

# Climate Report 2022 – Fana Sparebank

*“Scientific findings show unequivocally that climate impacts are already threatening lives and livelihood and will only worsen as the planet continues to warm.*

*Certain impacts experienced beyond an average warming of 1.5 degree Celsius could be irreversible. Findings warn of the loss of species and biomes, with serious consequences, not least for food security, safer shelter, economic activity and by extension for all humans.” – UNEP FI*

This report reflects Fana Sparebank’s commitment and action toward a Net-Zero 2050.



# Near – where you are

Real, agile, innovative

## About Fana Sparebank

Fana Sparebank («the Bank») is an independent savings bank established in Bergen in 1878. Our main business is to supply local and regional retail and corporate customers with a broad range of financial services, including lending, deposits and payment services. As a savings bank, Fana Sparebank has a particular interest in serving the local community both with commercial services and by contributing to a sustainable development. Fana Sparebank holds a retail market share of approximately eight percent in the greater Bergen region.

Moody's Investor Services rates the Bank A3 and the subsidiary Fana Sparebank Boligkreditt AS issues AAA-rated covered bonds.

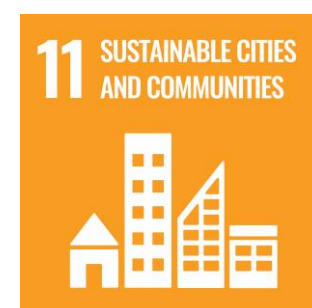
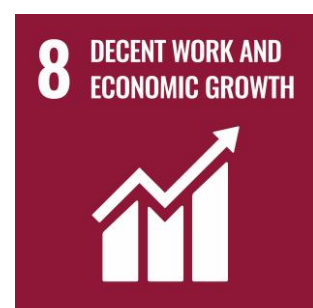
Fana Sparebank Boligkreditt AS is a fully owned subsidiary of Fana Sparebank, established in 2009 as a vehicle for the Fana Sparebank Group's access to the covered bond market.

## Fana Sparebank's contribution to a sustainable world

Fana Sparebank has defined the UN's Sustainability Goals as the starting point for the transition to a sustainable society. All 17 sustainability goals have their specific intrinsic value.

At an overall level, Fana Sparebank wants to make a positive contribution to all the 17 goals. Fana Sparebank shall contribute to sustainable development and actions, through the Bank's operations and by stimulating those around to take actions. The Bank have conducted a materiality analysis selecting five sustainability goals particularly relevant for the Bank's contribution to a sustainable world.

*Going further, this report will focus on Climate Action (SDG number 13).*





# Strategic anchoring, framework and commitments

## Sustainability strategy

Through several global and national initiatives and frameworks, Fana Sparebank has committed to take responsibility for sustainable development. Fana Sparebank's strategy for social responsibility and ESG defines objectives and measures to underpin the Bank's responsibility and stance. The bank's overall sustainability responsibility is threefold, and includes climate and environmental, social and governance.

This means that the bank shall recognise and address challenges and opportunities as a financial institution. For Climate Action, the Bank has set three main objectives:

- Net zero emissions by 2050 for the Bank's collective operations, including lending and investments.
- Strengthen the Bank's ability to counteract, adapt to and reduce the consequences of climate change.
- Strengthen customers' ability to counteract, adapt to and reduce the consequences of climate change.

To succeed, the Bank must collaborate with other actors in the financial industry, as well as other industries, nationally and internationally.

## Sustainability ambition

Fana Sparebank's overall sustainability ambition is as follows:

*"To noticeably enhance the Bank's positive, as well as reduce the Bank's negative, impact on people, the environment and society"*

By living up to the ambition, Fana Sparebank considers sustainability as an integrated part of 1) how the Bank creates valuable customer experiences, 2) how the Bank's financial results, 4) how the Bank conducts business, and 5) how the Bank cooperate with each other and contribute to society.

## Framework to set science-based targets

For business operations, corporate and retail banking, the targets are based on Science Based Targets-initiative's (SBTi) method for setting science-based reduction targets. The targets are not approved by SBTi, due to the bank's portfolio consists of loans for mortgages purposes and SMB.





## Scope 1 – Scope 2 – Scope 3 Upstream

# Climate impact and accounting in business operations

Fana Sparebank has been certified Eco-lighthouse (Miljøfyrtårn) since 2015. The bank strives to improve and implement measures to reduce its climate impact.

In 2022, the bank's total emissions amounted to 125 tonnes CO2 equivalents. Guarantees of origin were purchased to ensure that electricity consumption was covered by green energy. In addition, the bank purchased climate credits (CER) to cover residual emissions.

The climate statement includes all registered emission. The bank acknowledge that as more knowledge of material emission sources are identified and mapped. The measures and emission reduction strategies will be adjusted.

		Emission factors	Usage		
<b>Scope 1</b>					
Direct Emissions					-
<b>Scope 2</b>					
<b>Scope 2</b>					
Electricity	Electricity (without OG)	0,04 CO2e/kwh	789.067 kwh		31,6
<b>Scope 2</b>					31,6
<b>Scope 3</b>					
Transport	Air travel - Nordic	104 kg CO2/travel	72 travels		7,5
Transport	Air travel - Europe	185 kg CO2/travel	4 travels		0,7
Transport	Air travel - Intercontinental	402 kg CO2/travel	4 travels		1,6
Transport	Train	5,88 kg CO2/travel	156 travels		0,9
Transport	Driving compensation	0,27 kg CO2/km	7.813 km		2,1
Transport	Commuting	0,27 kg CO2/km	82.500 km		22,0
Waste	Waste - Redidual	0,225 CO2e/kg	7.732 kg		1,7
Waste	Waste - Paper	0,061 CO2e/kg	10.994 kg		0,7
Waste	Waste - Organic	0,015 CO2e/kg	3.087 kg		0,0
Waste	Waste - Glas and metal	0,031 CO2e/kg	651 kg		0,0
Waste	Waste - Batteries	0,086 CO2e/kg	20 kg		0,0
Waste	Waste - Eletric items	Data from supplier	-		1,8
Products	Products - IT hardware	Data from supplier	-		54,0
Products	Products - Software	0,013 kg CO2/NOK	5.870.000 NOK		76,3
Products	Products - Office Supplies	0,061 kg CO2/NOK	485.000 NOK		29,6
Products	Cafetria	0,029 kg CO2/NOK	3.930.000 NOK		114,0
Building	Rent of officebuildings	0,011 kg CO2/NOK	3.865.000 NOK		42,5
Building	Repair and maintenance	0,038 kg CO2/NOK	2.000.000 NOK		76,0
Services	Water usage	0,101 kg CO2/m <sup>3</sup>	506 m <sup>3</sup>		0,1
Services	Consulting services	0,011 kg CO2/NOK	5.900.000 NOK		64,9
Services	postal-, and televommunication	0,012 kg CO2/NOK	56.000.000 NOK		672,0
Services	Marketing	0,023 kg CO2/NOK	5.685.000 NOK		130,8
Services	Maintenance of company cars	0,023 kg CO2/NOK	50.000 NOK		1,2
Services	urance, guarantees and licences	0,006 kg CO2/NOK	14.300.000 NOK		85,8
<b>Scope 3</b>					1386,2

Scope 1 – Scope 2 – Scope 3 Upstream

# Net Zero targets in business operations

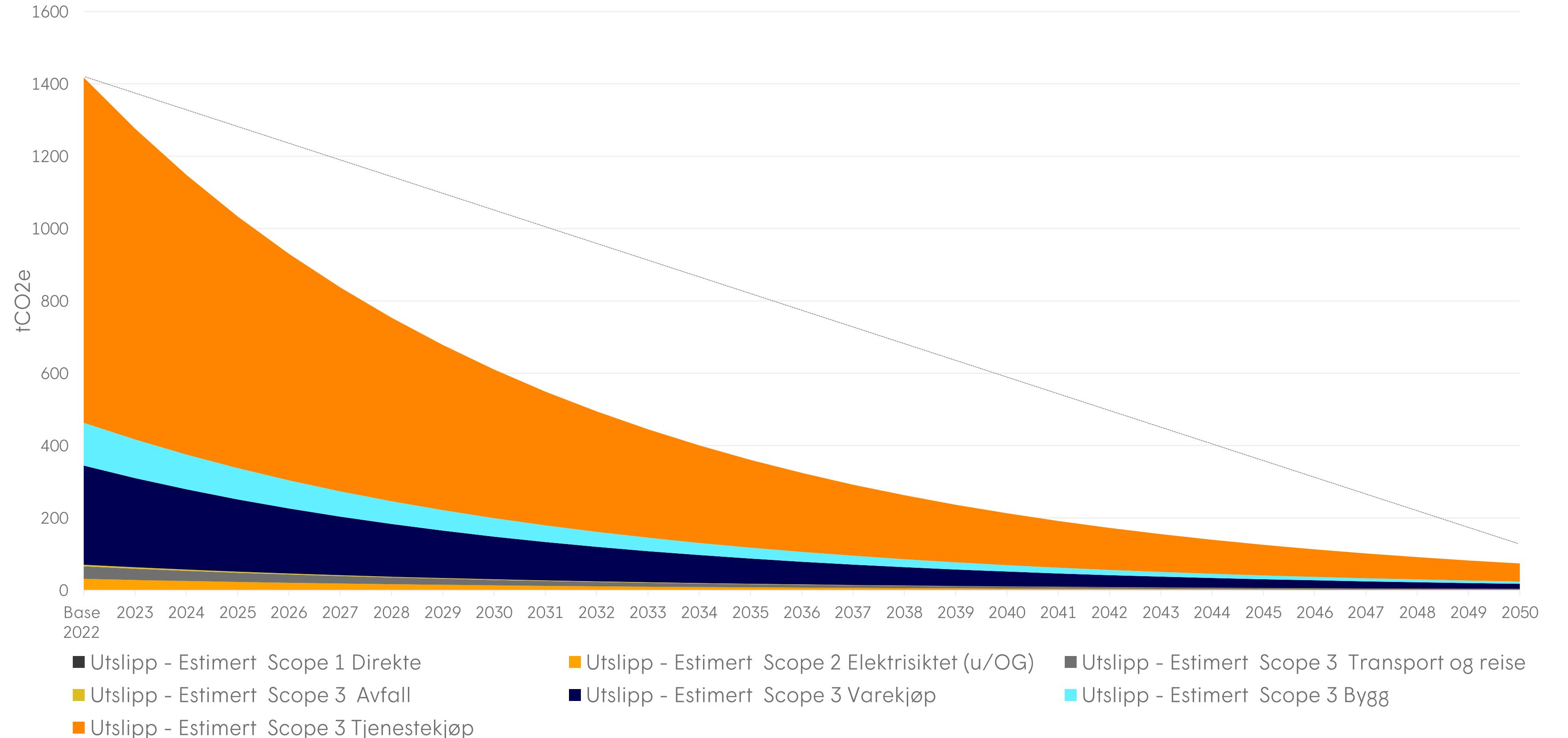
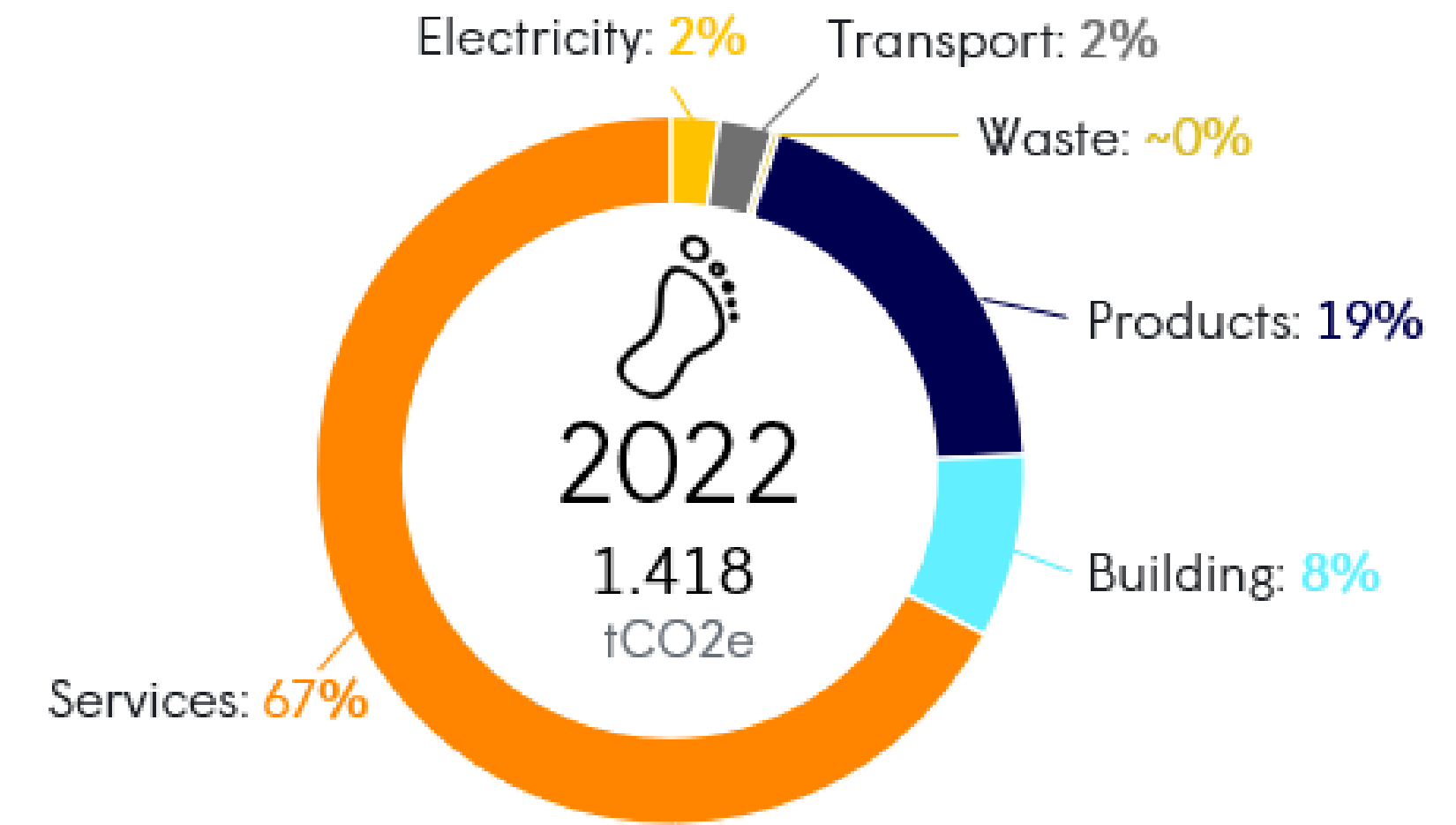
Total emissions from business operation in 2022 are measured to 1,418 tonnes CO2 equivalents.

Fana Sparebank have since 2014 kept a climate account for the bank's business operations. Since then the climate report have become more detailed as Fana Sparebank gains more knowledge and identifies material emission sources.

2022 represent Fana Sparebank's base year, and the reduction path to Net-Zero respectively be based on 2022.

Going further, Scope 3 emission in business operations amounts to approximately 98% of emissions. Hence, measures toward suppliers and its value chains is required to reach the Net-Zero targets.

- By 2025, emissions reduced with 30 %
- By 2030, emissions reduced with 50 %
- By 2050, reaches Net-Zero target



Scope 3 Downstream

# Net Zero targets in Corporate banking portfolio

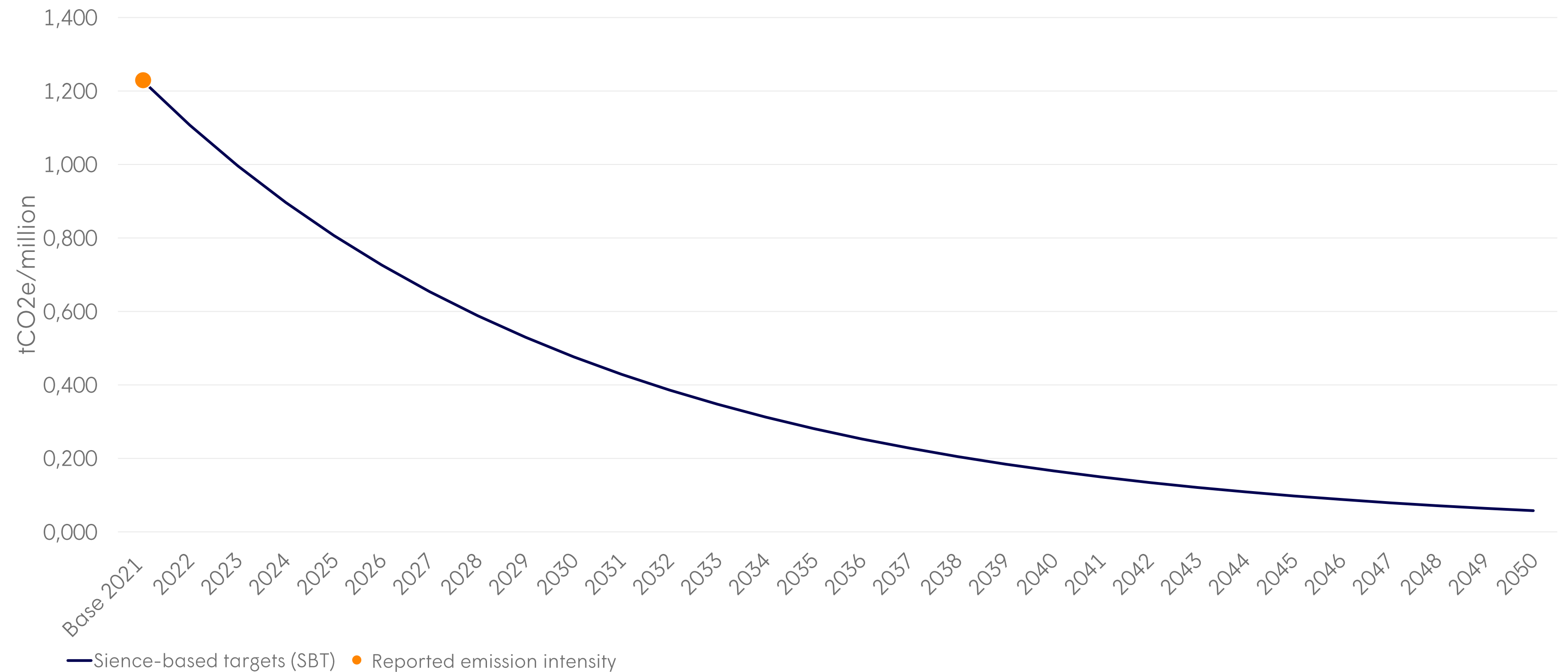
Reported emission intensity for 2021 is estimated to be 1.23 tonnes CO<sub>2</sub>e per million.

The emission intensity target for 2023 is set to be 0.996 tonnes CO<sub>2</sub> per million.

The emission intensity is an average of the bank's corporate portfolio. The method being used is based on PCAF.

The analysis covers 76 % of the total lending portfolio, and absolute emissions is estimated to be 6,100 tonnes CO<sub>2</sub>e.

The analysis is based on Norwegian emission factors at sector-level (NACE). Hence, the emission presented is based on clients Scope 1 and Scope 2 emissions. In accordance with PCAF, the data quality level for this analysis is low (quality level 5). The bank strives to obtain higher data quality and better processes to measure financed emissions.





# Corporate Banking

Fana Sparebank's lending to the corporate segment accounts for 4.8 billions as at 31.12.2022, amounting for 20 percent of total lending portfolio.

Fana Sparebank's corporate portfolio mainly consist of Commercial Real Estate activities, such as property management, construction projects and operation of buildings.

The targets set toward 2025 and 2030 will therefore address issues and measures related to Real Estate. Formulating these targets "Eiendomssektorens veikart mot 2050" (The Real Estate Road Map Towards 2050) have actively been used to comply with a Net-Zero-scenario for the Norwegian Real Estate sector.

*The targets will be adjusted if necessary.*

## Targets toward 2025

### *Property Management*

- Map the energy rating of the Bank's commercial real estate portfolio (2023)
- In 2025 30 percent of the portfolio has, or has stated, an ambition to introduce an environmental management system such as BREEAM-In-Use and a strategy to implement energy efficiency measures. Alternatively, have EPC-rating of A, B, or BREEAM Outstanding/Excellent. (Clients with an outstanding loan amounting to NOK 10 million or more)

### *Construction Projects*

- From the start of 2025 at the latest, climate accounts must be submitted for construction projects, as well as requests for fossil-free construction sites, for projects with a commitment of more than NOK 10 million.
- From 2025, the bank will require that a plan be drawn up for how the materials can be dismantled and reused when rebuilding or demolition, as well as strive to find good solutions and materials that produce the least amount of waste.

## Targets toward 2030

- At least 50 percent of lending for commercial building rental/management in the Bank's portfolio, shall be green in accordance with the criteria in Fana Sparebank's green bond framework.





Scope 3 Downstream

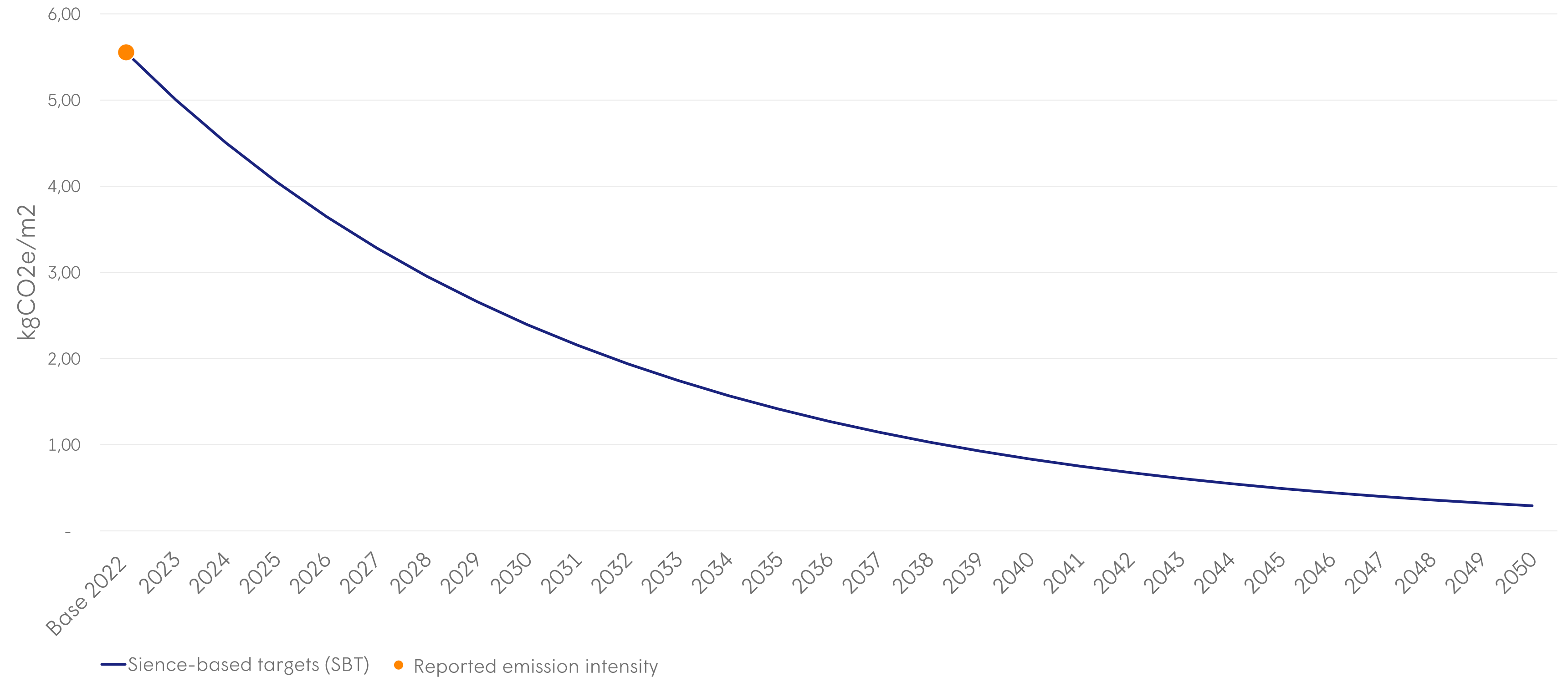
# Net Zero targets in retail banking portfolio

Reported emission intensity for 2022 is estimated to be 5.56 kg CO<sub>2</sub>e per m<sup>2</sup>.

The emission intensity target for 2023 is set to be 5.00 kg CO<sub>2</sub>e per m<sup>2</sup>. Further, it will therefore require measures to reduce the banks adverse impact through its lending. Launching a product which incentivise to invest in energy-efficiency technologies is an example of such measures.

The calculation of emissions related to Fana Sparebank's retail portfolio is based on Eiendomsverdi's emission estimation of the bank's portfolio.

Total emission for Fana Sparebank's retail portfolio in 2022 amounts to 11,000 tonnes CO<sub>2</sub>e.





# Retail Banking

Fana Sparebank's lending to the retail segment accounts for NOK 20.3 billions as at 31.12.2022, representing 80 percent of the total loan portfolio.

Fana Sparebank's retail loan portfolio consists of mortgages. Therefore, targets related to energy efficiency measures are material to reduce the Bank's financed emissions toward a Net-Zero-scenario in 2050.

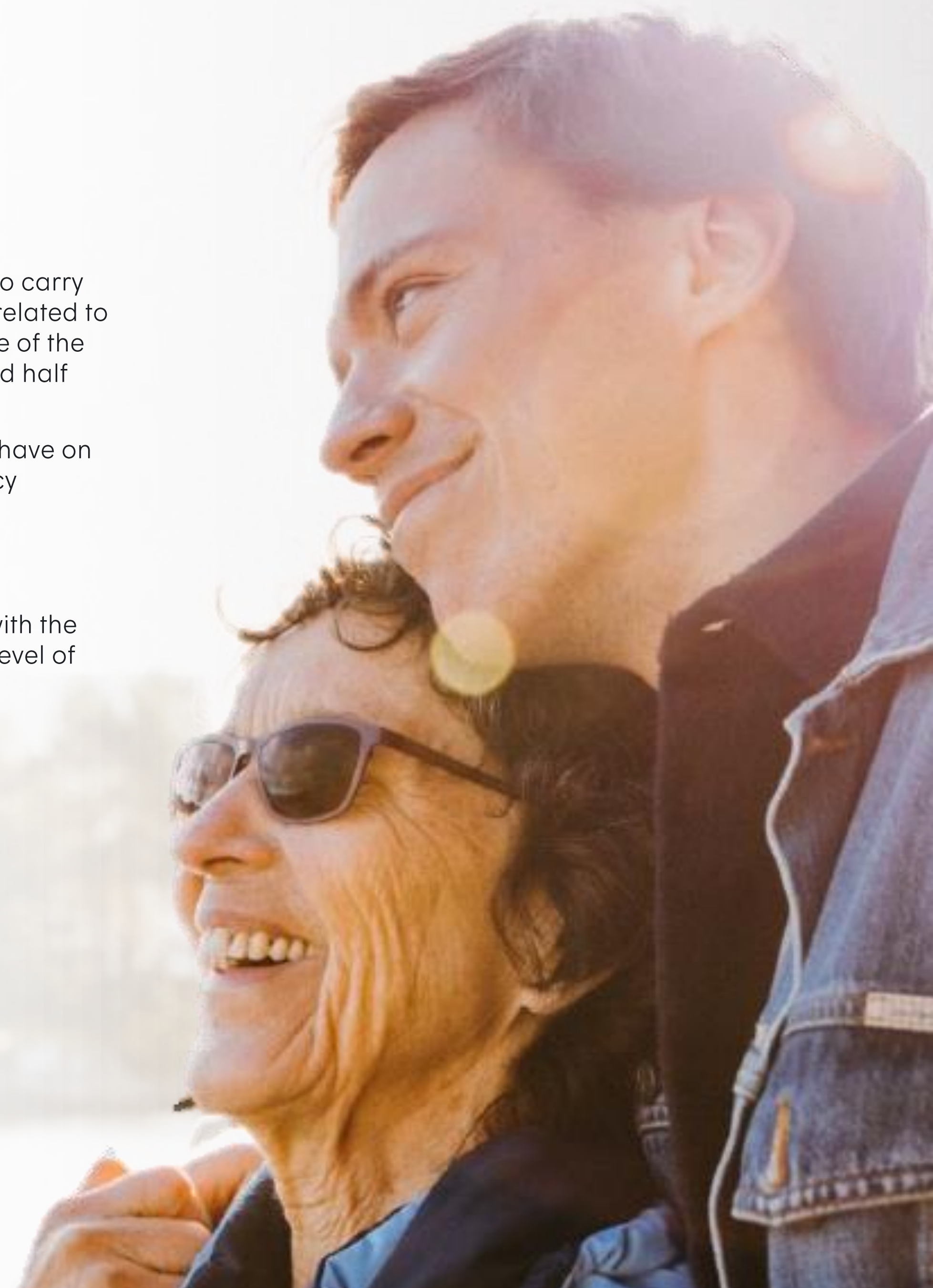
*The targets will be adjusted if necessary.*

## Targets toward 2025

- The bank will establish a green loan to motivate customers to carry out energy efficiency measures, to mitigate climate impact related to their homes. Consequently, improve the overall EPC average of the Bank's total portfolio. The loan will be launched in the second half of 2023.
- Contribute to mitigate the negative climate impact housing have on the environment, by financing measures for energy efficiency purposes.

## Targets toward 2030

- 50 percent of the lending portfolio shall be in accordance with the bank's framework for green financing in 2030. By 2050, the level of ambition is 100 percent.





# Green Finance Framework

Fana Sparebank wishes to promote the transition towards a low-carbon and climate resilient society by encouraging sustainable behaviour among our clients. Fana Sparebank's issuance of Green Bonds is regarded a natural part of the company's sustainability profile enabling us to focus even more on positive environmental impacts within the fields of Green Buildings, both for residential and commercial real estate.

Fana Sparebank's Green Finance Framework covers public deposits, senior bonds and covered bonds ("Green Finance Instruments") issued by Fana Sparebank and all wholly-owned subsidiaries, including Fana Sparebank Boligkreditt AS.

The Green Finance Framework aligns with the Green Bond Principles published by international Capital Markets Association (ICMA) in 2018. The framework was closed in December 2022. Hence preparation of a new framework and validation through a second opinion are required.

# Allocation Report

Portfolio based green bond report according to the Green Finance Framework for Impact Reporting

Portfolio date 31.12.2022

Eligible Project Category (a)	Signed Amount (b)	Green Bond outstanding (c)	Allocation (d)	Issued Amount (e)
	NOK		%	NOK
Fana Sparebank (Covered and Senior Bonds)				
Green residential buildings in Norway	2.025.000.000	Fana Spb Boligkreditt Green Covered bond 19/24 FRN (NO0010871551)	25 %	500.000.000
		Fana Spb Green Senior bond 21/26 FRN (NO0011100893)	37 %	750.000.000
		Fana Spb Green T2 bond (NO0012759069)	10 %	200.000.000
		Fana Spb Green Deposits and Fixed Rate Deposits	4 %	77.000.000
		Fana Spb Green Deposits and Current Account, Children and youths	6 %	125.000.000
<b>Total</b>	<b>2.025.000.000</b>		<b>82 %</b>	<b>1.652.000.000</b>

(a) Eligible category. The other categories defined in the Green Finance Framework are non-active

(b) Signed amount represents the amount legally committed by the issuer for the portfolio components eligible for Green Bond financing

(c) Outstanding bond issued under the green bond programme

(d) Percentage of Eligible Green Project portfolio allocated to net proceeds of green funding

(e) The issued amount in NOK represents the hedged amount in NOK, 100% is hedged until maturity