

# Carbon Accounting Report 2021

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## SpareBank 1 SMN

The purpose of carbon accounting is to provide an overview of the organization's greenhouse gas (GHG) emissions, which is an integrated part of the Sparebank 1 SMN Group's overarching climate strategy<sup>1</sup>. Carbon accounting is an important tool in identifying and implementing tangible actions to reduce both direct and indirect GHG emissions. An annual carbon accounting report enables the organization to benchmark GHG-emissions, including performance indicators (KPI's), and evaluate the effect of its actions over time.

The report covers the total GHG emissions of SpareBank 1 SMN in 2021.

The input data used in the carbon accounting report stems from both internal and external sources, which are converted into CO<sub>2</sub>-equivalents (CO<sub>2</sub>e) according to the GWP-values in IPCC AR5<sup>2</sup>. The report is prepared in accordance with «GHG Protocol Corporate Accounting and Reporting Standard» and the GHG-protocol's scope 3-standard «The Corporate Value Chain (Scope 3) Accounting and Reporting Standard». The GHG-protocol is the preferred reporting standard because of its wide application and international recognition, ensuring truthful, comparable and understandable reporting.

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1) <https://www.sparebank1.no/en/smn/about-us/sustainability/sustainability-library.html>

2) [https://ghgprotocol.org/sites/default/files/ghgp/Global-Warming-Potential-Values%20%28Feb%2016%202016%29\\_1.pdf](https://ghgprotocol.org/sites/default/files/ghgp/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf)

# Annual GHG Emissions

Emission source ( <i>numbers in tCO<sub>2</sub>e</i> )	2021	2020
Energy consumption	668,87	885,06
<b>Scope 2</b>	<b>668,87</b>	<b>885,06</b>
Purchased goods and services	7 995,19	7 919,78
Capital goods	579,16	682,23
Transportation and distribution	260,26	367,34
Waste generated in operations	36,38	22,78
Business travel <sup>3</sup>	488,24	593,39
<b>Upstream emissions</b>	<b>9 359,23</b>	<b>9 585,52</b>
<b>Scope 3</b>	<b>9 359,23</b>	<b>9 585,52</b>
<b>Total GHG emissions</b>	<b>10 028,10</b>	<b>10 470,59</b>

SpareBank 1 SMN's GHG emissions totaled 10 028,10 ton CO<sub>2</sub>-equivalents (tCO<sub>2</sub>e) in 2021. This is a reduction of 4,23 % compared to 2020.

The GHG emissions had the following distribution:

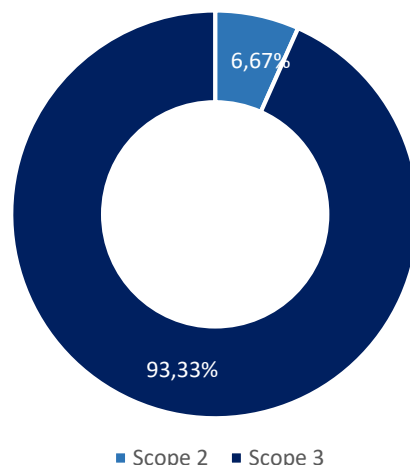
**Scope 2: 6,67 %** (668,87 tCO<sub>2</sub>e)

**Scope 3: 93,33 %** (9 359,23 tCO<sub>2</sub>e)

The organization employed 646 full-time equivalents during 2021. This constitutes an emission of 15,52 tCO<sub>2</sub>e per full-time equivalent. Compared to 2020, where employment was 660 full-time equivalents, emissions are reduced by 0,34 tCO<sub>2</sub>e per full-time equivalent.

## Scope 2:

Scope 2 consists in its entirety of energy consumption, including electricity and heating, in SpareBank 1 SMN's offices. The emissions related to energy consumption amounted to 668,87 tCO<sub>2</sub>e in 2021, a reduction of 24,43 % compared to 2020. The reduced emissions are partly explained by energy efficiency improvements at the headquarter offices in Søndre



3) Costs related to the organization's vehicles is included in *business travel*.  
See «Application of the GHG protocol».

Gate 4-10 which SpareBank 1 SMN rents from EC Dahls Eiendom AS, and other offices owned by SpareBank 1 SMN.

The GHG emissions in scope 2 are calculated based on sectoral emission data with a two-year time lag<sup>4</sup>, meaning emissions in 2021 are calculated based on emission data from 2019, and emissions in 2020 are based on emission data from 2018. If emissions in 2021 had been calculated based on emission data from 2018, scope 2 would have amounted to 678,88 tCO<sub>2</sub>e, an increase of 1,5 %.

## Scope 3:

*Purchased goods and services* constitutes the majority of Sparebank 1 SMN's GHG emissions in 2021 (7 995,19 tCO<sub>2</sub>e). The GHG emissions in this category are related to marketing, labor costs, IT-operations and equipment, sponsorship and rent/maintenance of SpareBank 1 SMN's offices and premises. This is an increase of 0,95 % compared to 2020.

SpareBank 1 SMN has *capital goods* in terms of fixed installations in its offices, properties, furniture and other types of office equipment, software and machinery. The GHG emissions related to consumption (e.g. deterioration, obsolescence) of fixed capital amounts to 579,16 tCO<sub>2</sub>e. This is a reduction of 15,11 % compared to 2020.

GHG emissions related to *transportation and distribution* includes value-transport (transportation of cash to ATM's), as well as postage and freight of miscellaneous goods (260,26 tCO<sub>2</sub>e). Compared to 2020 this is a reduction of 29,15 %, mainly explained by the reduction in transportation of cash.

The GHG emissions from *waste generated in operations* includes all forms of waste management (residual waste, paper, glass, plastic) in Sparebank 1 SMN's offices (36,38 tCO<sub>2</sub>e). Compared to 2020, this is an increase of 59,72 %.

*Business travels* includes flights and distance-based allowance to employees for work-related travel using privately owned vehicles (488,24 tCO<sub>2</sub>e). This is a reduction of 17,72 % compared to 2020, and is a result of reduced traveling during the Covid-19 pandemic, as well as a change in the group's travel policy.

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4) <https://www.ssb.no/statbank>

SpareBank 1 SMN has no GHG emissions from *employee commuting* in 2021. In 2020 the organization had a total emission of 1,17 tCO<sub>2</sub>e from employee commuting. The emissions related to employee commuting is included in *business travels*.

The GHG emissions in scope 3 are calculated similarly as scope 2; based on sectoral emission data with a two-year time lag. If emissions in 2021 had been calculated based on emission data from 2018, scope 3 emissions would have amounted to 9 060,74 tCO<sub>2</sub>e, a reduction of 3,19 %.

## Explanation of the applied methodology

Klimakost is a tool used to calculate the direct and indirect climate impact of organizations, companies, projects etc. This tool combines accounting information (and quantities for some inputs) with an emission model estimating total life cycle emissions associated with the various inputs and goods/services consumed.

Klimakost uses a «Environmentally Extended Input-Output Analysis» (EEIOA). EEIOA is relatively generalizing and suited for «top-down»-analysis' to determine which parts of the organization have the highest emission intensity. This enables a screening of the organization's «footprint» with a consistent methodology. The model also enables analysis of an entire nation's «footprint», including import of goods from other countries (so-called multiregional EEIO models).

Since the model include all types of economic activity, it does not suffer the same limitations as other carbon accounting methods. However, this completeness and simplicity comes at the expense of specificity, meaning the evaluation of some actions and trends might require more specific data and methods.

Klimakost has been utilized to prepare carbon accounting reports for a large number of Norwegian municipalities, companies and organizations. Multiple universities and colleges have also used the tool, and a former analysis conducted on behalf of NTNU has been published in an international journal. The underlying models has also been used to calculate the carbon footprint of Norwegian public procurement and the carbon footprint of Norwegian households. See [klimakost.no](https://www.klimakost.no) for more detailed information about the methodology.

## Application of the GHG protocol

The Greenhouse Gas Protocol (GHG-protocol) is developed by the «World Resources Institute» (WRI) and «World Business Council for Sustainable Development» (WBCSD)<sup>5</sup>. The carbon accounting report is prepared in accordance with «GHG Protocol Corporate Accounting and Reporting Standard» and «Corporate Value Chain (Scope 3) Accounting and Reporting Standard». The standard includes the following greenhouse gases, all converted into CO<sub>2</sub>-equivalents: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub>, HFK and PFK. The GHG emissions from SpareBank 1 SMN constitutes solely of CO<sub>2</sub>.

The standard differentiates between two approaches to calculate an organization's total greenhouse gas emissions: operational control and financial control. Using the operational control-method, the organization account for 100 % of the emissions from operations over which it controls, but not necessarily owns.

As a result, emissions from sources the organization owns but does not control, will not be included in the organizations total GHG emissions (for example in a tenancy where the tenant has mandate to decide measures in the property owned by the organization). This is the case at the organization's main offices in Søndre Gate 4-10 where SpareBank 1 SMN decides energy efficiency improvement-measures in the property owned by EC Dahls Eiendom AS.

Using the financial control-method, the organization account for 100 % of the emissions from operations where the organization has the right to the majority of benefits from the operation, or retains the majority of the risk associated with the operation.

The annual GHG-emissions of SpareBank 1 SMN is disclosed in accordance with the operational control-method. This method defines which assets is to be included in the carbon accounting report, and categorizes emissions in various scopes.

The annual GHG emissions is divided into 3 scopes which consists of both direct and indirect emission sources.

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5) <https://ghgprotocol.org/about-us>

**Scope 1** disclosure is mandatory, and includes all emissions from assets which the organization controls. This includes combustion of all fossil fuels related to both owned, leased or rented assets. It also includes any direct process emissions from e.g. chemical processes, industrial gases, direct methane emissions etc. All emissions from the organization's vehicles are disclosed combined under scope 3. Because Sparebank 1 SMN's emissions from combustion of fossil fuels are considered immaterial, these emissions are not separated in scope 1.

**Scope 2** disclosure is also mandatory, including all indirect emissions related to energy purchased; electricity or heating/cooling. This applies to properties the organization controls, regardless of ownership if operational control is present. In January 2015, the GHG Protocol released new guidelines for calculating emissions from energy consumption. Primarily two methods are used to allocate the GHG emissions created by energy consumption.

*Location-based method:* The location-based method is based on statistical emissions information related to energy consumption within a defined geographical boundary. Within this geographical boundary, the different energy producers utilize a mix of energy resources, where the use of fossil fuels (coal, oil, gas) result in direct GHG emissions. The emission factors used in Klimakost related to energy and electricity is based on sectoral emissions data with a two-year time lag.

*Market-based method:* The choice of emissions factor 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 per CO<sub>2</sub>e per kWh.

In practice, organizations disclosing GHG emissions must highlight both actual emissions from electricity production, as well as market-based emissions related to purchased GoOs/RECs. The purpose of this revised guideline is firstly to show the effect of energy efficiency measures, and secondly to show the effect of purchasing renewable energy through GoOs/RECs. This «dual reporting» highlights the effect of different measures the organization can implement related to energy consumption.

The carbon accounting report of Sparebank 1 SMN discloses the energy consumption related to the location-based method in scope 2, but not the market-based method.

Exclusion of the market-based method is mainly explained by the Klimakost methodology, which solely discloses the location-based method in scope 2. Klimakost was chosen as the preferred methodology because of, among other things, SpareBank 1 SMN not purchasing any GoOs/RECs, and location based-method being the most relevant method to monitor and further improve the organization's energy efficiency measures.

The reasoning is further based on geographical boundaries. SpareBank 1 SMN's offices are located in the middle of Norway, meaning Sparebank 1 SMN's offices are generally consuming electricity from the same grids and suppliers. This further proves the location-based method to be most relevant for SpareBank 1 SMN.

**Scope 3** disclosure is voluntary, and includes all indirect emissions from purchased goods and services. This includes emissions indirectly related to the organization's activities, not controlled by the company. Scope 3 is further divided into two main categories: upstream and downstream emissions. Upstream emissions are indirect emissions related to purchased goods and services. Downstream emissions are indirect emissions related to selling goods and services. SpareBank 1 SMN's registered scope 3-emissions are exclusively upstream. Calculation of Sparebank 1 SMN's downstream emissions is an ongoing process.

As most of Sparebank 1 SMN's emissions are indirect and therefore disclosed in scope 3, SpareBank 1 SMN chose to include scope 3 disclosure as a part of the annual GHG emissions, even though this is voluntary. This is done to make the carbon accounting report useful as a decision-making tool both for Sparebank 1 SMN's management and external stakeholders.