup>3</sup> Utslipp av klimagasser i Norges kommuner og fylker - Miljødirektoratet ([miljodirektoratet.no](https://miljodirektoratet.no))

For example, Northern Norway’s potential for generating renewable energy is high, which could provide a basis for the transition.

The surveys that have been conducted, including through SpareBank 1 Nord-Norge’s Expectations Barometer,<sup>1</sup> suggest that the business sector in Northern Norway urgently needs to speed up its transition. Businesses do not have a sufficient understanding of how much climate-related risk will affect them. Two out of three enterprises do not view sustainability as a financial risk. One in three municipalities says sustainability does not represent a financial risk for them. Only 15 per cent of businesses say they produce a carbon accounting report.

If the region is to continue creating value while cutting emissions, we need to consume carbon more efficiently when producing goods and providing services. This can be measured in carbon intensity,

CO2 emissions per intensity factor, or carbon productivity, production per CO2 emissions. An article on kbnn.no, “Is green growth possible in the north?”<sup>2</sup> (in Norwegian only) says that Nordland and Troms og Finnmark are among the Norwegian counties with the lowest carbon productivity. In order to actually cut emissions, carbon productivity growth must be higher than economic growth. At the moment, the increase in carbon productivity is not high enough to compensate for the increase in value creation. In other words, we are being pulled in the wrong direction.

An inadequate overview of our own greenhouse gas emissions and the region’s low carbon productivity pose a direct risk to both the business sector and to us at SpareBank 1 Nord-Norge. Therefore, strong measures will have to be taken to get a grip on emissions in our financed activities. This is one of the reasons why we have set our emissions ambition for 2040.

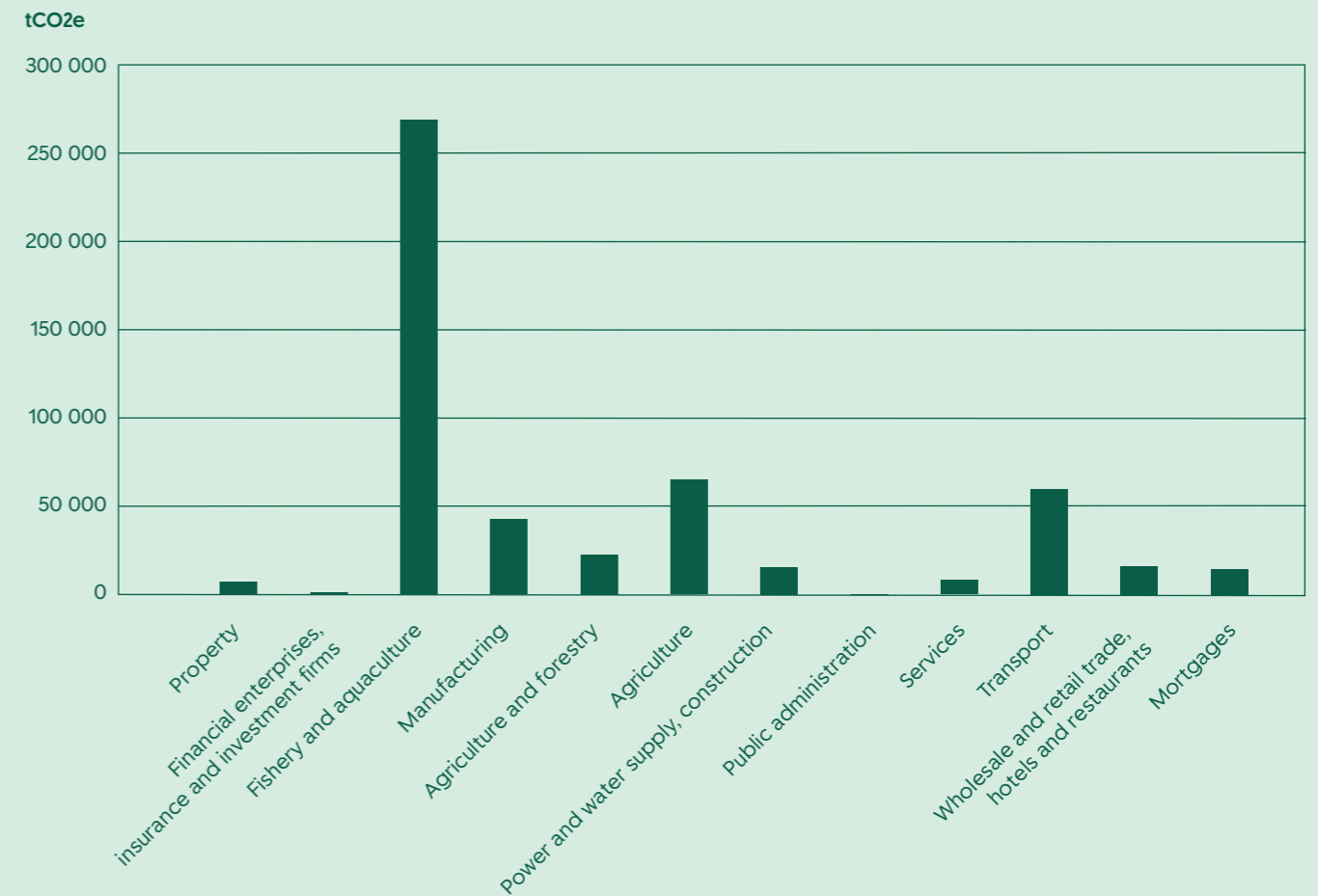
1 [Forventningsbarometer for Nord-Norge 2022 - Kunnskapsbanken \(kbnn.no\)](https://www.kbnn.no/artikkel/baerekraftundersokelsen-2023-bedrifter-og-kommuner)  
<https://www.kbnn.no/artikkel/baerekraftundersokelsen-2023-bedrifter-og-kommuner>  
 2 [Er grønn vekst mulig i nord? - Kunnskapsbanken \(kbnn.no\)](https://www.kbnn.no/artikkel/baerekraftundersokelsen-2023-bedrifter-og-kommuner)

## Calculating emissions in our loan portfolio

SpareBank 1 Nord-Norge’s customer base is comprised of people and businesses across the entire region. The majority of our portfolio is linked to housing and real estate. We do not finance oil and gas production, and we have relatively little exposure to emission-intensive industries such as shipping and agriculture. Nevertheless, there is no doubt that the cuts in emissions

that need to be made are large and that they have to be made at our customers. A dialogue with the market and authorities will therefore be crucial if we are to successfully achieve our goals. We have already launched several measures, and more need to be put in place so that our customers can start cutting emissions as simply as possible.

### Financed emissions from the loan portfolio



The figure shows financed emissions per industry in the loan portfolio, including mortgages. This is the overall composition and contains emissions calculated using data with PCAF data qualities ranging from 1 to 5. It is

clear from the figure that Fisheries and Aquaculture, Transport and Agriculture and Forestry account for the highest industry emissions in our portfolio.

### About the method for calculating financed emissions

SpareBank 1 Nord-Norge uses the Partnership for Carbon Accounting Financials (PCAF) to estimate financed emissions from our lending business. PCAF is an international industry initiative founded to enable financial institutions to calculate and report greenhouse gas emissions associated with lending services or other financial services. We have also enhanced the analysis by using Finance Norway’s “Guidelines for calculating financed emissions”.<sup>1</sup> The guidelines were developed by the Norwegian financial industry and complement PCAF with additional insights into Norwegian factors.

PCAF’s methodology is based on the quality of the data available. Data quality is scored from 1 to 5, where a score of 1 is for the highest quality data and 5 is for the lowest. A data quality score of 1 corresponds to an institution’s actual, certified climate report. A non-certified climate report corresponds to a data quality score of 2. A data quality score of 3 is for calculations based on activity factors, such as the number of animals on a farm. A data quality score of 4 or 5 is used for data based on industry average emissions, i.e. a template approach.

1 <https://www.finansnorge.no/siteassets/dokumenter/maler-og-veiledere/veileder-for-beregning-av-finansierte-klimagassutslipp.pdf>



Photo: Petter Schive

PCAF also assumes that emissions linked to electricity consumption are calculated using both a location-based and a market-based electricity emissions factor wherever possible.

Given that Norway produces electricity with very low emissions, but sells much of it through guarantees of origin, there is a big difference between the emissions

factors. Reporting calculated emissions using a location-based factor has become the industry standard, which results in very low emissions from real estate portfolios for Norwegian actors.

**Financed emissions:** There are several factors that can lead to changes in financed emissions. Financed emissions can, in simplified terms, be calculated as:

$$\text{Attribution factor} \times \text{Emissions}$$

Changes in these components will lead to changes in our financed emissions. Examples of this include changes in exposure (attribution factor) and changes in calculation method (emissions).

**Disclaimer:**

The quality of financed emissions calculations varies greatly based on the methods and data available. Improvements in data quality could result in substantial changes in emissions intensity in the various industries. Financed emissions can be changed by several factors: Attribution factor, emissions, methods and data. When comparing different methods of calculating financed

emissions, all these factors must be taken into account. Calculations using data with data quality 4 and 5 will not reflect differences in emissions between actors in the same industry but result in average emissions based on the industry to which the actor belongs. As we strive to improve data quality and apply new methods, we expect to see significant changes in calculated emissions.

## Emissions scenario analyses

Creating reduction paths that achieve net zero and at the same time meet our requirement to limit global warming in line with the Paris Agreement, will require us to base reduction paths on established scenarios. The scenarios must be science-based and fulfil global

warming limitation requirements. There are no legal requirements concerning which scenarios or providers of scenarios must be used to set reduction paths. We have chosen to apply best market practice in the financial industry in the use of scenarios in this plan.

## Science Based Targets initiative

In this plan, we apply the methods and recommendations from the Science Based Targets initiative (SBTi) to set emissions paths towards net zero for the loan portfolio. This was done to ensure that our net zero

reduction targets are in line with the Paris Agreement. SBTi's methods define how we set reduction targets for 2030.

## Carbon Risk Real Estate Monitor (CRREM)

For residential and commercial real estate, the Carbon Risk Real Estate Monitor (CRREM) is used. CRREM provides emissions scenarios for European homes that can be differentiated per country and type of residence. This means we can use scenarios representative of our portfolio's composition. The scenarios from CRREM are recognised by SBTi and are in line with expectations in the Paris Agreement. CRREM's work also provides the basis for PCAF's real estate emissions factors.

**Why do scenarios need to change over time?**

Research from the Intergovernmental Panel on Climate Change (IPCC), etc. and changes in carbon budgets must be reflected in the scenarios used to create net zero paths. Therefore, scenarios may change after a plan has been drawn up, and in such cases one must also expect to have to adjust the plan.

## Emissions and reduction paths

This chapter provides an overview of reduction paths and emissions in the most significant industries in our portfolio. Reduction paths still have to be set for some

of our most significant industries such as Fisheries and Aquaculture and Agriculture and Forestry.

### Housing

Metric	Scope	2023 Baseline	2030	2030 Reduction	Method	Scenario	Data quality
kgCO2/m2	2	3,88	1,95	49,7%	SDA	SBTi/CRREM	3,06

**Why are mortgages material?**

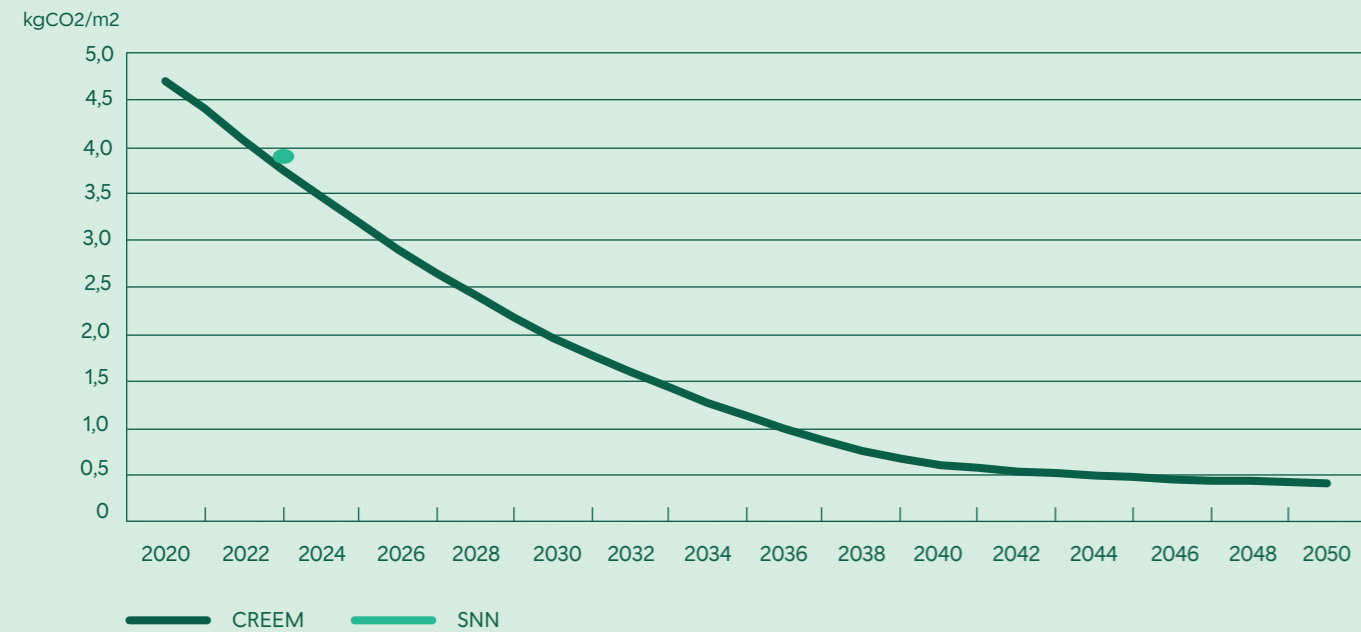
More than 60 per cent of our portfolio consists of mortgage lending in the retail market, and it represents the largest class of assets in our portfolio.

One important source for understanding homes' greenhouse gas emissions are energy ratings. The districts in Northern Norway mainly have older homes. These are assumed to have lower energy ratings. This makes increasing the energy efficiency of the existing housing stock challenging. Emissions from homes depend on consumption, energy efficiency and the energy mix. Emissions calculations can be affected by how the home's electricity is generated. This, therefore, affects the approach that should be taken with respect to the decarbonisation of the housing portfolio.

For the housing portfolio, we use the CRREM scenarios based on single family homes and multi-family homes for detached houses and flats, respectively.

The emissions from the housing portfolio are thus based on actual and estimated energy ratings, supplemented by portfolio averages where data is unavailable. One of our goals is to increase the proportion of actual energy ratings in the portfolio. This will also improve data quality for emissions analyses over time.

## Transition pathway mortgages



In the past year, we have considerably increased the proportion of estimated energy ratings in our mortgage portfolio. Therefore, we have been able to calculate emissions from the mortgage portfolio using data with a relatively high data quality. We have used actual and estimated energy ratings to estimate the energy consumption for most of the housing portfolio.

Where energy ratings have not been available, we have used averages based on that part of the portfolio with energy ratings. Furthermore, efforts will be made to improve data quality for emissions in the mortgage portfolio and measures taken to increase the proportion of energy ratings.

## Commercial real estate

Metric	Scope	2023 Baseline	2030	2030 Reduction	Method	Scenario	Data quality
kgCO2/m2	2	4,22	2,96	29,8%	SDA	SBTi/CRREM	3,82

## Why is commercial real estate material?

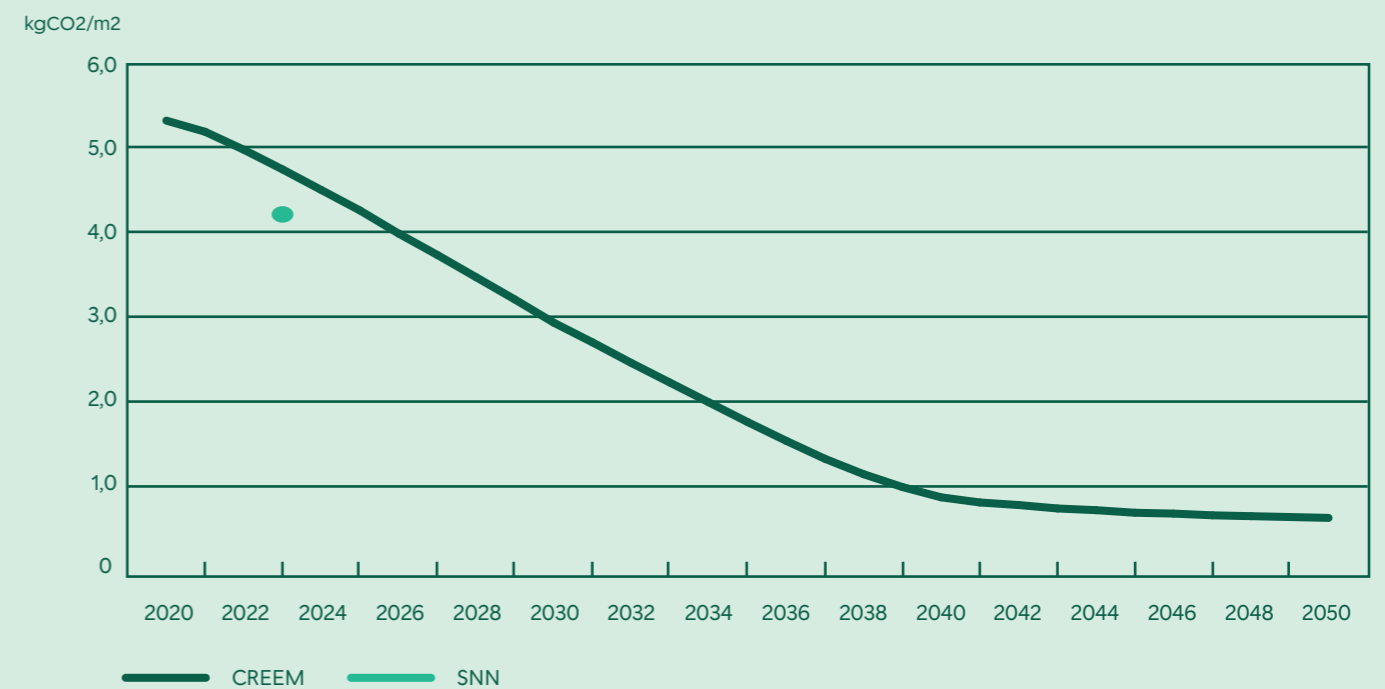
Commercial real estate<sup>1</sup> accounts for around 13 per cent of our loan portfolio. Electricity consumption in Norwegian buildings accounts for 55 per cent<sup>2</sup> of total power consumption in Norway, and thus the sector has significant potential when it comes to improving energy efficiency. The industry also has significant exposure to climate-related risk through stricter regulation and documentation requirements. The industry is directly impacted by a changing climate, which must be taken into account when planning future projects. In its financial stability report, Norges Bank points out that only 22 per cent of Norwegian commercial real estate has a registered energy certificate. This is an area for which we as a bank will set stricter requirements in the future.

The commercial real estate portfolio is calculated using the same methods as those for the housing portfolio. The challenge in relation to commercial real estate versus housing is the definition of a commercial real estate customer. This part of the analysis calculates emissions from real estate where more than 50 per cent of the property's value is collateral for accounts linked to real estate companies. The purpose of this definition is to ensure that the financing of a customer with significant emissions in another activity are not calculated as commercial real estate.

<sup>1</sup> [NACE Code 68 - Real estate activities](#)

<sup>2</sup> <https://www.kbnn.no/artikkel/naeringsbygg-er-nokkelen-til-kraftbalanse-i-nord>

## Transition pathway Commercial Real Estate



Although we have low financed emissions in the commercial real estate portfolio, it is important that we focus on measures that help to improve energy efficiency. We have low emissions due to a low energy emissions factor in Norway. The emissions factor is also lower than the one in the scenario. Buildings that are not energy efficient are a challenge when it comes to

ensuring that the region continues to have an energy surplus. The article "Commercial real estate is the key to the energy balance in the north" (in Norwegian only) on kbnn.no states that commercial buildings could provide around 70 per cent of potential energy efficiency gains.



## Agriculture

Metric	Scope	2023 Baseline	2030	2030 Reduction	Method	Data quality
tCO2e	1 og 2	64.949	37.670	42%	Absolute Contraction	3

### Why is the agricultural portfolio material?

Agriculture accounts for about 1.2 per cent of our portfolio. While it constitutes a small proportion of the portfolio, the industry is important for Northern Norway.

Agriculture accounts for around 10 per cent of national emissions of CO2 equivalents.<sup>1</sup> Agricultural emissions mainly consist of methane emissions, a highly potent greenhouse gas. Cows and other ruminants, the use of artificial fertiliser, compost management and land conversion are among the major sources of emissions in the industry. The amount of emissions and their composition make agriculture a highly carbon-intensive industry.

The results of the agricultural analysis are based on PCAF and the latest recommendations in Finance Norway's guidelines. The analysis is based on production and land-use factors from agriculture for each

active agricultural customer in the portfolio. This is an important analysis because the emissions calculation for agriculture is based on data quality 4 and 5 and results in significantly higher emissions than the actual situation. The analysis includes all active agricultural customers registered with the Norwegian Agriculture Agency. We have customers who are registered under the NACE code for agriculture and forestry but who are not active in agriculture. These are included in the corporate market calculation for the rest of the customers later in this report.

SBTi has yet to develop a standard for emissions cuts in the agricultural portfolio. Therefore, we use the "Absolute Contraction" method, which describes a general reduction, rather than an industry-specific path. Going forward, we will explore whether there are other emissions path scenarios we can use for the industry.

The Institute of Transport Economics (TØI) concludes in "Green scenarios for the fishing fleet: Establishment and application of the Fisheries' Scenario Model (FiSc-eMod)"<sup>2</sup> (in Norwegian only) that the fisheries industry will be able to transition to being carbon neutral by 2050 with measure costs per tonne of CO2 in the order of the authorities' proposed price for carbon emissions. The report also contains scenarios that achieve zero emissions in 2040.

The Green Shipping Programme's guide, "Transition-linked financing for the fishing fleet",<sup>3</sup> recommends how banks and customers can contribute to the transition of the fishing fleet, with a focus on the ocean-going fishing fleet. The guide highlights transition loans as a key means with KPIs that focus on the Energy Efficiency Operating Indicator (EEOI). EEOI can be interpreted as CO2 emissions per operating distance and catch volumes or where emission-efficient fish are caught.

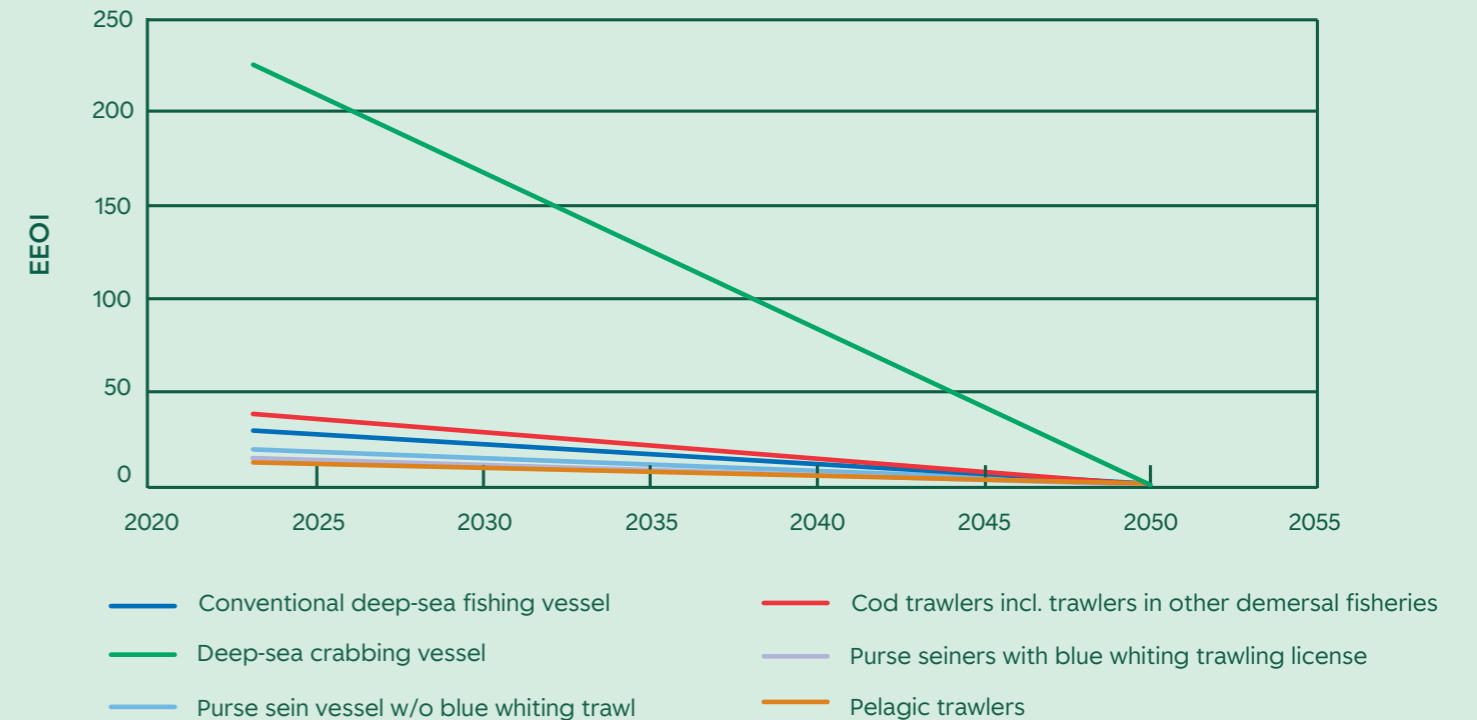
## Fisheries

### Why are fisheries material?

Some 7.8 per cent of our portfolio consists of lending for Ocean and Coastal Fishing. In addition to being an important industry for us, it is a very important industry for value creation in the region. Income from the fisheries sector constitutes a significant part of the economic activity in Northern Norway. This includes income from both the sale of fish and the economic ripple effects in and around the fisheries.

SBTi has yet to develop a standard for emissions cuts for fisheries. Going forward, we will explore the development of emissions paths in this area. One of the government's ambitions is to cut emissions in domestic shipping, and the International Maritime Organisation (IMO) has an ambition of achieving net zero in 2050 for greenhouse gas emissions in international shipping.

### Reference paths deep-sea fishing fleet



The figure illustrates EEOI paths towards zero emissions in 2050 for the Norwegian ocean-going fishing fleet provided by the Green Shipping Programme. This

type of path can be used to benchmark emissions from our vessel portfolio against the emission paths shown in the figure.

## Corporate market (excl. commercial real estate)

Metric	Scope	2023 Baseline	2030	2030 Reduction	Method	Data quality
tCO2e	1 og 2	503.988	292.313	42%	Absolute Contraction	4,25

The figure illustrates general emissions paths for corporate market industries for which SBTi has not yet developed its own reduction paths or for which we do not have sufficient data available. The paths show a 42 per cent reduction in financed emissions in the period up to 2030 and a linear decrease in the period up to

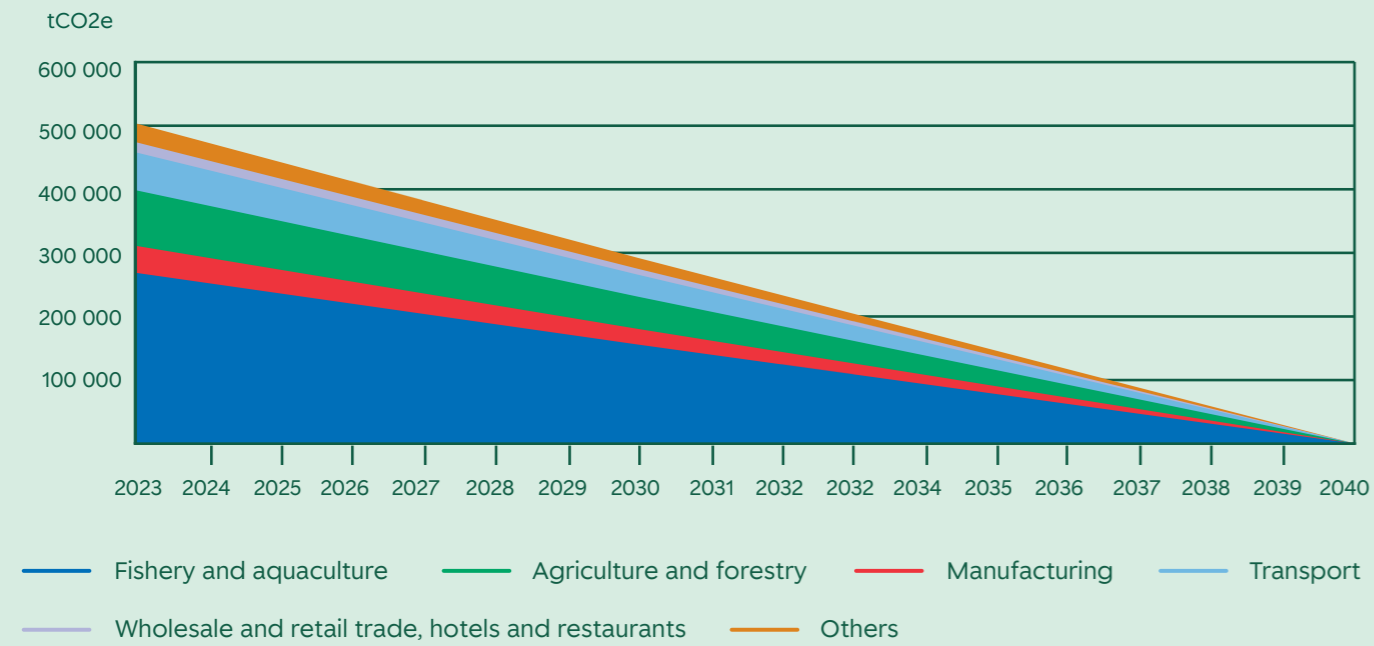
2040, in line with the net zero ambition. The decrease is in line with SBTi's general recommendations for scope 3 emissions. This path covers the entire corporate market portfolio with the exception of commercial real estate, which has its own reduction path.

<sup>1</sup> Norske utslipp og opptak av klimagasser ([miljodirektoratet.no](https://miljodirektoratet.no))

<sup>2</sup> Grønne scenarier for fiskeflåten: Etablering og anvendelse av modellverktøyet FiScMod - Transportøkonomisk institutt ([toi.no](https://toi.no))

<sup>3</sup> Omstillingsfinansiering for den norske havgående fiskeflåten - Grønt Skipsfartsprogram ([grontskipsfartsprogram.no](https://grontskipsfartsprogram.no))

## Transition pathways Corporate Portfolio



\*Other paths consist of: real estate, financial institutions, insurance and investment firms, energy and water supply, building and construction, public administration, wholesale and retail trade, and hotel and restaurant

activities. Our emissions paths will increase in line with the availability of paths from SBTi and access to emissions calculation data.

## Own operations

### Why are emissions from our own operations material?

The majority of our emissions are linked to our lending. Nevertheless, as a major employer with multiple local branches, we also have an impact on the climate through our greenhouse gas emissions. An overview of our footprint is presented by our carbon accounting report. In line with our ambition, our own emissions must also be cut in line with cuts in emissions in our loan portfolio. One important priority for our own carbon accounting is to work on the quality of emissions calculations in the coming years. Therefore, we anticipate that our reported greenhouse gas emissions for our own operations may increase, and the reduction path will thus have to be adjusted in order to achieve the targets for 2030 and 2040.

The table shows the composition of our own emissions at an overarching level. The carbon accounting report is delivered by CEMAsys. Our own emissions cover scope 1, scope 2 and scope 3, with the exception of scope 3 category 15, Investments (financed emissions). It is clear from the table that the largest emissions are in scope 3, business travel. Electricity accounts for the second highest emissions. Energy efficiency and limiting business travel are measures that will have an effect on our carbon budget.

Our own emissions account for just under 1 per cent of our total emissions.

The figure below illustrates our science-based reduction path based on SBTi methodology. After 2030, the figure follows a linear development towards our zero ambition in 2040.

## Transition pathway internal emissions



Interne utslipp	Base year	Comparative	2030	Annual %-target / Base year
<b>Scope 1 emissions</b>				
Scope 1 (tCO2e)	2023	4,6	2,7	6 %
<b>Scope 2 emissions</b>				
Location based (tCO2e)	2023	92,8	53,8	6 %
Market based (tCO2e)	2023	11,4	6,6	6 %
<b>Material Scope 3 emissions</b>				
Scope 3 (tCO2e)	2023	387,4	224,7	6 %

Photo: Petter Schive

