



# Sustainability Report 2021

# Sustainability

## About the sustainability report

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

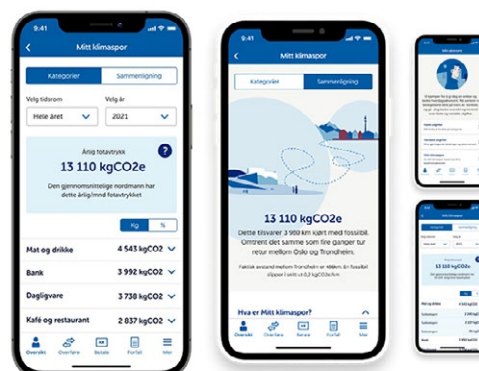
More information about the group's sustainability work can be found on the group's website and especially in the document "[Sustainability in SpareBank 1 SR-Bank](#)".

## The customer's ally in the sustainability transition

Society is facing a global challenge that will require robust, result-oriented cooperation, as well as huge investment in the period up to 2050. SpareBank 1 SR-Bank's ambition is to ensure that we are doing our bit to be part of the solution and a proactive ally in the shift to a more sustainable society. As an important social actor, the group actively participates in a number of initiatives locally, nationally and globally. In 2021, SpareBank 1 SR-Bank signed up to the Women in Finance Charter, Shift – Business Climate Leaders and the Partnership for Carbon Accounting Financials (PCAF). See table 1 for an overview of the initiatives.

In 2021, SpareBank 1 SR-Bank launched an updated and more ambitious sustainability and climate strategy. The group also achieved a grade of A- in a ranking of sustainability on the Oslo Børs in 2021.

The group has monitored regulatory developments within sustainability during the year: the Act for Sustainability-related Disclosures (taxonomy directive and disclosure directive) and the Transparency Act. At the same time, employees in the group have actively participated in Finance Norway's reference group for sustainable finance.



The launch of "My carbon footprint" in the digital bank has caught the attention of customers. The digital bank's climate report feature will make it easier for customers to help reduce greenhouse gas emissions and make sustainable choices in their everyday lives.

In 2021, SpareBank 1 SR-Bank established, through its subsidiary SpareBank 1 SR-Bank ForretningsPartner, consulting services with cutting edge expertise in sustainability for the corporate market in order to contribute and support the green transition.

The main objectives in 2022 will be to implement the measures linked to the sustainability and climate strategy that were approved in 2021, to comply with the coming regulations and to generally boost the skills of employees within the area of sustainability.

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

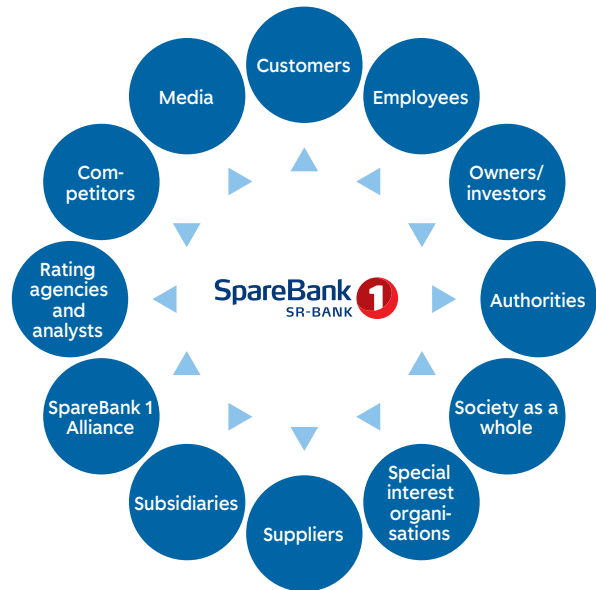
Initiative/framework	Description
UN Sustainable Development Goals (UN SDGs)	SpareBank 1 SR-Bank has identified three UN Sustainable Development Goals where the group has the greatest potential to have a positive impact through its core activities: Goal 5 Gender equality Goal 8 Decent work and economic growth Goal 13 Climate action
UN Global Compact	SpareBank 1 SR-Bank has been a signatory to the UN Global Compact, the world's largest initiative for corporate social responsibility, since 2015. The group recognises and supports the UN Global Compact's 10 principles of sustainability.
UN Principles for Responsible Banking (PRB)	SpareBank 1 SR-Bank has been a signatory to the UNEP FI Principles for Responsible Banking since 2019. Through the PRB, the group has committed itself to continuously improving its work on being a responsible bank.
Global Reporting Initiative (GRI)	SpareBank 1 SR-Bank reports in line with the leading international standard, GRI Core, which is also the one recommended by the Oslo Børs. For the GRI Content Index see page 151.
Carbon Disclosure Project (CDP)	SpareBank 1 SR-Bank reports in line with the CDP, which is a global system for measuring, reporting and sharing climate and environmental information. In 2021, the group achieved a grade of B.
Partnership for Carbon Accounting (PCAF)	SpareBank 1 SR-Bank became a member of PCAF in autumn 2021. This is a global partnership of financial institutions that collaborates on methods for reporting greenhouse gas emissions in banking and investment portfolios.
Task Force on Climate-related Financial Disclosures (TCFD)	SpareBank 1 SR-Bank has reported on climate risk in line with the recommendations issued by the TCFD since 2018.
Responsible Ship Recycling Standards (RSRS)	SpareBank 1 SR-Bank supports the RSRS initiative and integrates the principles for the responsible breaking up and recycling of ships into its loan terms and conditions and other terms.
Poseidon Principles	SpareBank 1 SR-Bank signed up to the Poseidon Principles in 2020. This is a global framework in which banks have joined forces to encourage their shipping customers to abide by responsible environmental standards and help cut emissions.
EU classification system (taxonomy) for sustainable activities	SpareBank 1 SR-Bank is working on classifying its portfolio in line with the taxonomy and the Norwegian Act on sustainability-related disclosures.
The Norwegian State Pension Fund Global, the Norwegian Sustainable Investment Forum (Norsif) and the UN Principles for Responsible Investments (UN PRI)	SpareBank 1 SR-Bank complies with the Government Pension Fund Global's ethical exclusion list with respect to the companies in which it invests.
Skift – Business Climate Leaders	SpareBank 1 SR-Bank became a member of Skift, a network for business climate leaders, in autumn 2021.
Women in Finance Charter	SpareBank 1 SR-Bank became a signatory to the Women in Finance Charter in autumn 2021. The group is actively working on gender balance and inclusion. Read more on page 15 in the chapter on employees.



## The group's stakeholders and main material topics

At the end of 2021, SpareBank 1 SR-Bank surveyed its risk and opportunities in relation to ESG to ensure that its sustainability work matched its stakeholders' (figure 1) expectations. At the same time, this work helped to reinforce the ongoing stakeholder engagement. An updated materiality analysis was produced based on interviews, questionnaires and working meetings with both internal and external stakeholders. The results from the impact analysis carried out in line with the UN Principles for Responsible Banking (UN PRB) were also included in the materiality analysis. The impact analysis shows which areas the group should prioritise in its sustainability work. [Read more about the impact analysis here.](#)

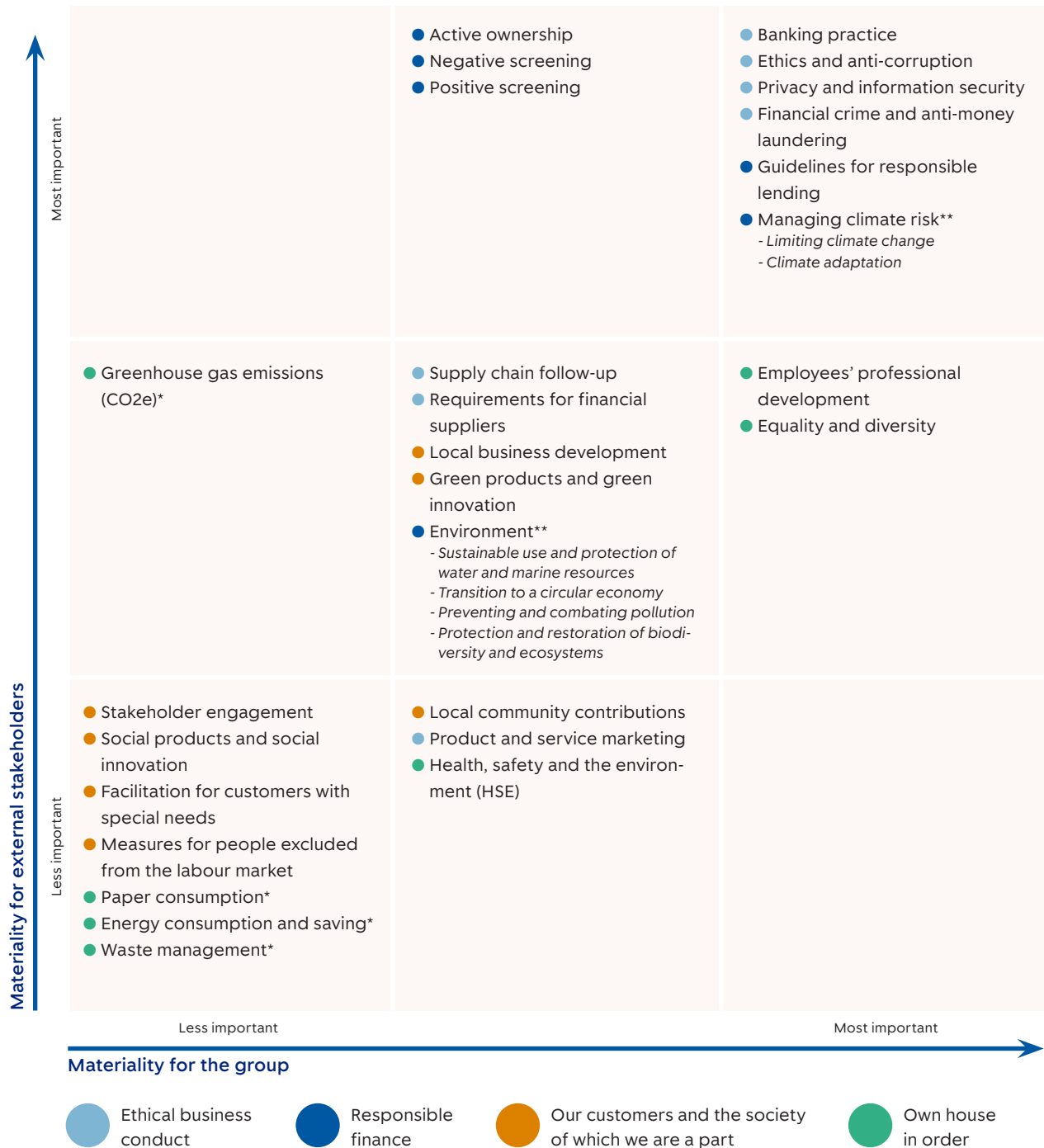
Figure 1: Stakeholder map (not exhaustive)



The materiality matrix (figure 2) provides the group with a structured overview of the stakeholders' perspectives on various topics, ranked by importance. Figure 2 shows that the topics that both internal and external stakeholders feel are the most important ones are ethics and anti-corruption, privacy and information security, financial crime and anti-money laundering, managing climate risk, responsible lending and banking practice.



**Figure 2: Materiality matrix**



\* applies internally in the group  
 \*\* taxonomy-related topic

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

of both how sustainability affects the group and how the group impacts various sustainability factors. This approach is called double materiality and is a central part of the development within sustainability reporting. For example, we know that the future directive on sustainability reporting in the EU, the Corporate Sustainability Reporting Directive (CSRD), is based on double materiality.



## SpareBank 1 SR-Bank's sustainability and climate strategy

SpareBank 1 SR-Bank has raised the level of ambition in its sustainability and climate strategy, which was approved by the board in November 2021. ESG will be deeply integrated into all of the group's business areas by the end of 2025. This will incorporate ESG risks and opportunities into all activities, thus giving the group the ability to exploit the opportunities that will arise in line with the coming regulations. These could be experienced in everything the group does, for example in how the group creates valuable customer experiences, delivers results, operates, as well as how the group collaborates internally and externally, and, not least, in how the group contributes to sustainable social development. All employees must take a proactive and responsible approach to sustainability.

The sustainability and climate strategy is anchored in SpareBank 1 SR-Bank's corporate strategy and adapted to the objectives of the Paris Agreement. The group bases its work on sustainability on the UN Sustainable Development Goals and these have been integrated into the strategy.

For a detailed overview of governing documents concerning sustainability and how they are incorporated into the group see the documents:

["Sustainability in SpareBank 1 SR-Bank"](#)  
["Sustainability and climate strategy"](#)

### General objectives, goals and targets

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

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

#### Emission reduction

- **A climate neutral** group by the end of 2022
- **Net zero emissions** in our financing and investment activities by 2050

#### Transition

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

#### Equality and diversity

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

#### Combat financial crime

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

## UN Sustainable Development Goals

The group's sustainability work is based on the 17 UN Sustainable Development Goals. SpareBank 1 SR-Bank supports the global effort to eradicate poverty, fight inequality and limit climate change by 2030. The group has identified three UN Sustainable Development Goals where it has the greatest opportunity to have a positive impact through its core activities: Goal 5 Gender equality, Goal 8 Decent work and economic growth, and Goal 13 Climate action.

The work on supporting these goals is integrated into the group's sustainability and climate strategy. The targets can be seen in the sustainability and climate strategy ([read more here](#)).



[Read more about the group's work on these in 2021 in the document "Sustainability in SpareBank 1 SR-Bank".](#)

## Principles for Responsible Banking (PRB)

SpareBank 1 SR-Bank signed up to the PRB when they were launched in 2019 and since then the principles have provided direction for our sustainability work. We are committed to complying with the six Principles for Responsible Banking and to implementing them.

<b>Principle 1:</b> Alignment	Banks must align their business strategy to be consistent with the UN Sustainable Development Goals, the Paris Agreement, and relevant national frameworks	SpareBank 1 SR-Bank approved a new revised sustainability and climate strategy in 2021 that is aligned with the principles.
<b>Principle 2:</b> Impact and target setting	Banks must continuously increase their positive impacts while reducing their negative impacts on people, the climate and the environment	In its sustainability and climate strategy, SpareBank 1 SR-Bank has set itself a specific goal of becoming a climate neutral group. The group is aiming for net zero emissions from the group's financing and investment activities.
<b>Principle 3:</b> Clients and customers	Banks must work responsibly with their clients and their customers to encourage sustainable practices	SpareBank 1 SR-Bank launched "My carbon footprint" in its digital bank in 2021. The online bank's climate report feature will make it easier for customers to help reduce greenhouse gas emissions and make sustainable choices in their everyday lives. The group has established consulting services for corporate customers within sustainability through SpareBank 1 SR-Bank ForretningsPartner.
<b>Principle 4:</b> Stakeholders	Banks must proactively and responsibly partner with stakeholders to achieve society's goals	During the year, SpareBank 1 SR-Bank maintained a good dialogue with the group's stakeholders, and it produces an annual overview of this engagement. The group also conducted a new materiality analysis in 2021.
<b>Principle 5:</b> Governance and culture	To achieve their goals for responsible and sustainable banking operations, banks must implement effective governance and a culture of responsible banking	In 2021, SpareBank 1 SR-Bank decided to start the process of implementing ISO 14001. Employee skills development were also a focus area in 2021. The aim is to make sustainability an integral part of the group's day-to-day work.
<b>Principle 6:</b> Transparency and accountability	Banks must periodically review their individual and collective implementation of these principles	SpareBank 1 SR-Bank delivered its first PRB report in 2021. It can be read in its entirety <a href="#">here</a> .

## Regulatory compliance

SpareBank 1 SR-Bank closely monitors regulatory developments within sustainability and responsible business. New regulations that will enter into force in 2022 – the Act on sustainability-related disclosures (SFDR) and the Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act) – will be central to this work.

The Act on sustainability-related disclosures (taxonomy directive and disclosure directive) is expected to be enacted into Norwegian law in the first half of 2022 through an amendment to Annex IX (Financial services) of the EEA Agreement. The EU taxonomy for economic activities is a common classification system and is often referred to as the foundation for the EU's initiatives for the green transition. The main principle behind the taxonomy is that an economic activity must make a significant contribution to one of the EU's environmental goals in order to be considered sustainable. At the same time, it is a requirement that the activity cannot significantly harm any of the other environmental goals. The activity must also satisfy a number of minimum requirements concerning social conditions and governance (including the OECD Guidelines for Multinational Enterprises, the ILO's Core Conventions and the UN Guiding Principles for Business and Human Rights).

SpareBank 1 SR-Bank is subject to the EU taxonomy. For SpareBank 1 SR-Bank, the taxonomy will increase the need for sustainability considerations to be included in financing processes. In order for the group to be able to report its loan and investment portfolios in line with the taxonomy, an extensive process will be required to collect data from relevant customers. Going forward, the group's green financing framework (Sustainable Finance Framework) will have to be updated and adapted according to the development of the taxonomy. Adapting to the EU taxonomy will, together with other sustainability assessments, be part of a comprehensive system for measuring, analysing and pricing various ESG factors<sup>1</sup> and could therefore represent a competitive advantage with regard to the influx of customers and investors.

In its guidelines on the EU Taxonomy Regulations, the EU has set six environment-related objectives that are intended to give guidance and support the EU's goal to reach carbon neutrality by 2050.

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

From and including the 2023 accounts, the group will report the green financing fraction in line with the taxonomy regulations. Initially, the group will only state loans for activities covered by the taxonomy regulations, i.e. not those that are green but those that could potentially be. This is referred to in the EU regulations as *eligibility*. At the moment, there is an additional requirement for taxonomy reporting for financial institutions. Stating that only customers that report themselves can be included as part of the green fraction. This requirement also applies to eligibility reporting. As at 31.12.2021, the proportion of the loan portfolio that was potentially eligible for the green fraction was 63%<sup>2</sup>. Since no corporate customers have reported in line with the taxonomy yet, this proportion exclusively represents residential mortgages and car loans in the retail market.

An amendment is expected on the MiFID II regulations as of November 2022. Adding a new requirement to survey customers' sustainability preferences and offer financial products that accommodate these preferences. The adaptation work for this has already started with the adjustment of advice processes to ensure that they also take account of the customers' sustainability preferences.

The Transparency Act, to which SpareBank 1 SR-Bank is subject, will be in force from 1.7.2022. Introduce a requirement for organisations to conduct due diligence assessments related to the risk of negative consequences for basic human rights and decent working conditions within their organisation and supply chains. The due diligence assessments must be conducted by 30.06.2023. The group's work in this area is anchored in the overall strategy for sustainability. SpareBank 1 SR-Bank are commitment that it will not contribute to breaching human rights, labour rights or international law. This is specified in, for example, its "Guidelines for sustainability – labour and human rights". ([Read more here](#)).

<sup>1</sup> Systems for the management and control of other ESG factors, including CO<sub>2</sub> emissions and reports, are being developed, ref. EBA REPORT ON MANAGEMENT AND SUPERVISION OF ESG RISKS FOR CREDIT INSTITUTIONS AND INVESTMENT FIRMS, EBA/REP/2021/1812. JUN2021

<sup>2</sup> Capital adequacy consolidation is used to calculate this proportion, as recommended in the [FAQs from the EU Commission](#) in relation to taxonomy reporting.



### Other key guidelines:

- [Code of conduct](#)
- [Equality and diversity policy](#)
- [Responsible investment policy](#)
- [Guidelines for sustainability in procurement](#)
- [Guidelines for policy](#)

The group carried out several evaluations and measures in 2021 that are included in the overarching work on due diligence assessments. For example, sustainability assessments of corporate customers (page 36), supplier follow-up (page 41), and ESG assessments of all funds offered via SpareBank 1's fund platform (page 33) include questions about, or assessments of the likelihood of, breaches of human rights and decent working conditions. Work on the due diligence assessment required by the Transparency Act will continue in 2022.

## Responsible finance

SpareBank 1 SR-Bank's core business activities are to allocate capital to retail and corporate customers. Responsible lending and investments are an important element of the group's social role. In the materiality analysis of 2021, supports that responsible lending practices are one of the banks material topics.

### Strategy

Financing is a central component of the strategy approved in autumn 2021. SpareBank 1 SR-Bank's overall potential for contributing to the restructuring towards the green shift is equal to the sum of the impact all of the group's customers represent. Therefore, the bank's guidelines for responsible finance are of major relevance with respect to the pace of restructuring around us in society. Many of the specific goals in the strategy are aimed at financing and credit. The group are constantly striving to get better at measuring progress within sustainable finance and the goals the group sets are thus intended to help boost this work. It is mainly within responsible investing and lending/credit that the group can influence by setting standards and expectation to steer capital toward a sustainable direction. The group will be a discussion partner and a positive contributor to SpareBank 1 SR-Bank's customers in the transition to a more sustainable society and business environment.

### Responsible lending

SpareBank 1 SR-Bank's goal is to contribute to financing and facilitating NOK 50 billion in sustainable activities by the end of 2030. A framework has been produced in order to indicate which activities are considered sustainable. The framework is largely based on the definitions in the EU taxonomy for sustainable activities. The goal of sustainable financing encompasses the corporate market, the retail market and facilitation via SR-Bank Markets. The group has also set a target of at least NOK 15 billion in financing for green commercial properties by the end of 2025. A similar

target will also be set for financing activities within renewable energy, including infrastructure.

### Lending to the corporate market

The group has a lot of influence thanks to its financing activities, with corporate customers accounting for around 40% of its total lending. The group's corporate loan portfolio is well diversified. The group finances Norwegian SMEs, with an emphasis on commercial property. SpareBank 1 SR-Bank requires its corporate customers to operate in compliance with applicable laws and regulations, which include climate and environmental considerations and taking a conscious approach to human rights. The "Guidelines for sustainability in the corporate market" provide direction on the type of customers the group hopes to attract and what is expected of customers. ([Read more here](#))

In 2021, SpareBank 1 SR-Bank's green loans accounted for 2.3% of the total loan portfolio.

Category	Proportion of total loan portfolio
Renewable/green exposure	2.3%

\* Only includes significant customer exposures in the corporate portfolio  
• The account managers have tried to define the exposures based on the taxonomy, environmental goals 1 and 2 (without using technical criteria)  
• Estimated based on reported figures for 2021, not audited internally

The corporate market mapped its loan portfolio with respect to sustainability in 2021. The analysis was carried out on three levels: greenhouse gas emissions, positive and negative impacts, and climate risk. The greenhouse gas emissions associated with the loan portfolio are assessed using the method issued by the Partnership for Climate Accounting Financials (PCAF). (page 36)

### Sustainable shipping

SpareBank 1 SR-Bank reported in line with the Poseidon Principles for the first time in autumn 2021. The Poseidon Principles are a global framework for financial institutions that finance shipping and promote efforts to cut greenhouse gas emissions in the shipping sector. Every signatory to the Poseidon Principles must report the progress made in their loan portfolio every year and this is collated in a report. Some 23 banks were included in the 2021 report and SpareBank 1 SR-Bank's portfolio came out best with a portfolio alignment score of -15.6%.

In 2021, all new credit exposures within shipping have included a clause concerning the Responsible Ship Recycling Standards (RSRS). The RSRS are about the responsible disposal of vessels and mobile offshore units. The initiative addresses both the environmental and the social aspects of sustainability, with a focus on human rights. The initiative is an important sectoral contribution towards transitioning to a circular economy, which is one of the six defined environmental objectives of the EU taxonomy.

### ESG scoring of corporate loans

The group has developed a framework for assessing sustainability (ESG score) that is used in connection with granting

credit and renewals for customers whose consolidated exposure exceeds NOK 50 million. The scoring is an attempt to assess the customer's sustainability risk and help customer advisers in their dialogue about sustainability with the customer. The group's overarching ambition when it comes to sustainability is to be the customer's ally in the transition. Appropriately including sustainability in the dialogue with customers is, therefore, an important success criterion. The ESG scores are based on questions about the customer's practices within areas such as climate risk, the environment, human rights and sustainable governance, which includes corruption. If a customer is given a particularly low ESG score, their customer adviser is required to draw up an action plan for improvement together with the customer.

In 2021, the corporate advisers completed a training programme that included both e-learning and case discussions on material sustainability topics. Case discussions are a useful means of ensuring advisers know what they are talking about when they talk to customers about sustainability. The training measures will continue in 2022. In 2021, a total of 185 credit exposures underwent ESG scoring using the assessment form. All customers with consolidated exposure of more than NOK 50 million must be scored.

In 2021, TietoEvry, in collaboration with a number of Norwegian savings banks, developed an ESG model that facilitates the integration of ESG assessments into the credit system workflow. The module will be introduced in SpareBank 1 SR-Bank in the first quarter of 2022. An effort is also being made under the SpareBank 1 umbrella to standardise assessment criteria and facilitate further integration in the risk models so that sustainability factors can be included in assessments of credit risk. Additionally, there are plans to conduct ESG assessments of more customers in the future by lowering the exposure size limit to significantly less than NOK 50 million.

### Lending to the retail market

SpareBank 1 SR-Bank's retail market portfolio accounts for around 60% of total lending and mainly consists of residential mortgages for retail customers. The sustainability strategy's goal of financing and facilitating NOK 50 million in sustainable activities by the end of 2030 also applies to the retail market portfolio. The framework for sustainable activities defines which loans can be considered sustainable and this definition corresponds with the group's requirements in its green bond programme. For the retail market, these include loans for zero emission vehicles, sustainable homes and renovation.

SpareBank 1 SR-Bank has the potential to have a positive impact in the retail market portfolio with respect to the social aspect of sustainability. Providing access to financing can help to improve customers' living conditions, especially for customers with lower incomes. Among other things, SpareBank 1 SR-Bank uses its flexibility quota on customers in the process of establishing themselves and buying their first home, as well as on existing customers who have ended up in a difficult situation.

As far as sustainability risk in the retail market portfolio is concerned, the relevant risk is primarily the climate risk

resulting from loans for homes, and in particular the physical climate risk. Going forward, work will also be done on analysing sustainability risk in the retail market portfolio as well.

### Green borrowing

SpareBank 1 SR-Bank has set up a programme for green bonds. The programme is a framework for which loans qualify as green and can thus provide a basis for issuing green bonds. SpareBank 1 SR-Bank can issue green bonds based on a portfolio of loans within sustainable residential and commercial properties, renewable energy and green transport. The framework is based on the guidelines in the ICMA Green Bond Principles. The group issued two new green bonds in the euro market in 2021. For more information about green bonds, [read here](#).

### Green products and green innovation

Helping customers make sustainable choices by offering customers green products and services is an important contribution to the green shift. The ambition is to offer a green or sustainable alternative in each product category. SpareBank 1 SR-Bank's sustainable product framework is designed to define exactly which activities are considered sustainable and which can be included as contributions to the goal of financing and facilitating at least NOK 50 billion in sustainable activities by the end of 2050. The framework is based on guidelines issued by the Loan Market Association (LMA): the Green Loan Principles and the Sustainability Linked Loan Principles. Further criteria were also taken from the EU taxonomy for sustainable activities, where relevant.

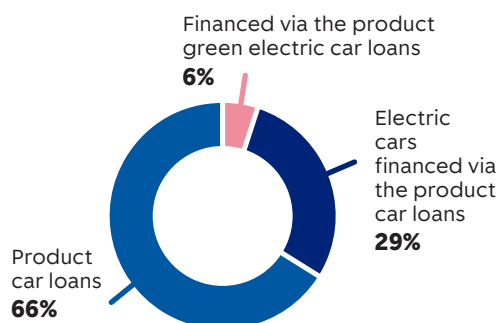
SpareBank 1 SR-Bank continuously strives to assess and develop products and services that will help our customers make more sustainable choices regarding their personal finances. Green residential mortgages were launched in the retail market in early 2021. These are offered to customers who want to finance particularly energy-efficient homes with an energy rating of A or B.

SpareBank 1 SR-Bank offers green car loans aimed at electric car owners to retail customers, as well as green car insurance through the insurance company Fremtind. SpareBank 1 SR-Bank also offers environmental loans designed for agriculture that initially include investment in solar farms. An environmental loan product designed for retail customers was also launched in 2022. This is intended to finance the purchase and installation of solar panels by private individuals.

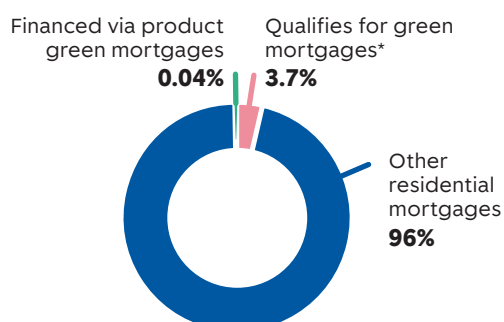
Product	Loans paid out	Green products as a proportion of total lending in the product category *
Green electric car loans	118,273,679	6%
Green car insurance	84,660,000	17.5%
Green mortgages	58,030,018	0.04%

\* Green car loans: Total car loan portfolio, loan volume  
 \* Green car insurance: of total car insurance, measured by premiums written

## Other product car loans



## Proportion of financed residential mortgages



The strategic goal of being the customer's ally in the sustainability shift also applies to retail customers. The group wants to help make customers more aware of sustainability and to help customers make more sustainable choices. "My carbon footprint" is a digital service that shows the customer their climate footprint based on their transaction history. A beta version of the service was launched in November 2021 and customers have already started using it. There is potential for improving the solution, for example by connecting more data sources to improve the accuracy of the calculations. Work will be done on improving "My carbon footprint" further under the SpareBank 1 umbrella in 2022.

Service	Number of unique users	Number of unique users as a proportion of number of customers
My carbon footprint	6,425	2.65%

## Responsible asset management

SpareBank 1 SR-Bank's recommended savings products were managed by the group's wholly owned subsidiary, SR-Forvaltning, throughout 2021.

SR-Forvaltning's funds and portfolios are managed in line with the standard for sustainable investments and SR-Forvaltning's climate strategy. All the products and model portfolios are classified as article 8 products under the Sustainable Finance Disclosure Regulation. This means that the management of the products takes into account environmental considerations and/or social conditions. SR-Forvaltning maintains a constant focus on operationalising the UN Principles for Responsible Investment (PRI).

SR-Forvaltning has published CO2 reports for its three unit trusts since 2019. The following results were achieved in 2021: SR-Bank Verden 19.3, SR-Bank Utbytte 33.7 and SR-Bank Norge 49.1. The reports describe the portfolios' CO2 intensity (million tCO2e/NOK million in revenue). The proportion of companies reporting increased from 74% in 2020 to 90% in 2021, which means that the analysis is becoming steadily more representative.

Active ownership is important for an asset manager. As a shareholder, SR-Forvaltning has a direct impact on how the company operates. SR-Forvaltning votes for its shareholdings in general meetings and uses voting services from ISS Proxy Voting Services and their "Sustainability Proxy Voting Guidelines" as a basis for casting its votes. SR-Forvaltning cast votes in 77 out of 79 meetings (97%) in 2021. SR-Forvaltning did not cast votes in the other two meetings due to technical challenges related to voting in some countries. SR-Forvaltning continues its dialogue with the portfolio companies if it feels that there is an elevated sustainability risk. Given this, there were investor dialogues with four different portfolio companies in 2021.

In 2022, SR-Forvaltning will become part of SpareBank 1 Forvaltning and will thus no longer be a wholly owned subsidiary of SpareBank 1 SR-Bank. Therefore, in the future, the management will be assessed from a fund provider perspective rather than as a subsidiary.

## Responsible investments in SpareBank 1 SR-Bank

Besides investments made via SR-Forvaltning, SpareBank 1 SR-Bank makes direct investments in shares and bonds within given limits. The "Standard for responsible investments in SpareBank 1 SR-Bank" conforms with the group's sustainability strategy and ESG factors are assessed in connection with new and renewed investments. Active ownership is practised where appropriate.

## Responsible distribution of securities funds

In 2021, SpareBank 1 SR-Bank mainly recommended funds managed by SR-Forvaltning, although customers are also offered funds from a number of managers, in both staffed and digital channels. The SpareBank 1 Alliance has jointly developed guidelines for the distribution of securities funds together with The Governance Group (TGG) and has also produced a labelling system for funds' sustainability. Every fund offered to SpareBank 1 customers has a sustainability score that customers can find in the online bank. The grading scale runs from A to F and points are awarded for exclusions, active ownership and positive screening. The labelling scheme was developed in-house together with TGG, although it also builds on the Norwegian State Pension Fund Global's exclusion criteria and the EU taxonomy's criteria for sustainable activities.

The labelling scheme is intended to make it easier for customers to choose sustainable funds. The fund platform also offers several fund products with a green profile. As at 31.12.2021, SR-Bank Fondene scored a B in the labelling system.



## Climate risk (TCFD)

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

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

- Governance
- Strategy
- Risk management
- Metrics and targets

The Carbon Disclosure Project (CDP) is an international initiative that focuses on making environmental and climate-related information from companies, cities and regions available to investors and other stakeholders. The CDP's goal is to be seen as a gold standard within environmental reporting and it has developed reporting standards for the climate, water, forests and supply chains. More than 13,000 companies reported environmental data via the CDP in 2021<sup>1</sup>. The initiative is based on the notion that raising companies' awareness of their own climate/environmental impact will lead to them making more sustainable choices and thereby capitalising on the transition to a low emission society. SpareBank 1 SR-Bank has reported in line with the CDP's climate standard since 2019 and scored a grade B in 2021.

<sup>1</sup> <http://www.cdp.net>

## The board of directors and group executive management team

The board bears overall responsibility for the group's operations and for monitoring climate risks and opportunities. This responsibility includes monitoring, supervising, approving and following up the work on sustainability, including reporting and strategy work. The sustainability and climate strategy has been integrated into the corporate strategy, and the status of the sustainability strategy is followed up on a quarterly basis (or more frequently) by the board throughout the year. Climate risk has been explicitly discussed by the board on many occasions: in the board's annual consideration of climate risk in board meetings, in the revision of guidelines, in the ICAAP, and when introducing and presenting sustainability reports and annual reports.

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

The group executive management team has established an interdisciplinary committee that discusses risks and opportunities related to sustainability and climate, including climate risk. In 2021, the committee was involved in the group's strategy process that resulted in an updated sustainability and climate strategy. The group executive management team has delegated operational responsibility for climate risk to the group's risk department, where climate risk is treated on a par with other types of financial risk and is regularly reported to the group executive management team.

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

## Strategy

SpareBank 1 SR-Bank used a scenario analysis involving four scenarios to identify the current and potential consequences of climate threats and opportunities related to the group's business, strategy and financial planning. The group has also identified climate-related threats and opportunities in the short, medium and long term. Examples of identified opportunities for diversifying business activities in relation to green real estate include access to new markets and greater access to capital through a green bond framework. Examples of identified potential risks include credit risk and reputational and market risk due to changes to the regulation and taxation of carbon emissions.

Both climate risks and opportunities have been incorporated into the new sustainability and climate strategy. The strategy represents a higher level of ambition, partly due to the fact that, going forward, it ensures that sustainability will be integrated throughout the group. The measures linked to the strategy deal with financing, capital allocation

and expertise. In its sustainability and climate strategy, SpareBank 1 SR-Bank has set a target of net zero greenhouse gas emissions from the group's financing and investment activities by the end of 2050.

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

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

## Risk management

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

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

- Improving and standardising ESG risk assessments for corporate market customers
- Using the sustainable product framework to identify opportunities within sustainable financing
- Monitoring the pace of restructuring in industries exposed to climate risk and adapting the risk management accordingly

The group's risk assessment module for corporate customers forms part of the risk management system for climate risk. The group wants to improve the module further and has, therefore, initiated a project, together with other banks in the SpareBank 1 Alliance, which aims to establish common assessment criteria for sustainability risk. The idea is to further improve the quality of sustainability assessments and, in the long term, enable banks to include sustainability and climate factors in their credit models through common data capture and models. The model performs a broader assessment of four industries where the group believes customers are most exposed to climate risk: oil production, shipping, fisheries/aquaculture and commercial property.

The group also monitors the development of regulations related to ESG in order to keep an eye on any potential operational risk related to upcoming regulations. It is important to understand how different industries might be affected by changes to regulations, technology and market

dynamics so that the transition risk in the group's loan portfolio can be assessed.

## Metrics and targets

SpareBank 1 SR-Bank is exposed to climate risk through the various industries the group finances. The group uses qualitative assessments of industry-related climate risk to identify potential climate risk in the loan portfolio. In connection with the ICAAP reporting in 2021, the loan portfolio was subjected to a stress test using a traffic light model with a general assessment of physical risk and transition risk at an industry level.

The analysis shows that more than three quarters of the bank's corporate portfolio is considered to be in industries with overall low climate risk. The industries with high and moderate climate risk account for 9.8% of SpareBank 1 SR-Bank's exposure in the corporate market, while the exposure to industries deemed to have a slightly elevated risk is 12.5%. The remaining 77.7% of exposure is deemed to derive from industries with low climate risk.

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

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

### Analysis of emissions from corporate loans

In autumn 2021, SpareBank 1 SR-Bank started analysing emissions levels from corporate loans based on the methodology of the Partnership for Carbon Accounting Financials (PCAF). The analysis is based on calculated income or balance sheet-based emission factors per industry code. These are used to calculate greenhouse gas emissions per company before the financial institution's share is then calculated based on the current LTV ratio.

#### Partnership for Carbon Accounting Financials (PCAF)

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

Furthermore, the goal is to replace calculated emissions with actual reported emissions, ideally verified by a third party, from as many enterprises and industries as possible in order to improve the quality of the analysis. This first analysis reports emissions obtained for the shipping portfolio linked to the Poseidon Principles reporting and for offshore drilling.

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

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

Industry	Loans parent bank, Q4'21 NOK mn.	Estimated Scopes 1 and 2 emissions from CM portfolio ('000s tCO2e)	% shares	Weighted avg. data quality (1-5, where 1 is best)	Carbon intensity (tCO2e per NOK mn. in loans)
Aquaculture, fisheries	3.586	31	1,9%	4,2	8,9
Industry	3.912	33	2,1%	4,0	9,0
Agriculture/forestry	5.305	651	41,1%	5,0	122,6
Service sector	16.024	106	6,7%	4,3	6,4
Wholesale and retail trade, hotels and restaurants	3.053	20	1,3%	4,2	6,6
Energy, oil and gas; E&P	431	73	4,6%	4,4	169,0
Energy, oil and gas; offshore drilling	757	13	0,8%	2,0	17,2
Energy, oil and gas; oil services	473	66	4,2%	4,0	139,4
Building and construction	3.956	11	0,7%	4,1	3,3
Power and water supply	1.412	6	0,4%	4,1	4,5
Real estate	33.599	13	0,8%	4,1	0,4
Shipping, transport: other transport and storage	2.099	19	1,2%	4,1	8,9
Shipping, transport: offshore	2.717	103	6,5%	3,8	37,7
Shipping, transport: shipping	7.106	435	27,5%	2,2	61,2
Public sector and financial services	2.451	4	0,2%	4,2	1,5
<b>Total</b>	<b>86.313</b>	<b>1.582</b>	<b>100,0%</b>	<b>4,0</b>	<b>18,4</b>

The two largest sources of emissions are agriculture/forestry at 41.1% and shipping at 27.5%.

Consequently, it is these two industries that are the main drivers behind the group’s greenhouse gas emissions and that, therefore, will be most exposed to transition risk. Agriculture accounts for a relatively larger share of SpareBank 1 SR-Bank’s greenhouse gas emissions when compared with national figures. This is due to agricultural greenhouse gas emissions largely being linked to ruminants and the high concentration of cattle and sheep in the group’s main market area, Rogaland. In calculating emission figures for agriculture, 30% of each agricultural exposure, capped at NOK 1.5 million, is defined as financing for a home and thus excluded from the calculation. In total, this amounts to around NOK 1 billion.

Agriculture and the government have signed a letter of intent concerning agriculture cutting greenhouse gas emissions and increasing carbon sequestration by a total of 5 million tCO2e over a 10-year period, i.e. 2021-2030. This entails emissions in 2030 being 18% lower than the level they were at in 2020. Understanding the group’s agriculture loan portfolio and how it will be impacted by future regulations

is important both if we want to help customers in the transition and with respect to achieving the goals in the group’s sustainability and climate strategy. Training measures will be implemented in 2022. In 2022, there will also be a focus on preparing measures in line with the group’s sustainability and climate strategy. ESG assessments will be made of agriculture customers from 2022 onwards.

One important task in 2022 will be to improve the stress testing of both the retail and corporate loan portfolios in relation to physical climate risk. The group will continue its work on improving the source data for the emissions analysis, including by using the correct industry codes, especially with respect to agriculture customers.

The new sustainability and climate strategy sets a specific goal for the group of achieving net zero emissions from financing and investment activities by the end of 2050. In 2022, the group will set targets in connection with achieving the net zero emissions ambition by the end of 2050. These are measures that will both reduce the group’s climate risk and contribute to exploiting the business opportunities inherent in the green shift.



## Sustainability integrated into all of the group's activities

### Combating money laundering and terrorist financing

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

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

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

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

In 2021, the Financial Supervisory Authority of Norway conducted a thematic inspection to check compliance with the Money Laundering Act in one of SpareBank 1 SR-Bank's subsidiaries.

In 2022, the group will continue to focus heavily on complying with the Money Laundering Act and will continuously adapt to stricter rules issued by the European Banking Authority (EBA), the Financial Supervisory Authority of Norway and other authorities.

### Ethics and anti-corruption

SpareBank 1 SR-Bank's code of conduct and anti-corruption policy are intended to contribute to, among other things, fighting corruption, extortion, bribery, money laundering, fraud, terrorist financing, and the financing of other criminal

activities. The code of conduct is intended to make people aware of the potential dilemmas and ensure that all of our employees maintain high ethical standards.

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

A specific anti-corruption policy has been produced and risk analyses are conducted based on working meetings with purchasing, accounting and employees in both the retail and corporate markets. The risk assessment from 2021 shows that SpareBank 1 SR-Bank's anti-corruption work is regarded as satisfactory and that measures have been established to systematically follow-up control activities in the area of anti-corruption. Governing documents are published, accessible and regularly revised in the group's quality system, which ensures information about the topic is available across the group. The quality of the in-house anti-corruption training is considered good and employee surveys demonstrate a high degree of awareness.

The guidelines for anti-corruption and impartiality have been incorporated into the purchasing and credit policy, and partners and suppliers are sent a sustainability appendix which includes the anti-corruption guidelines. The group has its own ethics committee, which assesses whether the code of conduct satisfies the expectations and requirements of customers, suppliers and society as a whole. The ethics committee has representatives from several business areas and two meetings were held during 2021.

All employees must sign the code of conduct every year. Annual refreshers on ethics are also provided via the authorisation scheme for financial advisers. The anti-corruption work includes ensuring new employees read and sign the code of conduct. This is also included as a topic in the group's annual Ethics Week.

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

The group has whistleblowing routines for anonymous, written and verbal reports. SpareBank 1 SR-Bank has established an external notification agreement with the law firm EY in which the information will be treated confidentially by

dedicated case managers in EY. Two whistleblowing cases were processed in 2021. These were processed in line with the bank's whistleblowing procedures. The cases have been closed.

Theme	No. of	Stake
Board members of SpareBank 1 SR-Bank ASA that have been aware of the code of conduct, including anti-corruption	8	100%
Board members of SpareBank 1 SR-Bank ASA that have received training in anti-corruption	8	100%
Permanent employees who have signed the code of conduct	1,283	*
Permanent employees who have completed anti-money laundering training**	1,159	82.3%
Permanent employees who completed anti-corruption training	273	***
Corruption related incidents***		Not relevant

- \* All permanent employees, except those on long-term sick leave, other leave or similar, have signed the code of conduct.
- \*\* A total of three learning modules were assigned to 1,338 employees according to their position. The average completion rate is 82.3%
- \*\*\* All managers and corporate advisers complete extended anti-corruption training. Some 273 courses were completed over the course of 2020 and 2021.
- \*\*\* Since there were no corruption related incidents, no employees were punished, no supplier agreements were terminated due to corruption, and there were no court cases related to corruption in which the company or an employee was involved.
- ForretningsPartner is included in permanent employees, except for the employees in the acquired companies, Tveit Regnskap and Vangdal.

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

## Privacy and information security

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

SpareBank 1 SR-Bank has formalised and incorporated definitions of roles and responsibilities for information security and privacy. A quality management system has been established with the group's governing documents

for information security and privacy. Risk management processes have been established to constantly identify and monitor risks. The processes are designed to ensure compliance with internal requirements, acts and regulations and that risks are mapped and managed. The processes cover both information security and privacy risks. Risk mitigation measures are registered, followed up, and reported via a dedicated measures database.

Both proactive and reactive measures are taken to prevent, detect, investigate and manage security incidents. These include established contingency plans, regularly conducting emergency response exercises, on-call arrangements and crisis teams tasked with efficiently managing major incidents. The group has a dedicated incident response team that monitors and follows up security incidents and discrepancies relating to the use of IT systems in the group 24/7.

SpareBank 1 SR-Bank has implemented a number of technical safety barriers and puts employees through regular information security and privacy training in order to avoid unwanted incidents. These are tangible, concrete measures that are designed to prevent human and technical errors. Should unwanted incidents and discrepancies related to information security and privacy nevertheless occur, these are registered, followed up and reported via a dedicated incident database. In the event of breaches of personal data security that must be reported to the Norwegian Data Protection Authority, the group's data protection unit will ensure that incidents are reported within the deadline of 72 hours and also that the affected customers are notified in accordance with the GDPR. The incident database helps to make sure that the group learns from discrepancies and can thus avoid repeating similar ones.

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

During 2021, the group reported 17 breaches of personal data security to the Norwegian Data Protection Authority. The authority did not issue instructions or impose fines for any of these breaches in 2021. This was due to the fact that the breaches were not considered serious, that the group practises effective and robust event management, and that adequate measures were implemented to correct errors and prevent future breaches.

## Responsible information, communication and marketing

SpareBank 1 SR-Bank offers products and services that have a major impact on companies' and individuals' finances, including loan and credit agreements, savings, pensions and insurance products. This comes with a serious responsibility to help customers make informed choices when entering into agreements with the group. In line with the group's product management policy, customer segments should only be offered appropriate products and the products must be marketed in line with the requirements

for good marketing practices. When determining how good marketing practices should be understood in each instance, the group refers to the specific requirements for honesty and good business practices that apply to financial institutions, as well as any special disclosure obligations that apply, for example to the marketing of credit agreements. Among other things, a product's characteristics and terms and conditions must be stated clearly and be understandable to the customer group targeted by the marketing. Furthermore, products and services must only be distributed by employees with a sufficient understanding of the product's/service's function, characteristics and risks.

There is an increasing focus on, and awareness of, the topic of greenwashing in connection with marketing sustainable products. Greenwashing involves misleading marketing in which a company or product is presented as being more sustainable than it actually is. SpareBank 1 SR-Bank is conscious of its practices in relation to marketing sustainable products and bases them on the Norwegian Consumer Authority's guide to making sustainability-related claims in marketing. ([Read more here](#)) There are guidelines that ensure customers' interests and investor protection are safeguarded when they are being sold products and services. Credit policy guidelines, routines, and guidelines for the investment firm's activities, product and distribution strategy for financial instruments have been established, and routines, processes and work descriptions have been operationalised. Training is also provided via the authorisation scheme for financial advisers (AFR), training programmes via VPF and VPF, and internal specialist days and training modules from SPAMA.

The group's product and service management policy requires adequate quality assurance and risk assessments to be conducted in the event of changes to products and services, with the involvement of relevant disciplines and anchoring of decisions at a sufficiently high level in the organisation. A standardised product, process and system scoring (PoPs) process has been established to meet the requirement, with weekly formalised case management meetings in which all relevant technical groups in the group participate. The process is intended to ensure that customer interests are adequately safeguarded in all new and changed products and services. The same risk assessment and decision-making process applies in the case of significant changes to customer-related processes, including communication and marketing. More than 100 change cases were formally processed in the group's PoPs process in 2021.

No adverse events involving a failure to comply with the regulations or internal guidelines for product and service information, labelling and marketing were recorded in 2021.

## Environmental responsibility in own operations

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

SpareBank 1 SR-Bank's registered energy and climate report based on the international "A Corporate Accounting and Reporting Standard". This standard was developed by the "Greenhouse Gas Protocol Initiative" – the GHG Protocol. The climate accounts show tCO<sub>2</sub>e that are direct and indirect emissions related to the group. These are greenhouse gas emissions that come from consumption due to, for example, travel, waste management, and energy use. Based on the climate report, the group identified which sources impact the external environment and implemented concrete measures to minimise them. In 2021, a working group carried out extensive work to assess environmental certification of the entire group with the aim of cutting its greenhouse gas emissions. The work resulted in a decision to certify SpareBank 1 SR-Bank pursuant to the ISO 14001 standard, at a group level. This work will continue unabated in 2022 with a dedicated resource for the environmental certification of the group.

The climate report for 2021 shows a reduction in CO<sub>2</sub> emissions from 2020 to 2021. The group's emissions amounted to 337.6 tCO<sub>2</sub>e in 2020 compared with 287.8 tCO<sub>2</sub>e in 2021. The greenhouse gas emissions were made up as follows in 2021:

- Scope 1: 23,1 tCO<sub>2</sub>e
- Scope 2: 142.4 tCO<sub>2</sub>e
- Scope 3: 122.3 tCO<sub>2</sub>e
- Total: 287.8 tCO<sub>2</sub>e

In 2021, SpareBank 1 SR-Bank made the following changes that reflect the environmental responsibilities in its own operations:

- Established an energy management system (EMS) in owned premises for the purpose of improving its oversight and control of energy consumption.
- Monthly energy reports with follow-up measures in the event of abnormal consumption.
- Signed an agreement concerning guarantees of origin from electricity suppliers that guarantees that the same amount of hydropower will be produced as the electricity we consume.
- Increased space efficiency in offices and co-location. In 2021, the group had two construction projects in which the number of square metres was reduced. There will be a strong focus on increasing space efficiency and co-location going forward.
- Reduced the number of floors in use at head office, Finansparken, after more and mandatory working from home.
- Changed the concept manual for building offices to increase the use of system fittings for the sake of flexibility and sustainability.
- Reduced the number of pool vehicles from 25 to 6 since the Covid-19 situation and increased working from home have considerably reduced the need for transport.
- Focused on sustainability in requests for tenders where suppliers must describe how their sustainability work could make a positive contribution to specific requests. Sustainability is also used as an award criterion in the selection of suppliers.



## Annual greenhouse gas emissions

Category	2019	2020	2021	% change from previous year
<b>Transport total</b>	<b>69.1</b>	<b>35.2</b>	<b>23.1</b>	<b>-34.4 %</b>
Petrol	23.0	13.8	10.8	-21.9 %
Diesel (NO)	46.1	21.4	12.3	-42.6 %
<b>Scope 1 Emissions</b>	<b>69.1</b>	<b>35.2</b>	<b>23.1</b>	<b>-34.4 %</b>
<b>Electricity total</b>	<b>183.7</b>	<b>192.5</b>	<b>141.7</b>	<b>-26.4 %</b>
Electricity Nordic mix	183.7	192.5	141.7	-26.4 %
<b>Electric cars total</b>	<b>0.3</b>	<b>0.2</b>	<b>0.7</b>	<b>166.3 %</b>
Electric cars Nordic	0.3	0.2	0.7	166.3 %
<b>Scope 2 Emissions</b>	<b>184.0</b>	<b>192.7</b>	<b>142.4</b>	<b>-26.1 %</b>
<b>Waste total</b>	<b>15.1</b>	<b>5.5</b>	<b>3.5</b>	<b>-37.2 %</b>
Paper waste, recycled	0.6	0.3	0.2	-10.7 %
Residual waste, incinerated	14.3	3.5	2.8	-20.4 %
Glass waste, recycled	-	-	-	28.6 %
EE waste, recycled	-	-	-	-16.7 %
Organic waste, recycled	0.1	0.2	0.2	-9.3 %
Hazardous waste, recycled	-	-	-	-
Plastic waste, recycled	-	-	-	-79.0 %
Cardboard waste, recycled	-	-	-	-100.0 %
Wood waste, incinerated	-	-	-	-100.0 %
Metal waste, recycled	-	-	-	-100.0 %
Hazardous waste, incinerated	-	1.2	-	-100.0 %
Residual waste, recycled	-	0.2	0.2	-14.6 %
<b>Business journeys, total</b>	<b>432.8</b>	<b>104.2</b>	<b>53.8</b>	<b>-48.3 %</b>
Air travel	-	104.2	53.8	-48.3 %
Continental/Nordic, RF	432.8	-	-	-
<b>Fuel and energy related activities, total</b>	<b>154.6</b>	<b>142.9</b>	<b>65.0</b>	<b>-54.5 %</b>
Diesel (WTT)	12.1	6.1	2.7	-54.9 %
Electricity Nordic Mix (WTT)	136.6	133.2	59.4	-55.4 %
Petrol (WTT)	5.9	3.6	2.8	-22.0 %
<b>Scope 3 Emissions</b>	<b>602.5</b>	<b>252.6</b>	<b>122.3</b>	<b>-51.6 %</b>
<b>Total</b>	<b>855.6</b>	<b>480.5</b>	<b>287.8</b>	<b>-40.1 %</b>
<b>Percentage change</b>	<b>100.0 %</b>	<b>-43.8 %</b>	<b>-40.1 %</b>	

## Annual key figures and climate indicators

Name	Unit	2019	2020	2021	% change from the previous year
Total emissions (S1+S2+S3) (tCO <sub>2</sub> e)		855.6	480.5	287.8	-40.1%
MWH/heated floor space (S1+S2)		0.1	0.1	0.1	-3.6%
kgCO <sub>2</sub> e/heated floor space (S1+S2+S3)		21.8	14.0	8.3	-40.8%
kgCO <sub>2</sub> e by turnover	NOK millions	157.0	77.0	42.2	-45.2%
Revenue	NOK millions	5,450.0	6,237.0	6,744.0	8.1%

## Sustainable purchasing

Sustainable purchasing is about suppliers being aware of their supply chain and the work they do to reduce their negative impact on the environment, social conditions and conduct throughout their supply chain. SpareBank 1 SR-Bank requires suppliers to have guidelines for sustainability and to convert these guidelines into action. All new suppliers must be assessed in relation to sustainability and must accept an appendix on sustainable purchasing when agreements are signed. Through SpareBank 1 Utvikling, SpareBank 1 SR-Bank and the Alliance banks contribute to sustainable purchasing and supplier follow-up at an Alliance level.

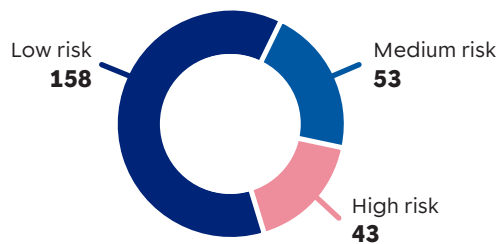
### Follow-up of suppliers with an increased risk of having a negative impact

SpareBank 1 Utvikling and the banks in the SpareBank 1 Alliance systematically collaborate on following up suppliers. After reviewing the agreement archive, a total of 254 existing suppliers were flagged for a due diligence assessment. These were mainly common suppliers that are administered by SpareBank 1 Utvikling. A category-based risk assessment was conducted of the 254 suppliers, and they were mapped according to probability of ESG risk and consequences. Some 158 of the suppliers were assessed as representing a low risk, for example service providing companies that operate in a regulated market in Norway. The other 96 suppliers had some or an increased risk of having a negative impact on ESG (environmental, social and governance conditions). These 96 suppliers were look at more closely and 43 of them were identified as relevant for further follow-up.

Of these 43 suppliers, we chose to examine three main categories more closely:

- IT-related procurements: IT equipment
- Administrative procurements: Furniture
- Largest suppliers: IT services and consultants

## 254 suppliers by risk



- \* 158 suppliers were assessed as having a low risk and were not followed up
- \* 53 suppliers were assessed as having a moderate risk and were not followed up further
- \* 43 suppliers were assessed as having an increased risk and will be followed up further

### Conducting inspections

In 2021, six suppliers were subject to two in-depth inspections in two procurement areas: IT equipment and IT services. The suppliers were asked to document their general guidelines, action plans and actual sustainability risks in their supply chain. All of the suppliers showed that they had guidelines in place, while fewer were able to show that they had action plans. Little information was received about actual risks. It is difficult for an independent third party to see the specific areas that an individual supplier should focus on in order to reduce risk.

In 2022, based on the inspections, following up the actual risks in supply chains will be a priority area for those suppliers who have already been inspected. This is also in line with the Transparency Act, which comes into effect on 1.7.2022. Additionally, new inspections will be conducted of more suppliers/categories and the sustainability work for new suppliers will be reinforced.

Results 2021	Goals 2021	Goals 2022	Goals 2022-2024
<ul style="list-style-type: none"> <li>• Action plan completed</li> <li>• Followed up certain categories in Q2-Q4</li> <li>• Introduced system support</li> </ul>	<ul style="list-style-type: none"> <li>• Finalise action plan and follow up certain categories in Q1</li> <li>• Follow up other suppliers Q2 – Q4</li> <li>• Introduce system support in the sustainability work</li> </ul>	<ul style="list-style-type: none"> <li>• Compliant with the Transparency Act</li> <li>• Follow-up of certain categories</li> <li>• Work with new suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate and improve work on sustainability in purchasing</li> <li>• Improve systems and follow-up of suppliers</li> </ul>

## Stimulating new jobs

SpareBank 1 SR-Bank is interested in innovation and creating growth in skills-based jobs. The GründerAcademy foundation is one of the group's initiatives for creating the jobs of the future. The foundation is supported by SpareBank1 SR-Bank and Sparebankstiftelsen SR-Bank. GründerAcademy is arranged twice a year as a digital programme with in-person contact points. Participants are offered lectures, 1:1 follow-up and access to a large network. This is designed to better equip the entrepreneurs for the journey on which they are embarking.

A large number of applications have been received since its inception. Almost 450 entrepreneurs have undergone training through the GründerAcademy programme since it started in 2015. They have represented companies with a good spread within technology, social entrepreneurship and sustainability. This has created around 450 new jobs through 390 companies. Some NOK 650,000 was presented in awards to entrepreneurs as a means of encouraging entrepreneurship in 2021.

## Community support

As part of SpareBank 1 SR-Bank's activities, the group supports measures that are based on good living conditions, contributing to growth and development, and a desire for enterprising people to get more back for their efforts. In 2021, the group contributed NOK 11 million in the form of grants and sponsorship agreements to various organisations, clubs and associations. The group's employees donated the 2021 Christmas gift of NOK 250,000 to the

Church City Mission and NOK 300,000 was donated to the year's annual telethon. SpareBank 1 SR-Bank's activities within community engagement and sponsorship are an extension of the group's day-to-day work. The aim is to start initiatives that can make a positive difference in our local areas, achieve a clearer position in the market with the group's sponsorship strategy, and to link sponsorships closely to the group's sustainability goals. In the future, the group wants to focus on gender equality in its sponsorship work. Among other things, the group has signed agreements with both Avaldsnes Elite AS and Viking FK's women's team.

SpareBank 1 SR-Bank's largest shareholder is Sparebankstiftelsen SR-Bank, which owns a stake of 28.3%. Sparebankstiftelsen SR-Bank keeps the savings bank tradition alive. The foundation can distribute profits, which it receives in the form of dividends from SpareBank 1 SR-Bank, as donations to non-profit causes. This is to be done in line with the foundation's vision of "Creating Values Together" as well as the foundation's values of "Together we are to create, enrich and develop healthy communities". This reinforces the bank's local presence and local engagement. In 2021, NOK 91 million was distributed to 559 recipients in Rogaland, Vestland and Agder. Together with Sparebankstiftelsen SR-Bank, the group helps talented young people develop through G9alt Talentutvikling. G9alt Talentutvikling is a foundation that distributes up to NOK 800,000 to talented young people in Rogaland, the former Hordaland County and Agder. The maximum annual amount of NOK 800,000 was distributed in 2021.







Our aim is to stimulate growth  
and development

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