



Carbon Accounting Report 2020

SpareBank 1 SMN

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

This report covers all of the registered data related to greenhouse gas emissions from the SpareBank 1 SMN Group in 2020.

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

Reporting Year Energy and GHG Emissions

Emission source	Description	Consumption	Unit	Energy (MWh)	Emissions tCO ₂ e	% share
Transportation total				46.8	10.0	1.7 %
Petrol		486.9	liters	4.7	1.1	0.2 %
Diesel (NO)		4,041.9	liters	42.1	8.9	1.5 %
Stationary combustion total				18.3	3.4	0.6 %
Natural gas		18,255.4	kWh	18.3	3.4	0.6 %
Scope 1 total				65.0	13.4	2.3 %
Electricity total				4,535.1	185.9	32.3 %
Electricity Nordic mix		4,535,056.8	kWh	4,535.1	185.9	32.3 %
DH Nordic locations total				405.3	16.0	2.8 %
District heating NO/Trondheim		405,335.9	kWh	405.3	16.0	2.8 %
Scope 2 total				4,940.4	201.9	35.0 %
Waste total				-	15.6	2.7 %
Residual waste, incinerated		29,859.4	kg	-	15.0	2.6 %
Paper waste, recycled		24,305.6	kg	-	0.5	0.1 %
Paper waste, recycled	Til makulering	-	kg	-	-	-
Glass waste, recycled		1,369.1	kg	-	-	-
Metal waste, recycled		575.3	kg	-	-	-
Organic waste, recycled		986.7	kg	-	-	-
Plastic waste, recycled		2,255.6	kg	-	-	-
EE waste, recycled		1,000.6	kg	-	-	-
Wood waste, recycled		1.0	kg	-	-	-
Hazardous waste, recycled		53.6	kg	-	-	-
Hazardous waste, incinerated		1.0	kg	-	-	-
Industrial waste, landfill		3.0	kg	-	-	-
Business travel total				-	307.8	53.4 %
Continental/Nordic		461,793.0	pkm	-	38.0	6.6 %
Continental/Nordic		267.3	flight trip	-	24.4	4.2 %
Intercontinental		-	pkm	-	-	-
Domestic		294,265.0	pkm	-	38.0	6.6 %
Domestic		21.1	flight trip	-	1.3	0.2 %
Mileage all. car (NO)		1,473,050.6	km	-	206.2	35.8 %
Mileage all. el car Nordic		848.0	km	-	-	-
Purchased goods and services total				-	37.7	6.5 %
Paper, virgin		39,905.9	kg	-	36.7	6.4 %
Toilet paper		496.8	kg	-	1.0	0.2 %
Scope 3 total				-	361.2	62.6 %
Total				5,005.4	576.5	100.0 %
KJ				18,019,580,176.8		

Reporting Year Market-Based GHG Emissions

Category	Unit	2020
Electricity market-based	tCO ₂ e	1,192.7
Scope 2 market-based	tCO ₂ e	1,208.7
Total market-based	tCO ₂ e	1,583.3

Data base

The data base for the SpareBank 1 SMN Group is based on data from the subsidiaries Eiendomsmegler 1 Midt-Norge AS, SpareBank1 Regnskapshuset SMN AS, SpareBank 1 Finans Midt-Norge AS, SpareBank 1 Kapitalforvaltning AS, SpareBank 1 Markets AS, SpareBank 1 Spire Finans AS and SpareBank 1 SMN.

Where SpareBank 1 SMN is co-located with Eiendomsmegler 1 Midt-Norge and SpareBank 1 Regnskapshuset SMN AS, data related to energy consumption and waste collection is collected by SpareBank 1 SMN and distributed among the two remaining companies according to different distribution keys, see «Assumptions and clarifications data basis». This has been done on the basis that SpareBank 1 SMN has the opportunity to extract detailed reports from suppliers. The remaining companies have collected data on their own from accounting documents, reports from suppliers and various HR and payroll systems.

Assumptions and clarifications data basis

- Data related to energy consumption is composed of actual consumption (measured) and stipulated data. Taken as a whole, 77% of consumption is measured and 23% is stipulated. Estimates for locations without meters are made on the basis of average kilowatts per hour (kWh) for locations with meters and are then multiplied by the area (m²) of the locations without meters.

- Data for fuel consumption where it is not possible to extract measured consumption associated with owned and leased passenger cars, stipulations have been made based on actual mileage allowance. Then this is multiplied by an assumption of a consumption of 0.7 liters per mile. This applies to both diesel and petrol cars. Data for flights are taken from various payroll and travel systems. Here there is a slight difference in what data is available. All systems have data on the number of journeys and some have more detailed information on emissions associated with the flight (for example, the number of kilos of CO₂).

- Waste data for the co-located companies is distributed using an estimate for waste data per employee with the head office as a basis. Then this estimate is multiplied by the number of employees (excluding the head office) to arrive at an estimate. The share of stipulated waste data for SpareBank 1 SMN is 42%, 45% for Eiendomsmegler 1 Midt-Norge AS and 74% for Regnskapshuset. Waste data for the locations that are not collocated are obtained from own suppliers.

- The indirect effect (Scope 3) of SpareBank 1 SMN's loan portfolio and / or other financial instruments is not included in the data base. This is something that is being worked on and aims to be included in the long term.

Climate Accounting

New in this year's climate account is that emissions from the subsidiaries in the SMN group are also included. The climate accounts for 2020 are made according to the equity share method, which means that emissions from the SMN Group's stake in the subsidiaries are also included in this year's climate accounts, in addition to emissions from SpareBank 1 SMN's offices.

During 2020, the SpareBank 1 SMN Group had a total greenhouse gas emissions of 576.6 tonnes of CO₂ equivalents (tCO₂e). Although emissions from subsidiaries are also included in this year's climate accounts, there has been a reduction in emissions of 2.6 % from 2019 to 2020. The reason for this reduction is mainly due to the Covid-19 pandemic that has ravaged Norway from March 2020 to the end of the year. With home offices and travel restrictions, emissions from SpareBank 1 SMN have decreased.

Greenhouse gas emissions are distributed as follows for 2020:

Scope 1: 2.3 % (13.4 tCO₂e)

Scope 2: 35 % (201.9 tCO₂e)

Scope 3: 62.7 % (361.3 tCO₂e)

KPI

Emissions per FTE have been reduced from 0.9 to 0.4 tCO₂e from 2019 to 2020, corresponding to a reduction of 56.3 %. This is due to a combination of reduced emissions and an increase in the number of FTE as the subsidiaries' employees are also included this year. Emissions per square meter of heated area in 2020 are 21.1 kgCO₂e.

Scope 1

Transport: Fuel consumption in liters for the group's owned and leased cars. During 2020, 486.9 liters of petrol and 4,041.9 liters of diesel were used, corresponding to 10 tCO₂e. This is a reduction of 26.1 % compared to 2019.

Stationary combustion: Consumption of natural gas in kWh for heating in the group's locations. Use of natural gas corresponds to an emission of 3.4 tCO₂e in 2020. This is the first year that natural gas is reported in the climate accounts.

Scope 2

Electricity: Measured and stipulated consumption of electricity in owned and leased buildings for SpareBank 1 SMN. The table above shows greenhouse gas emissions from electricity calculated using the location-based emission factor Nordic mix. The group's offices had a consumption of 4,535.1 MWh during 2020, which corresponds to an emission of 185.9 tCO₂e. During 2019, electricity consumption was 5,120.1 MWh. Electricity consumption has thus been reduced, although this year electricity consumption from the subsidiaries is also included. The emissions from electricity are consequently reduced from 199.7 tCO₂e to 185.9 tCO₂e from 2019 to 2020. Although the emission factor Nordic mix increased by 5.1 % during the period, the percentage reduction in emissions is 6.9 %.

Greenhouse gas emissions calculated with a market-based factor can be found in the table "Market-based emissions in the reporting year" above. The practice of presenting emissions from electricity consumption with two different emission factors is further explained under Scope 2 in Method and sources. As SpareBank 1 SMN did not purchase guarantees of origin (OG/REC) for its consumption of electricity in 2020, the emission factor is Nordic residual mix used in the calculation.

District heating: Measured and stipulated consumption of district heating in owned and leased buildings. The group used 405.3 MWh of district heating in its offices during 2020. This corresponds to an emission of

16 tCO₂e and is a reduction of 63.7 % from 2019.

Scope 3:

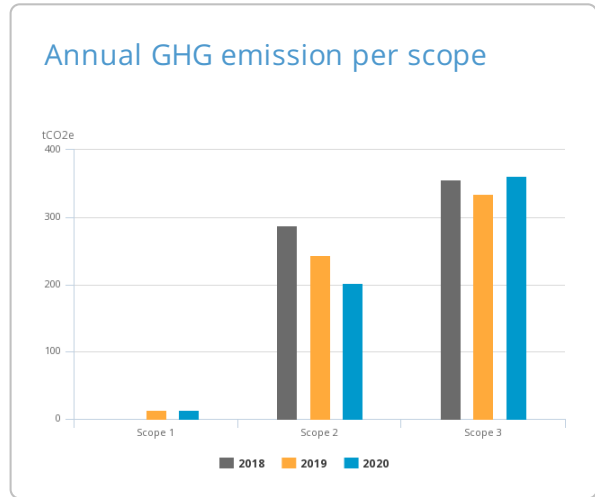
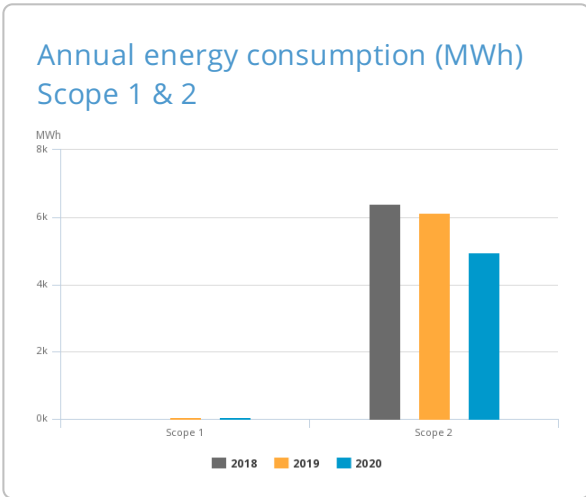
Waste: Reported waste in kilograms divided into different waste fractions, as well as treatment method (recycled, energy recovered, landfill). In 2020, emissions from waste amounted to 15.6 tCO₂e. This is an increase of 133.4 % from 2020. The amount of waste for several of the waste fractions is so small that the emissions are only shown as a dash in the climate accounts.

Business travel: During 2020, the group's employees traveled both domestic and in Europe by plane. Emissions from flights in 2020 amounted to 101.7 tCO₂e. This is a reduction of 46.8 % from 2019. Furthermore, a kilometer allowance was given for 1,473,050.6 km driven by ordinary car and 848 km driven by electric car. This corresponds to an emission of 206.2 tCO₂e, which is an increase of 65.9 % compared to 2019.

Purchased goods and services: The group purchased 39,905.9 kg of paper and 496.8 kg of toilet paper during 2020, which corresponds to an emission of 37.7 tCO₂e. This is an increase of 207.6 % compared to last year.

Annual GHG Emissions

Category	Description	2018	2019	2020	% change from previous year
Transportation total		-	13.6	10.0	-26.1 %
Petrol		-	1.3	1.1	-12.0 %
Diesel (NO)		-	12.3	8.9	-27.5 %
Stationary combustion total		-	-	3.4	-
Natural gas		-	-	3.4	100.0 %
Scope 1 total		-	13.6	13.4	-1.3 %
Electricity total		287.5	199.7	185.9	-6.9 %
Electricity Nordic mix		287.5	199.7	185.9	-6.9 %
DH Nordic locations total		-	44.1	16.0	-63.7 %
District heating NO/Trondheim		-	44.1	16.0	-63.7 %
Scope 2 total		287.5	243.7	201.9	-17.1 %
Waste total		7.1	6.7	15.6	133.4 %
Residual waste, incinerated		6.9	6.5	15.0	131.5 %
Paper waste, recycled		0.2	-	0.5	1,821.4 %
Paper waste, recycled	Til makulering	-	0.2	-	-100.0 %
Glass waste, recycled		-	-	-	100.0 %
Metal waste, recycled		-	-	-	1,643.3 %
Organic waste, recycled		-	-	-	100.0 %
Plastic waste, recycled		-	-	-	408.0 %
EE waste, recycled		-	-	-	801.4 %
Wood waste, recycled		-	-	-	100.0 %
Hazardous waste, recycled		-	-	-	100.0 %
Hazardous waste, incinerated		-	-	-	100.0 %
Residual waste, recycled		-	-	-	-
Cardboard waste, recycled		-	-	-	-100.0 %
Industrial waste, landfill		-	-	-	100.0 %
Business travel total		335.4	315.7	307.8	-2.5 %
Continental/Nordic		27.8	8.0	62.3	680.4 %
Intercontinental		12.2	51.0	-	-100.0 %
Domestic		160.8	132.3	39.3	-70.3 %
Mileage all. car (NO)		134.6	124.3	206.2	65.9 %
Mileage all. el car Nordic		-	-	-	100.0 %
Purchased goods and services total		13.5	12.3	37.7	207.6 %
Paper, virgin		13.5	12.3	36.7	199.4 %
Toilet paper		-	-	1.0	100.0 %
Scope 3 total		356.1	334.7	361.2	7.9 %
Total		643.5	592.0	576.5	-2.6 %
Percentage change		100.0 %	-8.0 %	-2.6 %	



Annual Market-Based GHG Emissions

Category	Unit	2018	2019	2020
Electricity market-based	tCO ₂ e	1,846.1	1,044.5	1,192.7
Scope 2 market-based	tCO ₂ e	1,846.1	1,088.6	1,208.7
Total market-based	tCO ₂ e	2,202.2	1,436.8	1,583.3
Percentage change		100.0 %	-34.8 %	10.2 %

Annual Key Energy and Climate Performance Indicators

Name	Unit	2018	2019	2020	% change from previous year
tCO ₂ e/FTE (S1+S2+S3)		6.1	0.9	0.4	-56.3 %
kgCO ₂ e/oppvarmet areal (S1+S2+S3)		-	-	21.1	100.0 %
FTE		106.1	658.0	1,467.7	123.1 %
Oppvarmet areal	m ²	-	-	27,296.9	100.0 %

Methodology and sources

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

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

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

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

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

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

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

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

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

The market-based method: The choice of emission factors when using this method is determined by whether the business acquires GoOs/RECs or not. When selling GoOs or RECs, the supplier certifies that the electricity is produced exclusively by renewable sources, which has an emission factor of 0 grams CO₂e per kWh. However, for electricity without the GoO or REC, the emission factor is based on the remaining electricity production after all GoOs and RECs for renewable energy are sold. This is called a residual mix, which is normally substantially higher than the location-based factor. As an example, the market-based Norwegian residual mix factor is approximately 7 times higher than the location-based Nordic mix factor. The reason for this high factor is due to Norway's large export of GoOs/RECs to foreign consumers. In a market perspective, this implies that Norwegian hydropower is largely substituted with an electricity mix including fossil fuels.

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

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