

SpareBank1 Hallingdal Valdres

18-months reporting on Principles for Responsible Banking (July 2021)

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p>Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>		
<p>1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p><i>SpareBank 1 Hallingdal Valdres is a private bank operating in Norway primarily in consumer banking (64%) and business banking (36%). Our customers are mostly in the regions of Hallingdal and Valdres and Oslo-area. For business banking the most relevant sectors are within construction, real estate, agriculture and transportation.</i></p> <p><i>In addition to banking activities our group also consists of real estate and accounting services.</i></p>	<p><i>Yearly reports (see 2020), https://www.sparebank1.no/nb/hallingdal/om-oss/investor/resultat.html</i></p> <p><i>https://www.sparebank1.no/nb/hallingdal/om-oss/om-banken/visjon-og-verdier.html</i></p>
<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p><i>In our strategy 2021-2023 we have incorporated sustainability as a part of our vision and values and have set a long-term goal of being climate neutral by 2050. Our updated vision (updated in 2021) includes "Sustainability in everything we do. Recommended by the customer." And our mission is "we help our customer to realize their dreams and values – in good and challenging times. Sustainability in everything we deliver." We have set goals and prioritizations (SDGs) for our sustainability work which is further described in our sustainability policy document.</i></p>	<p><i>Per 09/07-21 not updated with latest strategy 2021-2023. https://www.sparebank1.no/nb/hallingdal/om-oss/om-banken/visjon-og-verdier.html</i></p> <p><i>Sustainability Policy document: https://www.sparebank1.no/content/dam/SB1/bank</i></p>

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<p>Principle 2: Impact and Target Setting We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</p>		
<p>2.1 Impact Analysis: Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</p> <p>a) <u>Scope</u>: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</p> <p>b) <u>Scale of Exposure</u>: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</p>	<p><i>We have identified and prioritized impact areas in an impact analysis report (published in July 2021) for the whole group also including accounting and real estate services. For the consumer banking activities (total 64% of the bank's activities) following impact areas are identified and prioritized: Climate, Resource efficiency/security and healthy economies. For business banking (36% of the bank's activities) the prioritized impact areas are climate, waste and resource efficiency / security. Our largest sectors within business banking are within construction, real estate activities and agriculture. For more information and details see Impact report.</i></p> <p><i>We have incorporated overall target in our Strategi 2021-2023 with regards to sustainability and environment. These targets include for example increase in volume of our "green" products, further product and service development to enhance positive impact and reduce negative impact such as climate change, resource efficiency.</i></p> <p><i>We have further engaged with local community and businesses and have a collaboration agreement with a municipality (Gol kommune) focusing on environment and climate, committing to fossil fuel free transportation before 2024 for both parties.</i></p> <p><i>The impact report gave us, in addition to identify and prioritize impact areas for the banking activities, also insight in impact areas for the accounting and real estate activities and these are areas we will continue to set targets and further develop products and services within.</i></p>	<p><i>[link to impact analysis report and strategy 2021-2023 will be inserted later]</i></p> <p><i>Yearly reports (see 2020) for target setting and f, https://www.sparbank1.no/nb/hallingdal/om-oss/investor/resultat.html</i></p> <p><i>https://www.sparbank1.no/nb/hallingdal/om-oss/nyheter/elsyk-lene-inntar-gol.html</i></p>

<p>c) <u>Context & Relevance</u>: Your bank has considered the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p>d) <u>Scale and intensity/salience of impact</u>: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.</p> <p>(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p><i>Show that building on this analysis, the bank has</i></p> <ul style="list-style-type: none"> • Identified and disclosed its areas of most significant (potential) 		
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<p>positive and negative impact</p> <ul style="list-style-type: none"> • Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts 		
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p>		
<p>2.2 Target Setting</p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year)</p>	<p><i>In our strategy 2021-2023 we have set target of at least 10% of our bank portfolio in 2023 (both consumer and business banking) should be within green products (not necessarily the same as EU taxonomy green ratio).</i></p> <p><i>Further SMART targets with regards to the prioritized impact areas will be incorporated in the strategy and yearly action plans for the whole group including accounting and real estate activities.</i></p> <p><i>We have a long-term goal of carbon neutral for the group (also including indirect, scope 3 emissions) in 2050. Targets of reducing own emissions by 30% by 2023 and 60% by 2030 (due to little available and good data in 2020 we are also hoping to include more indirect emissions in these targets from our banking activities).</i></p> <p><i>We have also set targets for the next strategy period which includes:</i></p> <ul style="list-style-type: none"> <i>-Measures to be able better and more to quantify targets and report emissions, energy reduction and other sustainable indicators for the consumer and business banking activities (in accordance to TCFD reporting)</i> <i>-Further develop integration of climate and ESG risk and opportunities in existing credit system (ongoing) and internally on group level (yearly ESG/sustainability risk workshops).</i> <i>-More frequent follow up and reporting on climate and environmental indicators (quarterly).</i> <i>-Increase internal engagement and knowledge within sustainability, environment and climate on group level. Start an internal sustainability group</i> 	<p><i>[Link to published Strategy 2021-2023 will be inserted later]</i></p> <p><i>Yearly reports (see 2020 – chapter 5), https://www.sparbank1.no/nb/hal/lingdal/om-oss/investor/resultater.html</i></p>

<p>and have set targets against this baseline.</p> <p>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p><i>focusing on operationalization of sustainability in the group.</i></p> <p><i>-Further develop collaboration with businesses, municipalities and network in the local area.</i></p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p>2.3 Plans for Target Implementation and Monitoring</p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p><i>For the bank activities focus will be on getting more accurate and available data to be able to classify and report green lending and green assets in accordance with EU taxonomy. We will thereafter be able to set further targets and measures.</i></p> <p><i>For the business banking, ESG-risks and opportunities will be in focus to encourage business consumers to prioritize projects and measures leading to positive impact and reduce negative impact on the focus impact areas energy efficiency, climate and waste which is very relevant for our largest customer sectors in construction and real estate as well as agriculture.</i></p>	<p><i>[Link to published Strategy 2021-2023 will be inserted later]</i></p> <p><i>Yearly reports (see 2020 – chapter 5), https://www.sparbank1.no/nb/hallingdal/om-oss/investor/resultater.html</i></p>

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.		
<p>2.4 Progress on Implementing Targets</p> <p><u>For each target separately:</u></p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p><i>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</i></p>	<p><i>We have set targets on a higher level but still have improvement areas in setting more SMART targets short term, which we will be able to do in the coming 6-8 months. The impact report has helps us identify the focus impact areas in the group and potential targets and measures are suggested and presented in the report.</i></p>	<p><i>[Link to published Strategy 2021-2023 will be inserted later]</i></p> <p><i>Yearly reports (see 2020 – chapter 5), https://www.sparbank1.no/nb/hal/lingdal/om-oss/investor/resultat.html</i></p>
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets		
Principle 3: Clients and Customers		

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

<p>3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p><i>We have policies and practices within several areas and sectors in our sustainability policy.</i></p> <p><i>Waste:</i> <i>We are also a member of Hold Norge Rent, which promotes private and business to reduce waste and keep Norway free from garbage.</i></p>	<p><i>Sustainability Policy document:</i> <i>https://www.sparbank1.no/content/dam/SB1/bank/hallingdal-valdres/dokumenter/3_0_barekraftsdokument.pdf</i></p>
<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p><i>We have today several “green” lending product for both consumer and business banking, as well as a green savings account. Each quarter we report our “green” volume and balance. We will continue to focus on product and service development to encourage all our customers in the group to make choices to increase positive impact and decrease negative impact on environment/climate, energy efficiency, waste and private stable economy.</i></p> <p><i>For the consumer baking we’re a part of a project to develop a sustainability-economy interface for all our consumers to encourage sustainable choice within resource use, energy and materials in housing, and transportation amongst others.</i></p> <p><i>We believe in a close relationship with our business customers and will yearly follow up ESG risks and help our customers to identify and focus on ESG opportunities.</i></p> <p><i>-Measures to be able better and more to quantify targets and report emissions, energy reduction and other sustainable indicators for the consumer and business banking activities (in accordance to TCFD reporting)</i></p> <p><i>-Further develop integration of climate and ESG risk and opportunities in existing credit system (ongoing) and internally on group level (yearly ESG/sustainability risk workshops).</i></p>	<p><i>See quarterly reports</i> <i>https://www.sparbank1.no/nb/hallingdal/om-oss/investor/resultater.html</i></p> <p><i>Yearly reports (see 2020 – chapter 5),</i> <i>https://www.sparbank1.no/nb/hallingdal/om-oss/investor/resultater.html</i></p>

	<p><i>-More frequent follow up and reporting on climate and environmental indicators (quarterly).</i></p> <p><i>-Increase internal engagement and knowledge within sustainability, environment and climate on group level. Start an internal sustainability group focusing on operationalization of sustainability in the group.</i></p> <p><i>-Further develop collaboration with businesses, municipalities and network in the local area.</i></p>	
<p>Principle 4: Stakeholders We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p>		
<p>4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p><i>As this stage, we have collaborated with other SpareBank 1- banks (independent banks), UNEP FI working groups and direct communication with UNEP FI. We have also been in contact and discussion with other banks in Norway.</i></p> <p><i>We have signed a collaboration agreement with a local municipality in 2020.</i></p>	
<p>Principle 5: Governance & Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking</p>		
<p>5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p><i>Sustainability (with focus on environmental sustainability) is one of the focus areas in the group's strategy 2021-2023 with sustainability added in the group's overall vision. There is a new established sustainability group internally from June 2021, with members from the whole group including bank, real estate and accounting services as well as for example risk & compliance and communication. The head of sustainability reports to group management and CEO.</i></p> <p><i>Further governance structures are described in the sustainability policy.</i></p>	<p><i>Sustainability Policy document: https://www.sparebank1.no/content/dam/SB1/bank/hallingdal-valdres/dokumenter/3_0_barekraftsdokument.pdf</i></p>

<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p><i>Creating the sustainability group (with representatives from the whole business) will increase focus and hopefully results in product- and service development.</i></p> <p><i>Advisors within Business banking has received some training and courses within especially ESG-risk the last 6 months.</i></p> <p><i>Advisor within consumer banking has all had sustainability as part of the yearly coursing. We have also had “cleaning week” focusing internally of colleting garbage in local areas as a part of Hold Norge Rent.</i></p> <p><i>Sustainability/environment will also be a part of the large meeting and get-together in the group in November 2021.</i></p> <p><i>As a part of our environmental management system, we have local environmental responsible on each office and we have the last 3 years had a special internal project focusing on internal environmental engagement.</i></p> <p><i>We are participating in collaboration with other SpareBank 1- banks to further develop coursing and knowledge packages.</i></p>	
<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected. 	<p><i>Each business area in the group will be responsible for their own targets, implementation (a), reporting and follow-up (b)with support from the head of sustainability. Setting more detailed targets will be future work in the coming 6-8 months and in line with our mission “sustainability and environment should be integrated in the whole organisation and be a central part of our decision-making process, advisory and services” (Strategy 2021-2023).</i></p> <p><i>The sustainability group will be operational and central in the implementation process.</i></p>	<p><i>[Link to published Strategy 2021-2023 will be inserted later]</i></p>
<p>Please provide your bank’s conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		
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Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

<p>1.1 Progress on Implementing the Principles for Responsible Banking</p> <p>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>	<p><i>We will publish this report in July 2021 as well as the Impact report. Further on we will report the progress annual in March as part of our annual sustainability reporting.</i></p> <p><i>We've assessed our progress on implementation setting and target setting (we will improve on this point by continue this work in the coming 6-8 months) and have in the latest strategy 2021-2023 increase focus on sustainability as part of the core business.</i></p> <p><i>We concluded we have had progress the last year with regards to</i></p> <p><i>Principle 1 - Alignment: incorporate sustainability as part of our vision, mission and strategy.</i></p> <p><i>Principle 2- Impact and target setting: impact identification and prioritization are conducted June 2021 and target setting (work partly in progress) but have set overall targets which needs to be SMART in relation to the most relevant impacts.</i></p> <p><i>Principle 3 - Clients and customers: we have developed several green lending and saving products for our bank customers which encourage sustainable and environmental actions and projects. We will continue with further product and service development.</i></p> <p><i>Principle 4 -Stakeholders: We have the last year signed a collaboration agreement with one of the local municipalities and are continuously seeking engagement with relevant stakeholders, Finance Norway and other banks to collaborate to achieve society's sustainability goals.</i></p> <p><i>Principle 5 – Governance and culture: We have developed a governance and structure internally the last year though a Head of sustainability placed in the group management and a sustainability group/committee.</i></p>	<p><i>[link to impact analysis report and strategy 2021-2023 will be inserted later]</i></p> <p><i>Yearly reports (see 2020 – chapter 5), https://www.sparbank1.no/nb/hal/ingdal/om-oss/investor/resultat.html</i></p>
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	<p><i>Principle 6 – Transparency and accountability: We will report progress on the commitment in the early reporting as well as following up on targets and measures continuously. We’ve also signed the “Grønnvaskingsplakat” where we commit to not reporting any “green washing” but instead be honest and transparent in our actions and communication.</i></p>	
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking</p>		

Annex: Definitions

- a. Impact: An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.
- b. Significant Impact: Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of *significant* impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of “materiality”.