

TCFD report 2023

The recommendations from TCFD (“Task Force on Climate-related Financial Disclosures”) cover four main areas (governance, strategy, risk management and metrics/targets), and consist of 11 specific sub-recommendations.

Eksportfinans ASA continued the work with understanding how climate risks may affect the company in 2023. The table below shows the company's status and ambitions when it comes to the 11 recommendations in the TCFD framework.

Governance Disclose the organization's governance around climate related risks and opportunities	
<p>a) Describe the board's oversight of climate-related risks and opportunities</p>	<p>The Board of Eksportfinans annually reviews the company's guidelines for sustainability (which includes issues related to the environment and climate), the company's risk report (which also include ESG-related risks), as well as the company's comprehensive guideline for risk management, where issues related to climate risks are incorporated. In early 2023 a separate webinar on climate and sustainability was held for the company's board and management. The board reports on climate risk in its annual report for 2023.</p> <p>Eksportfinans is also certified as an Eco Lighthouse company, which requires monitoring and reporting of ESG related risks. The board is continuously updated on this work.</p>
<p>b) Describe management's role in assessing and managing climate-related risks and opportunities</p>	<p>The responsibility for sustainability in Eksportfinans lies with the director of staff and operations, a function that also includes responsibility for the company's lending portfolio. The responsibility for incorporating ESG- and climate risk in the company's risk guidelines and risk assessments lies with the director of risk management and compliance. In 2023 sustainability was part of the company's top-level scorecard.</p> <p>The management follows the work on climate risks closely. All matters raised to the board are first handled by the management team, including guidelines and reports. To be prepared for developments within the area, an internal ESG group with participants from different parts of the company has been established. Climate risk is one of the topics regularly discussed. The group reports quarterly to the management team and the company's liaison committee.</p> <p>A digital learning program on climate from Norsk Klimastiftelse (Norwegian Climate Foundation) was completed by the management and all employees in 2023.</p>

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses strategy, and financial planning.

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	<p>According to the additional TCFD recommendations related to the banking and finance industry, the company's credit activities have been most relevant to assess. The company conducted a review of its exposures in 2022 with the aim of mapping ESG and climate-related risks that may be drivers of the standardized company risks and thus be of strategic and financial importance.</p> <p>Climate-related risk in the lending portfolio has been assessed based on the geographical areas in which Eksportfinans' borrowers operate, their dependence on fossil fuels, how future climate regulations and changes may affect them, and transition risk. These factors have been considered to determine the potential risk in the portfolio over the remaining life of the loans and the effect it will have on the credit risk of the loans.</p> <p>Regarding the liquidity portfolio, climate related risk has been assessed based on geographical areas (on country level) within each sector where the company has exposure. The assessment is based on the counterparties' dependence on fossil fuels, how future climate regulations and changes will affect them, and transition risk. These factors have been assessed to determine the potential credit exposure risk the liquidity portfolio.</p> <p>Overall, Eksportfinans considers the company's exposure to climate risks to be low.</p>
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	<p>Eksportfinans is in the process of winding down its business and does not issue new loans. The current loan portfolio is small. The company's strategy is mainly to manage the lending portfolio and investors' funds in an efficient way. The company assesses risk, hereunder climate risk, where relevant, and has established sound processes for monitoring and follow-up. The company's possibilities for influencing climate risk in its portfolios are limited.</p>
c) Describe the potential impact of different scenarios, including a 2°C scenario, on the organization's businesses, strategy and financial planning	<p>On the basis of current operations and winding down plans, the company is not significantly affected by climate-related threats and opportunities. Nevertheless, the company will adapt to the various rules and requirements that will come and incorporate these into strategies and plans.</p> <p>Eksportfinans will further assess the need for climate-related scenario analyses in its annual ICAAP reporting.</p>

Risk management	
Disclose how the organization identifies, assesses and manages climate-related risks.	
a) Describe the organization's processes for identifying and assessing climate-related risks	<p>In 2022 Eksportfinans conducted an assessment of ESG and climate-related risks according to the TCFD framework, with emphasis on uncovering ESG and climate-related risks that are drivers of the company's standard risks. The lending portfolio and the liquidity reserves portfolio were assessed with regard to ESG-related risks. It was concluded that all investments and lending are considered low risk. Following this assessment, the company carries out annual follow-ups to uncover any changes that will be of financial or strategic significance to the company.</p> <p>Such reviews and results are incorporated in company guidelines and reporting.</p>
b) Describe the organization's processes for managing climate-related risks	<p>Going forward, Eksportfinans regularly monitors ESG and climate-related risks as a natural part of the company's risk management. If the company identifies risks of significant importance, the company will initiate measures to mitigate the risk, within the frame of the company's natural potential for influence, e.g. selling the asset in question or initiating dialogue with borrowers in refinancing situations.</p>
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	<p>Eksportfinans' processes are described in the company's general risk guidelines, which include a separate chapter on climate risks. The guidelines are updated annually.</p>
Metrics and targets	
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities	
a) Disclose the metrics by the organization to assess climate-related risks and opportunities, in line with its strategy and risk management process	<p>Eksportfinans does not currently have an efficient system when it comes to calculating climate risks and opportunities. The company has an internal risk monitoring system which is relevant with regards to the company's Eco-Lighthouse certification, but this system is not developed to track the indirect climate-related risks transmission from the company's counterparties.</p> <p>Eksportfinans has not established any long-term emission targets, but focuses on day-to-day emissions. The company is renting offices in central Oslo, with limited possibilities to influence emissions. As the company is in a winding down phase, it is not relevant to establish scenarios with a long time horizon.</p>

<p>b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks</p>	<p>In relation to the Eco-Lighthouse certification, assessments have been made of the company's scope 1, 2 and 3 emissions – see the corporate website.</p> <p>According to TCFD's recommendations, indirect scope 3 emissions, which for Eksportfinans are related to investments and the loan portfolio, are highly relevant to monitor and report on. In 2023, the company continued to report on scope 3 emissions, and the figures are expected to be available in the second quarter of 2024. In 2022 this amounted to 23.13 tons of CO₂, which corresponds to 79 percent of the company's total emissions.</p>
<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities, and performance against targets</p>	<p>Eksportfinans has not established specific targets when it comes to managing climate-related risks and opportunities. Such targets are not particularly relevant as the company 1) does not issue new loans and 2) only invests in securities issued by banks and public sector. However, the company will consider the possibility of establishing such targets in the future.</p> <p>The company purchases carbon credits to offset all CO₂ emissions.</p>