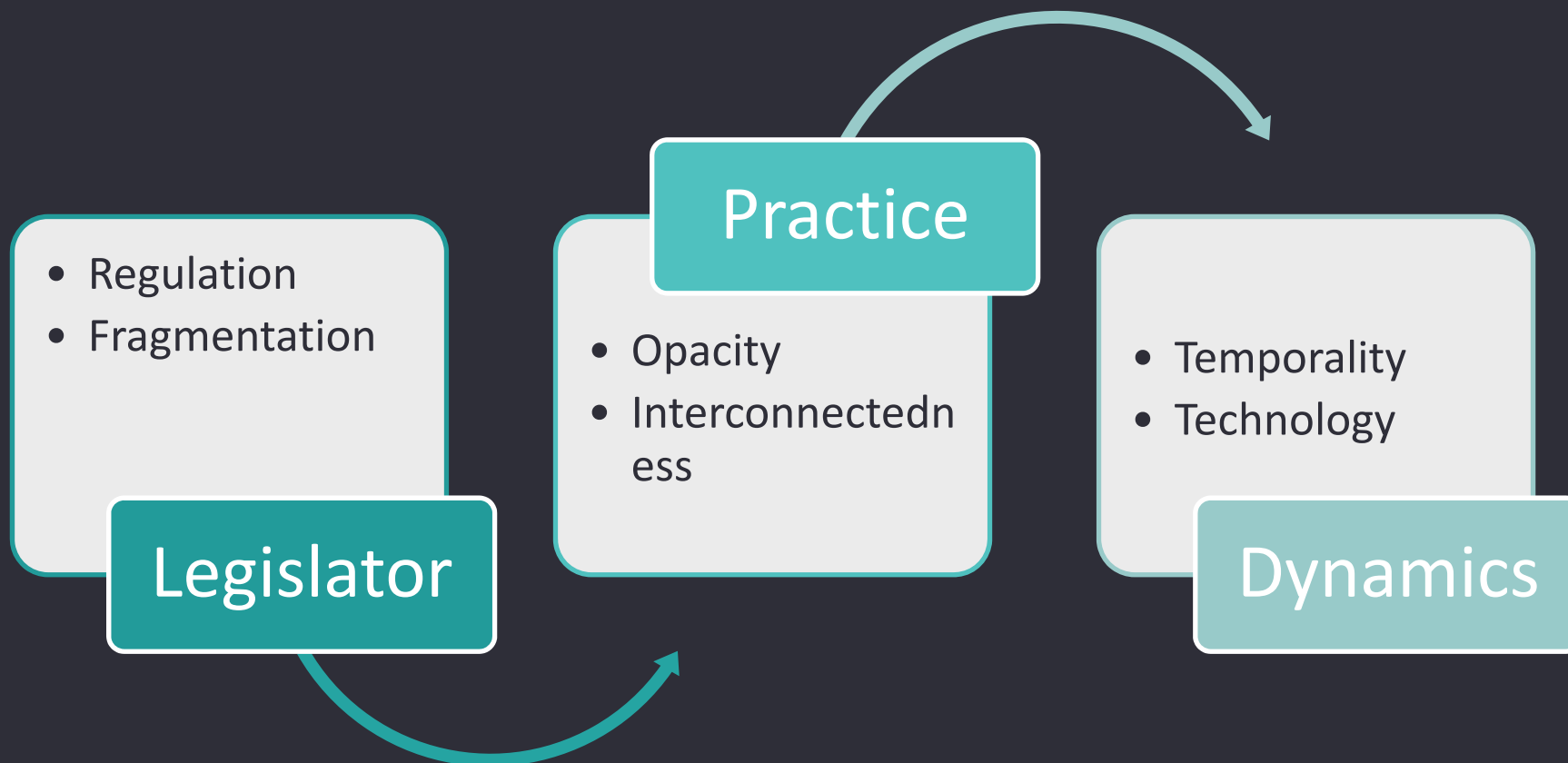
An aerial photograph of a large group of triathletes in black wetsuits and white swim caps swimming in turquoise water. A single kayaker in a bright pink kayak is positioned in the center of the group. A large yellow trapezoidal shape is overlaid on the left side of the image, containing the title and author's name.

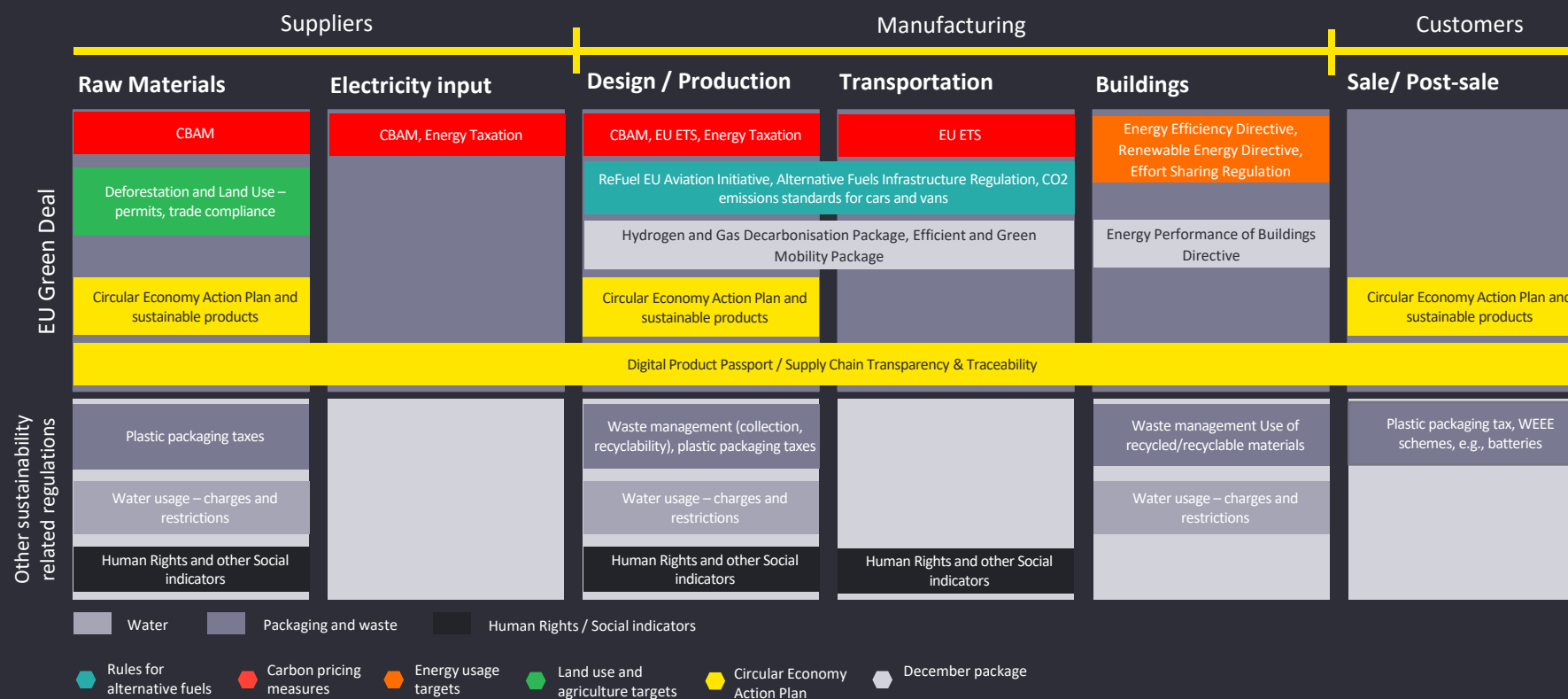
Regulatory Issues of SME Green Lending – and How to Address them

Linn Anker-Sørensen

Complex ESG Regulatory Landscape



Indicative impact of tax and regulatory in the industrial manufacturing supply chain



Step-plan for assessing green lending

1. Which financial instruments are covered by the Taxonomy reporting obligations?
2. Which sectors are covered?
3. Which economic activities are covered?
4. Which clients are covered?
5. Calculation of 'semi-GAR' based on eligible activities

A large yellow trapezoidal frame is centered on the page. The top horizontal line is shorter than the bottom horizontal line, and the two vertical lines are parallel. The text 'How to include SMEs in green lending' is centered within this frame.

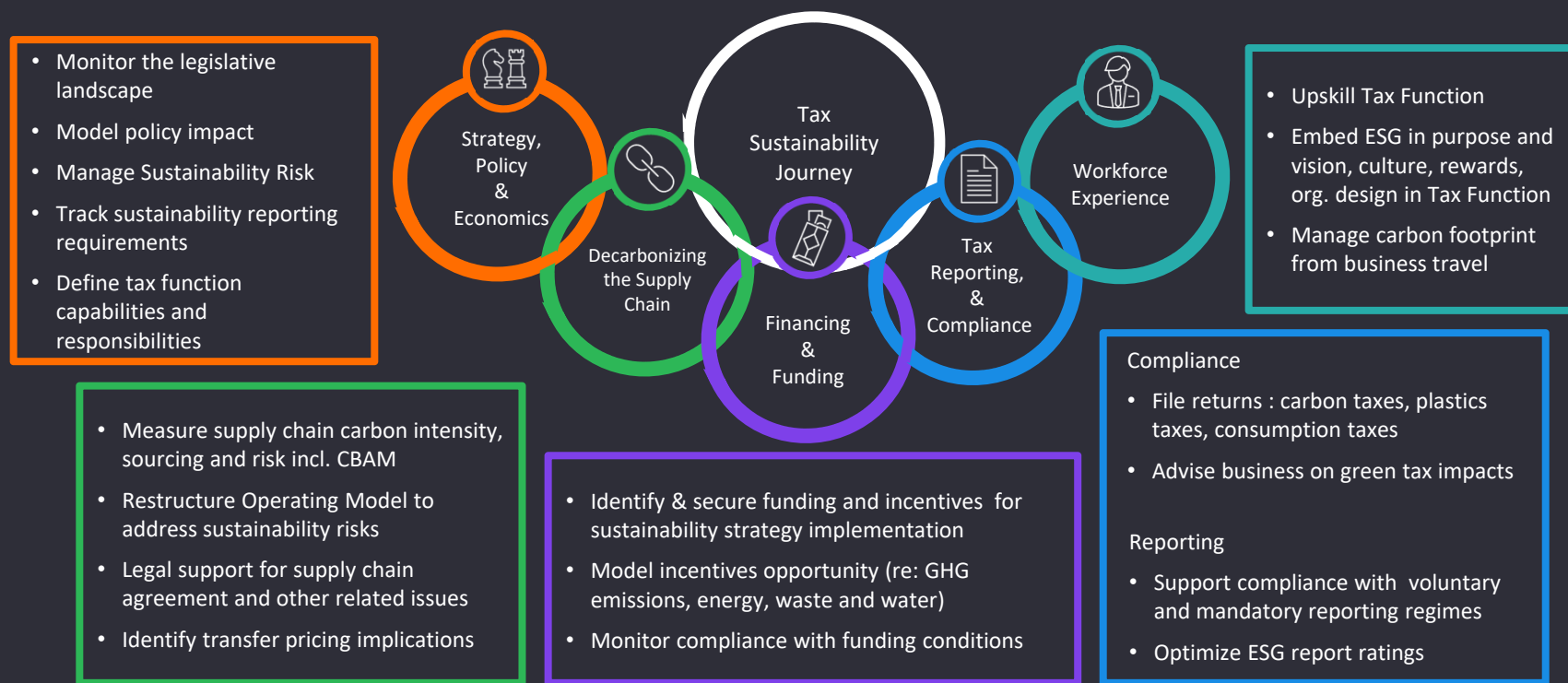
How to include SMEs in green lending



The better the question. The better the answer.
The better the world works.



Building a green business case for green SME lending



Legislative revolution

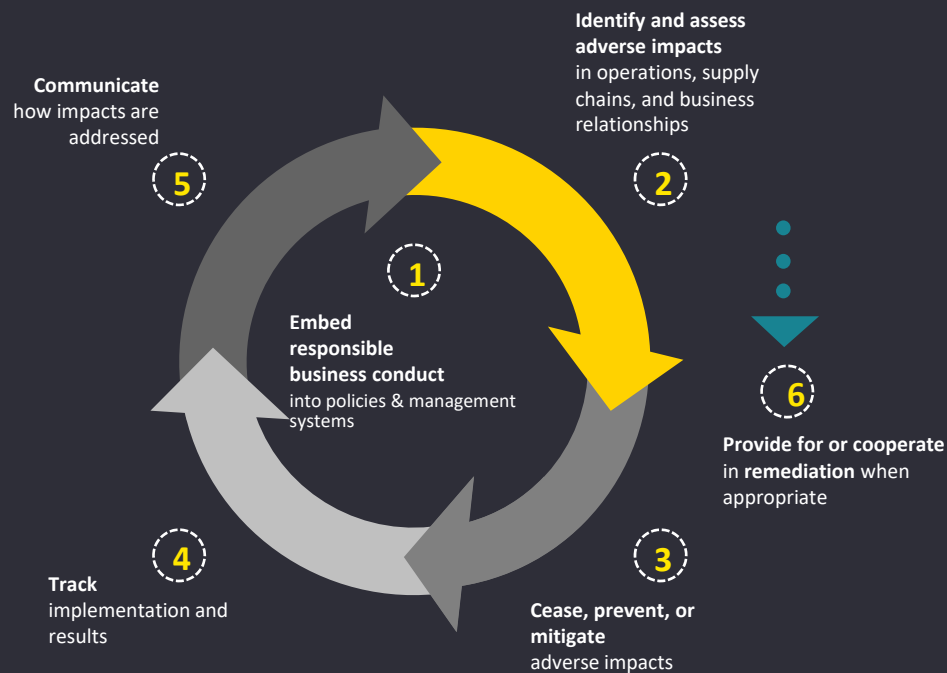
Transparency Act

- Internal labor conditions
- Impact on human rights
- Threshold regulation
- Scope/reach
 - Supply chain
 - Business relations
- Methodology for disclosure; the six-step model of the OECD
- Sanctions – fines

ESG DD

- Environmental impact
- Social / human rights impact
- Threshold regulation
- Scope/reach
 - has a commercial agreement with,
 - provides financing or further insurance services to, or
 - buys or sells services or products to.
- Methodology for disclosure
- Sanctions – individual board member liability and fines

The OECD model for conducting due diligence is explicitly referred to in the Transparency Act as the methodology to be applied



KEY SUCCESS FACTORS



Ensuring legal compliance in a cost- and resource-efficient manner while faced with a complex operating environment with many suppliers and complex supply chains and operations



Integrating human rights due diligence in existing systems (procurement, legal, compliance, reporting, sustainability) rather than inventing new ones



Ensuring capacity and competence on human rights in the relevant functions throughout the company

Legislative revolution

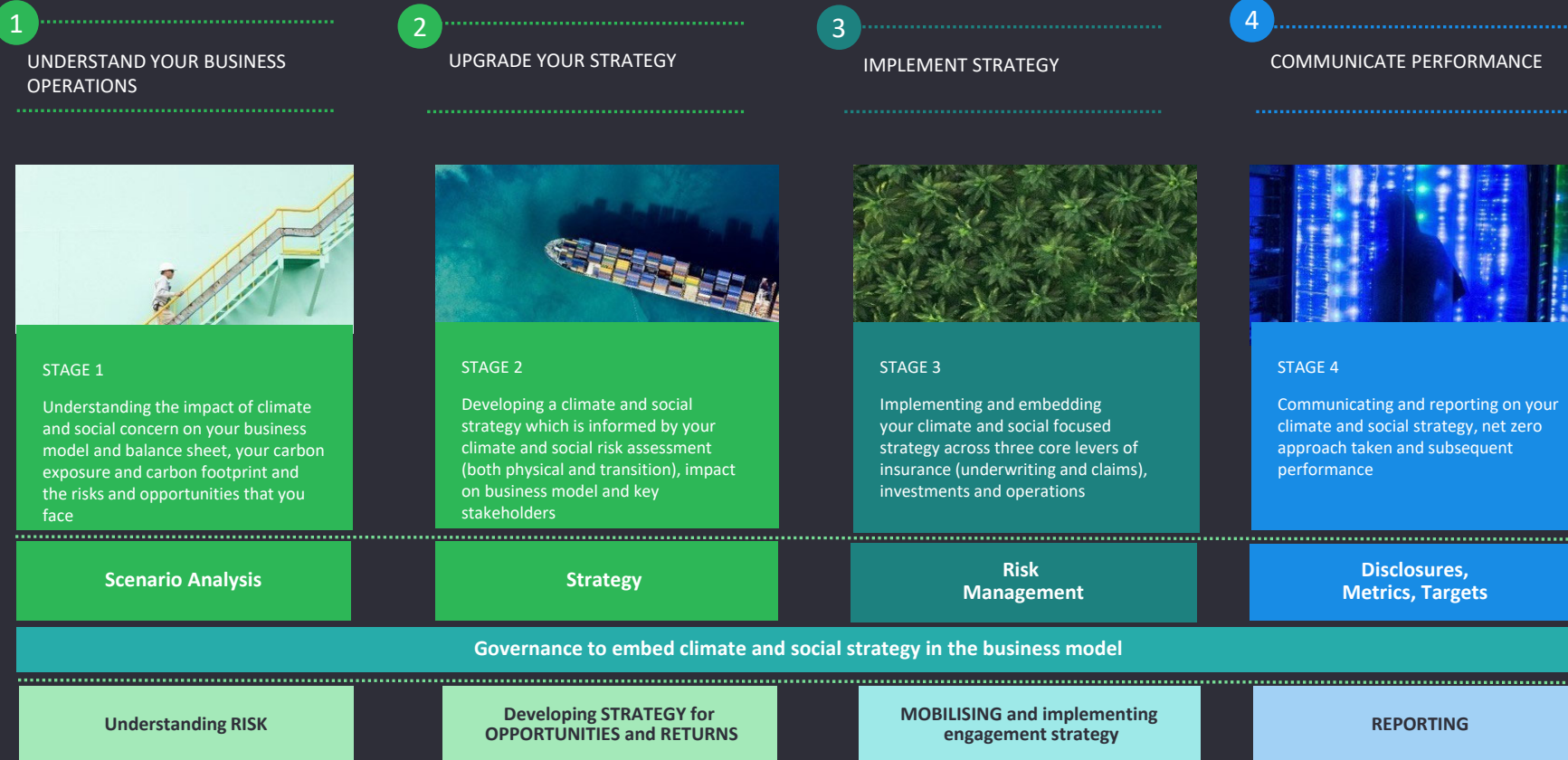
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How to practically approach ESG due diligence for green lending





What about the quality of data?



The better the question. The better the answer.
The better the world works.



Drivers for digitized traceability solutions

Consumer Engagement



- Provide exceptional experiences along the entire customer journey
- Implement innovative and impactful processes to communicate to consumers
- Develop loyalty solutions
- Create digital products and processes

Supply Chain Traceability



- Enable tracking of products through fragmented supply chains
- Provide transparent, reliable and consistent supply chain information to the end consumer
- Speed up data gathering to reduce internal effort

Supplier and Partnership Strategy



- Ensure consistency and standardization of information & data across partners
- Validate and secure data and processes across the supply chain
- Optimize process to onboard new parties into the ecosystem (SC optimization)

Regulatory Compliance



- Ensure regulatory standards are being met and tracked across the entire ecosystem
- Guarantee partners are delivering against sustainability and ethical standards

How Blockchain can address these drivers

Increase trustworthiness and enable new business models based on tokenization and decentralization

Limited IT investment – a smart phone is enough to enter and check trustworthy data to the supply chain

Real-time product updates

Direct visibility ensures contract adherence

Reduction in manual and repetitive processes

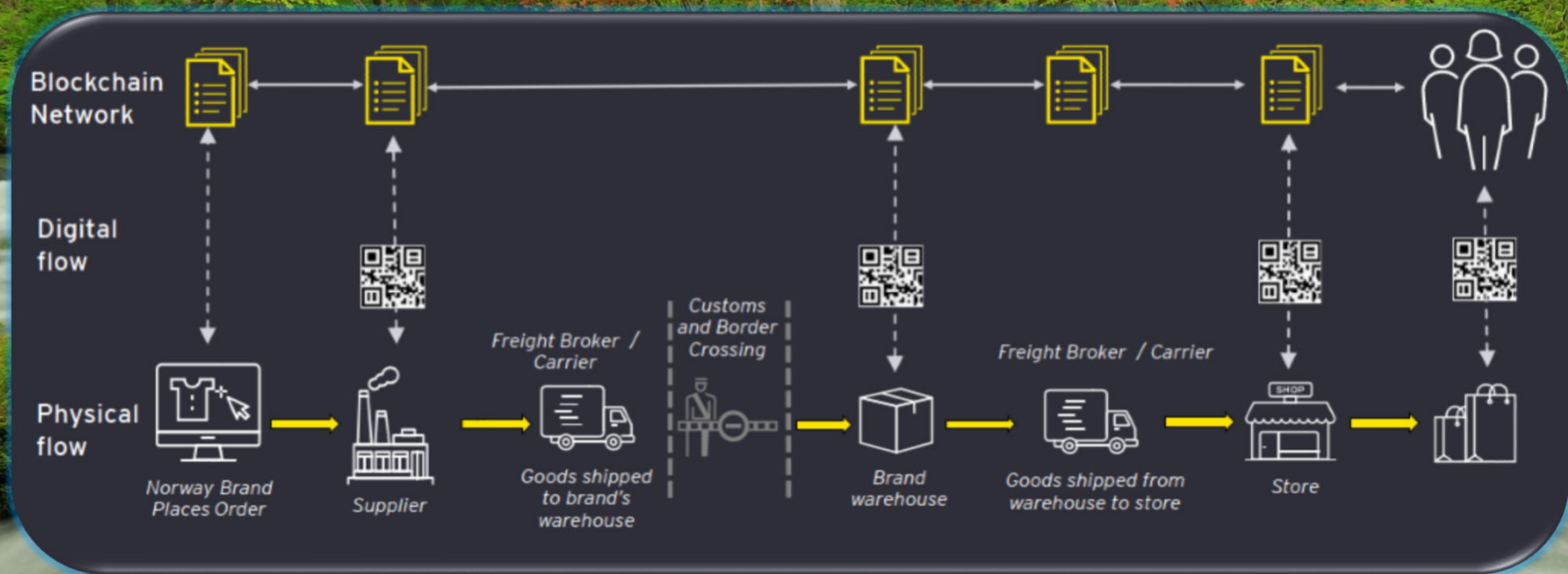
Scalability and interoperability: start small and expand

Independent actors can share and trust information while maintaining data privacy

Digital units impossible to copy: no risk of “double selling” or cutting with lower quality products

Reduces frauds and corruption thanks to its open nature

Norwegian Fashion Hub Sustainability Chain



Sustainable raw material
production

Measurement of CO2 emissions
and other parameters real time

Increased security and reliable
verified data

Complete clothing cycle history

A futuristic robot with multiple arms, each ending in a hand with blue glowing joints, is holding a large cube. The cube is composed of many smaller cubes, each displaying a binary digit (0 or 1) in various colors (blue, green, purple, orange). The robot is set against a blue gradient background.

Thank you!

Dr. Linn Anker-Sørensen

Director, EY Norway

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soerensen@no.ey.com](mailto:Linn.anker-soerensen@no.ey.com)

EY | Assurance | Tax | Transactions | Advisory

About EY

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[Optional sector or service line descriptor]

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