

TCFD-report

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 2022. The table below shows the company’s status and ambitions when it comes to the 11 recommendations in the TCFD framework.

<p>Governance Disclose the organization's governance around climate related risks and opportunities</p>	
<p>a) Describe the board's oversight of climate-related risks and opportunities</p>	<p>The Board of Eksportfinans ASA 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.</p> <p>Eksportfinans is also certified as an Eco Lighthouse company, which requires monitoring and reporting of ESG related risks.</p>
<p>b) Describe management's role in assessing and managing climate-related risks and opportunities</p>	<p>The responsibility for sustainability in Eksportfinans ASA 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 specifically, lies with the director of risk management and compliance.</p> <p>The management follows the work on ESG- and 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 in the ESG area, Eksportfinans ASA has established an internal ESG group with participants from different parts of the company. Climate risk is one of the topics regularly discussed. ESG-related activities and responsibilities will also be included in a new set of role descriptions to be implemented in 2023. Such role descriptions will be established for all staff and will include responsibilities for reporting and follow-up. ESG-related topics are also a recurring item on the agenda for Eksportfinans’ quarterly meetings in the company’s liason committee between management and employee representatives.</p> <p>In early 2022 the management team participated in a workshop where the 11 concrete recommendations from TCFD were thoroughly reviewed, with the aim of increasing internal knowledge and make priorities for 2022 and onwards.</p>
<p>Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses strategy, and financial planning.</p>	
<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term</p>	<p>According to the additional TCFD recommendations related to the banking and finance industry, the company's credit activities are 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>

	Due to the nature of the company's operations (loans with government- and/or bank guarantees and investments in fixed income securities), Eksportfinans ASA does not consider that the company is significantly exposed to climate-related risks.
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	Eksportfinans ASA is in the process of winding down its business and is not planning to issue new loans. Today, the company's strategy is mainly to manage investors' funds in an efficient way. The company assesses risks where relevant, and has established sound processes for monitoring and follow-up.
c) Describe the potential impact of different scenarios, including a 2°C scenario, on the organization's businesses, strategy and financial planning	On the basis of the company's operations and winding down plans, the company does not consider it particularly relevant to assess future operations, strategy and planning against various climate-related scenarios. Regardless of this, there are expectations related to including ESG- and climate-related risks in the scenario analysis in the ICAAP reporting. Eksportfinans will implement this in 2023.
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	Eksportfinans ASA conducted an assessment of ESG and climate-related risks in 2022 according to the TCFD framework, with emphasis on uncovering ESG and climate-related risks that are drivers of the company's standard risks. A full review of the lending portfolio and the liquidity reserves portfolio regarding ESG-related risks was undertaken. It was concluded that all investments and lending are considered low risk. Following this assessment, the company will carry out periodic follow-ups to uncover any changes that will be of financial or strategic significance to the company. Such reviews and results will be incorporated in company guidelines and reporting.
b) Describe the organization's processes for managing climate-related risks	Going forward, Eksportfinans ASA will regularly monitor 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.
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	Eksportfinans ASA's processes are described in the company's general risk guidelines, which include a separate chapter on climate risks. The guidelines are continuously updated with ESG-related changes as a natural part of the updates. A key challenge for the company is that a majority of its exposures is towards banks and municipalities, which in themselves are challenging to assess in a climate risk perspective.
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	Eksportfinans ASA does not currently have an efficient system support when it comes to calculating climate risks and opportunities. The company has an internal risk monitoring system (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. The company's ambition is to establish long-term targets in 2023.
b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	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>According to TCFD's recommendations, indirect scope 3 emissions (for Eksportfinans ASA: related to investments and the loan portfolio) are highly relevant to monitor and report on. In 2023, the company will assess whether it is possible to obtain data that can provide insight into the scope 3 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 ASA has not established specific targets when it comes to managing climate-related risks and opportunities. 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 on the investment side. However, the company will consider the possibility of establishing such targets in the future.</p>