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Principles for
Responsible Banking

Reporting and Self-Assessment Template

Principles for Responsible Banking




Reviewed version (V2) from September 2022



SpareBank 1 Sørøst-Norge

SpareBank 1 Sørøst-Norge signed the Principles for Responsible Banking (PRB) when they were launched in 2019. We committed to adapt our strategy to the sustainability goals and the Paris Agreement, analyse our (positive and negative) influence on sustainability, and set goals, measures and milestones in order to improve. The table below sets out the reporting and self-assessment requirements for signatories of the PRB. We provide our response and self-assessment in relation to the principles and provide references and links to where in our existing reporting or in the public domain the required information can be found. The highlighted text indicates responses where limited assurance is specifically required.

<h2>Principle 1: Alignment</h2>	
	<p>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>Business model</p> <p>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 across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.</p>	
<p><i>SpareBank 1 Sørøst-Norge is the result of the merger between Spare-Bank 1 BV and Sparebanken Telemark in 2021 and a subsequent merger between SpareBank 1 Sørøst-Norge and SpareBank 1 Modum in 2022.</i></p> <p><i>The Group is a regional financial services group with branches in Vestfold and Telemark, and parts of the former county of Buskerud. We are part of the SpareBank 1 Alliance, Norway's second largest financial grouping.</i></p> <p><i>SpareBank 1 Sørøst-Norge offers traditional banking services such as payment services, credit, savings products and insurance in addition to accounting services and real estate agency services. Our business areas target the Retail Banking and Business Banking segments, respectively.</i></p>	<p><i>Annual report 2022:</i> https://www.sparebank1.no/content/dam/SB1/bank/sorost/OmOss/investor/rapporter/2022/sorost-aarsrapport-2022-eng.pdf</p> <p><i>Chapter "About the Group SpareBank 1 Sørøst-Norge" p. 16</i></p> <p><i>Chapter "Sustainability", p.162</i></p>

When SpareBank 1 Sørøst-Norge was established in 2022, sustainable development was highlighted as one of seven strategic priorities. The new Bank has adopted a new, ambitious sustainability strategy 2022-2025. Our strategy and main targets are based on a combined materiality and impact analysis and risk assessment.

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- Yes
 No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
 International Labour Organization fundamental conventions
 UN Global Compact
 UN Declaration on the Rights of Indigenous Peoples
 Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: *Norwegian Accounting Act, TCFD, TNFD, GRI*
 Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: *Norwegian Accounting Act, Activity and Reporting Obligation (ARP) under Norway's Equality and Anti-Discrimination Act, Norway's Transparency Act ("Åpenhetsloven"), GRI*
 None of the above

SpareBank 1 Sørøst-Norge is taking part in the shared global effort to achieve the UN Sustainable Development Goals by 2030 and the Paris Agreement. It is important for the Bank to support sustainability work in the financial services sector and other sectors, while at the same time quality assuring our own work.

*Annual report 2022
Chapter
"Sustainability", p. 168.*

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.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

a) Scope: What is the scope of your bank’s impact analysis? Please describe which parts of the bank’s core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

As part of the work on following up the UN Principles for Responsible Banking, the Group updated its impact analysis in 2022. It used the analysis tool for banks developed by the United Nations Environment Programme Finance Initiative (UNEP FI).

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*Chapter
“Sustainability”, p. 170*

The Bank only operates in Norway (Vestfold and Telemark county and the lower portion of the former county of Buskerud), and the conducted analysis covered the Bank’s main business areas: the retail market (about 75%) and the corporate market (about 25%).

For Retail Banking (consumer banking) and Business Banking (corporate banking) the analysis covered our lending portfolio. In Business Banking, our largest exposure is towards the real estate sector, both rental and projects. All our lending is in Norway.

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

- i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank’s scale of exposure, please elaborate, to show how you have considered where the bank’s core business/major activities lie in terms of industries or sectors.

Retail banking consists almost 100% of housing loans. For business banking, the distribution was the following as of 31 Dec 2022:

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

³ ‘Key sectors’ relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

Sales and operation of real estate	64,43 %
Building and construction activities	10,21 %
Other service industries	8,37 %
Financing and insurance activities	4,65 %
Merchandise and repair of motorized trolleys	3,87 %
Agriculture	2,47 %
Industry	1,75 %
Transport and storage	1,10 %
Information and communication	0,89 %
Forestry	0,82 %
Accommodation and catering business	0,68 %
Mining and extraction	0,46 %
Electricity, gas, steam and hot water supply	0,20 %
Fishing and hunting	0,10 %

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Background for our choice to focus on target-setting related to climate stability:

Norway has so far only managed to reduce its GHG emissions by 4.7% from 1990 levels, compared to a target of reducing 55% by 2030. If current trends continue, Norway will have 37.5 MtCO₂e emissions in 2030, while the target is 23.1 MtCO₂e. Average temperatures in Norway in the 10-year period 2013–2022 were approx. 1,5 °C warmer than 1961-1990, compared to a world average of 0.8 °C. Compensation for damage to buildings following weather and natural damage is increasing, and in 2022 it was NOK 30.3 billion.

The bank's market area borders the Oslo Fjord. Pollution from industry, wastewater and agriculture impact marine life and ecosystems because they contribute to algal blooms. The decomposition of algae increases the number of dead zones in the fjord, and the rising amount of particles and biomass in the fjord will reduce solar radiation and hence reduce the life-supporting photosynthesis in the fjord. The result is loss of habitats, biodiversity and productivity. Furthermore, this reduces the capacity of the fjord to absorb CO₂.

Background for our choice to focus on target-setting related to flourishing SMEs:

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Chapter "Sustainability", intro

Subchapter "Responsible lending" p. 175-176

Appendix "Stakeholder engagement".

Appendix "Climate-related risk, TCFD" p. 202-208

Appendix "Nature-related risk, TNFD" p. 209-214

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

<p><i>Vestfold and Telemark county has had lower growth in the number of jobs than the rest of the country the last ten years, the same applies to important municipalities in the former county of Buskerud, such as Kongsberg and Drammen. Both the development of the region, and the growth of the bank is dependent on this trend changing.</i></p> <p><i>Industrial development can also be an important driver of reduced outsidersness. Vestfold and Telemark have the largest share of inhabitants outside work, education and labor market initiatives in the country, and the problem is greatest in the part of Telemark that is within our market area. The problem is also significant in Buskerud.</i></p> <p><i>Companies with less than 20 employees account for almost 1/3 of jobs both in Vestfold and Telemark and in Buskerud, higher than most other parts of the country. The smallest companies, both among start-up and growth companies contribute a significant share of new jobs.</i></p>	
<p>Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)5? Please disclose.</p>	
<p><i>The analysis shows that the Group has the greatest <u>positive</u> impact in the following areas:</i></p> <ul style="list-style-type: none"> • <i>Resources and services that are accessible, achievable and of good quality (financial services and housing)</i> • <i>Jobs</i> • <i>Biodiversity and ecosystems (habitats, species, soil, air, water)</i> <p><i>The analysis shows that the Group has the greatest <u>adverse</u> impact in the following areas:</i></p> <ul style="list-style-type: none"> • <i>Resources and services that are accessible, achievable and of good quality (financial services and housing)</i> • <i>Circularity (waste and resource intensity)</i> • <i>Climatic stability</i> <p><i>Based on the above analysis results, the following two impact areas are prioritized in our strategy:</i></p> <ul style="list-style-type: none"> - <i>Climate stability (existing area)</i> - <i>Flourishing SMEs (new)</i> <p><i>These two impact areas are connected with our three main targets in our 2022-2025 sustainability strategy:</i></p> <p>1. <i>We must prevent and detect financial crime</i></p>	<p><i>Annual report 2022</i></p> <p><i>Chapter “Sustainability”, intro p.169-170</i></p> <p><i>Subchapter “Responsible lending” p. 172-175</i></p> <p><i>Subchapter “Local corporate social responsibility and local business development” p. 185-186</i></p>

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

<p>2. <i>We will take social and environmental considerations in our operations</i></p> <p>3. <i>We will go on the offensive for the climate and help customers do the same</i></p> <p><i>Targets and objectives were approved by the corporate management and the Board in 2022. Targets for each specific area are marked with a green box under each area in our Annual Report, “Strategic Anchoring”.</i></p> <p><i>2019 will be the baseline year for our targets, since Covid-19 developments made 2020 and 2021 unsuitable as reference years. We have not seen any significant negative cross-effects between our main targets, nor the actions to implement them.</i></p>	
<p>d) For these (min. two prioritized impact areas): <u>Performance measurement.</u> Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank’s context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank’s current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank’s activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank’s activities and provision of products and services, please describe this.</p> <p><i>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.</i></p>	
<p><i>Responsible lending to businesses is one of the Group’s core activities and the area in which we have the greatest opportunity to have an impact on sustainable development and transition. Our risk assessment and impact analysis indicate that we have the greatest opportunity to have positive impacts and the greatest risk of having adverse impacts within the sectors to which we lend the most money: real estate leasing and real estate projects. As far as the climate and environment are concerned, this applies to both industries, while social sustainability (human rights and labour rights) on construction sites and in supply chains is potentially our most important adverse impact within social sustainability (for more details, see the appendix “Human rights and decent working conditions”). This is also a material risk in other industries such as building and construction, operating companies, transport companies and agriculture – all of which have many small and medium-sized enterprises. These industries are also exposed to near-term transition risk due to customers and the government demanding zero-emission solutions. However, these exposures are largely managed via asset financing and leasing via</i></p>	<p><i>Annual report 2022</i></p> <p><i>Chapter “Sustainability”, intro subchapter “Responsible lending”, p. 173-77</i></p>

SpareBank 1 Finans Midt-Norge (in which SpareBank 1 Sørøst-Norge owns a 14.5% stake).

In 2021, partly because of this, two areas stood out in our corporate market impact analysis: climate stability and thriving SMEs (for more on the latter, see “Local corporate social responsibility and business development” below). Based on this, our impact analysis in 2022 shows:

	Climate stability	Flourishing SMEs
Positive Interlinkages	Natural disasters, Health & safety, Waterbodies, Air, Species, Habitat, Resource intensity	Employment, Sector diversity, Socio-economic convergence
Negative Interlinkages	Energy, Other vulnerable groups, Socio-economic convergence	Resource intensity, Waste

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

- Scope: Yes In progress No
- Portfolio composition: Yes In progress No
- Context: Yes In progress No
- Performance measurement: Yes In progress No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate stability; flourishing SMEs; Resources and services that are accessible, attainable and of good quality

⁶ You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.:
(optional)

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁷ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with⁸ have you identified as relevant? Show that the selected indicators and 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.

You can build upon the context items under 2.1.

See 2.1.

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*Chapter
"Sustainability", intro p.
168*

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Climate stability</i>	<i>A.1.1</i>	<i>Yes</i>
	<i>A.1.2</i>	<i>Yes</i>
	<i>A.1.3</i>	<i>Yes</i>
	<i>A.1.4</i>	<i>Yes</i>
	<i>A.1.5</i>	<i>Yes</i>
	<i>A.2.1</i>	<i>Yes</i>
	<i>A.2.2</i>	<i>All clients are small enterprises by European definitions, transition targets will need to wait</i>
	<i>A.2.3</i>	<i>Appendix "Portfolio greenhouse gas emissions"</i>
	<i>A.2.4</i>	<i>Appendix "Portfolio greenhouse gas emissions"</i>
	<i>A.3.1</i>	<i>Appendix "Portfolio greenhouse gas emissions"</i>
	<i>A.3.2</i>	<i>Chapter "Sustainability", subchapter "Responsible lending"</i>

	A.3.3	Chapter “Sustainability”, subchapter “Responsible lending”
	A.4.1	Chapter “Sustainability”, intro; appendix “EU Taxonomy”

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

For “Flourishing SMEs”, we are in the process of calculating the 2022 baseline data for the two selected KPIs in 2.2c below. For this to be possible the 2022 data from relevant providers of grants, loans and government guarantees need to be available. Furthermore, web traffic data for our business barometer website has not yet been analysed.

The indicators will be the following:

- mNOK grants, loans and government guarantees obtained by companies that are customers of the bank per year. Qualifying (the list may be expanded): SkatteFUNN, Innovation Norway, Enova, Norwegian Research Council, and regional research foundations.*
- Number of unique users of the “Konjunktur Sørøst” website plus number of participants at external presentations using data from the barometer.*

c) SMART targets (incl. key performance indicators (KPIs)⁹): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Climate stability:

Status: Total greenhouse gas emissions from lending and operations stood at 275 461 tonnes of CO2 equivalents (tCO2e) in 2022, down 9.2% in absolute numbers from the baseline year 2019, and down 26.5% in carbon intensity.

To reach our goal of a 7% annual reduction in our own house and the loan portfolio’s carbon intensity, align ourselves with the EU Taxonomy’s requirements and reduce our sustainability risk, we will:

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Subchapter “Responsible lending”

“Local corporate social responsibility and local business development” p.185

⁷ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank’s management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁸ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank’s targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

⁹ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

- Renovate and reduce the floor area used by our 21 offices.
- Increase the Group's green exposure from NOK 14 billion at the end of 2022 to NOK 25 billion by the end of 2025.
- Prioritise contributing to upgrading existing properties in our loan portfolio and will be more restrictive in granting new loans for energy-inefficient properties.
- Make use of SpareBank 1's recently launched proprietary module for assessing sustainability in relation to corporate loans. The Bank's head of sustainability played an important role in this work. The module includes general environmental/climate, social and governance issues, as well as specific questions for the industries in which the Bank has the greatest exposure. The questions and industry scoring more clearly distinguish between high and low risk.
- Map the year of construction and available EPC for the real estate and housing portfolio
- Assess physical climate-related risk for the entire real estate and housing portfolio in light of other risk factors.
- Update our portfolio stress tests in line with the common methodology in the SpareBank 1 Alliance.
- Map what additional activities the Bank has in those industries covered by all six environmental goals in the EU Taxonomy that are in line with the taxonomy criteria
- Start assessing sustainability vis-à-vis existing loans and larger customers with exposure other than credit.
- Develop and offer carbon accounting as a product via our accounting subsidiary SpareBank 1 Regnskapshuset Sørøst-Norge
- Continue the sustainability learning programme. Possible topics include social sustainability in customer relations, the circular economy, and BREEAM-In-Use.

Flourishing SMEs:

New targets:

- Help corporate customers obtain 5% more grants, loans and government guarantees in 2023 than in 2022.
- Increase companies' use of "Konjunktur Sørøst", the bank's business barometer, by 10% in 2023 compared to 2022

d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

See 2.2 c).

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<p><i>See our annual report for action plans and “the way forward” for steps in our strategy towards 2025.</i></p>	<p><i>Chapter “Sustainability”</i></p> <p><i>Subchapter “Responsible lending” p.172-177</i></p> <p><i>“Local corporate social responsibility and local business development” p.185</i></p>
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<h3>Self-assessment summary</h3>			
<p>Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...</p>			
	<p>... first area of most significant impact: ... <i>Climate stability</i></p>	<p>... second area of most significant impact: ... <i>Flourishing SMEs</i></p>	<p><i>(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)</i></p>
<p>Alignment</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p>
<p>Baseline</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p>
<p>SMART targets</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p>
<p>Action plan</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p>

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Climate stability: See 2.2 above

Flourishing SMEs: New target, hence no comparison available

*Annual report 2022,
Chapter
"Sustainability"*

*Subchapter
"Responsible lending"
p.172-177*

*"Local corporate social
responsibility and local
business development"
p.185*

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.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹⁰ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

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 activities¹¹). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

The Bank's core business is to lend money to retail and corporate customers. Responsible lending is a key element of the Bank's social mission. It is important for the Bank to be a driving force for sustainable development among our customers.

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Chapter
"Sustainability"*

The Bank's role in the Group's plan to achieve net zero emissions by the end of 2050 by cutting carbon intensity by 7% a year represents a clear commitment to grant loans for renovations in both the retail and corporate markets, with more favourable terms for renovation and less attractive terms for energy inefficient buildings without a clear plan for renovation. This is how we will become the customers' adviser in the transition to the circular economy. Our real estate brokers and advisers in the retail and corporate markets have completed detailed courses on sustainability within residential and commercial real estate. These particularly focused on how renovation reduces our adverse impacts within the areas of the climate, resource use and waste (through lower energy use and thus lower emissions, as well as reducing waste through renovation rather than demolition).

*Subchapter
"Responsible
lending" p. 172-177*

*Appendix
"Stakeholder
engagement" p. 243*

Stakeholder engagement:

WHO AND WHERE	WHAT
CUSTOMERS <ul style="list-style-type: none"> Customer and market surveys Customer meetings Sustainability assessments (due diligence) for corporate lending "Konjunktur Sørøst" business cycle barometer Lectures, webinars, seminars and social media. 	<ul style="list-style-type: none"> How the group and activities are perceived by our customers, customer's needs and wishes in relation to products and services. Merger information for customers (SpareBank 1 Modum became part of SpareBank 1 Sørøst-Norge on 01.04.2022) Customer satisfaction retail market (from 77 in 2021 to 75 in 2022) Customer satisfaction corporate market (from 69 in 2021 to 71 in 2022) Good digital solutions, responsible advice and local presence Surveys of companies' and households' expectations for the future in 17 locations in South East Norway Newsletters for customers about the EU Taxonomy, the Transparency Act and the

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Green mortgages

At the end of 2022, our total lending volume within green mortgages amounted to NOK 1.7 billion (a sharp increase from NOK 298 million in 2021). The proportion of housing loans eligible under the green bond framework accounted for 11.7% of our total lending volume in the retail market in 2022.

We have offered improved lending terms for energy-efficient commercial real estate that have low physical climate-related risk and/or are environmentally certified, and we require that a building inspector checks that major projects are taking social conditions and management seriously. 17.3% of our business loans meet the requirements of our green bond framework.

Green bond framework

At the end of 2022, SpareBank 1 Sørøst-Norge had issued green bonds amounting to NOK 2.6 billion. The framework complies with the ICMA Green Bond Principles, has been assessed against the EU Taxonomy, and the ambition is to comply with the EU Green Bond Standard.

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"Sustainability"*

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lending" p. 172-177*

Principle 4: Stakeholders

¹⁰ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹²) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Our engagement with stakeholders throughout the year highlighted the sustainability topics that the bank should focus on.

The following stakeholder groups have the greatest influence on our sustainability work, while we also have a great influence on their sustainability work:

- Customers
- Employees
- Owners and investors
- Foundations
- Authorities

The most important stakeholder interactions related to the bank's PRB target areas were

- i) *the discussions with relevant Norwegian authorities related to ways to increase the share of houses and commercial real estate that have EPCs, and*
- ii) *interactions with local SMEs on growth and sustainability challenges as part of launching Konjunktur Sørøst, the bank's business barometer.*

Read more about our full stakeholder engagement in the appendix "Stakeholder engagement".

Chapter "Sustainability", p. 169

Appendix "Stakeholder engagement", p. 243-244.

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please 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 the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Following the establishment of SpareBank 1 Sørøst-Norge (formerly SpareBank 1 BV, Sparebanken Telemark and SpareBank 1 Modum), the sustainability strategy was updated and applies from 2023. The sustainability strategy, which covers the entire Group, from banking via to insurance and real estate to accounting services, has three main pillars; responsible, socially engaged and climate proactive.

Sustainability is one of seven strategic focus areas in the corporate strategy. These are reviewed and revised annually by the Board of Directors. The Board of Directors and executive management team also monitor SDGs and measures on a quarterly basis, using balanced scorecards. Sustainability is specified on all of the departments' scorecards, at both management and staff levels, and is therefore one of the factors that affect remuneration. Risk reporting on sustainability and climate-related risk is included in regular risk reporting to the executive management team and the Board of Directors. See the appendices "Climate-related risk" and "Nature-related risk" for further information. We also highlight the risks and opportunities associated with our material topics in these sections.

In 2022, a sustainability committee was established to coordinate our sustainability work and ensure planned measures are implemented. The committee consists of representatives from 17 different departments, including the head of compliance, heads of

Annual report, "Sustainability", intro p. 164-165

Appendix: "Climate-related risk, TCFD" p. 202-208

Appendix "Nature-related risk, TNFD" p. 209-214

credit for the retail and corporate markets, head of financial crime and heads of the subsidiaries EiendomsMegler 1 and Regnskapshuset. The committee is chaired by the head of sustainability. The committee meets on a monthly basis and held five meetings in the last half of 2022.

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Providing advice is one of SpareBank 1 Sørøst-Norge’s core activities, and we must treat customers and partners in a responsible and ethical manner that builds trust. Having the trust of customers, investors and other stakeholders in society is important for us and our advisory services must be consistent with the Bank’s strategy and goals for corporate social responsibility.

*Annual report 2022
Chapters:
“Sustainability” p. 162-193, see green boxes “strategic anchoring”.*

Chapter “Our employees” p. 155-160.

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Policies

- *Sustainability strategy and sustainability policy (in Norwegian; available at <https://www.sparebank1.no/content/dam/SB1/bank/sorost/OmOss/barekraft/styring-og-kontroll/sorost-policy-for-barekraft-2023.pdf>)*
- *Credit policy (in Norwegian)*

All new and refinanced business loans above 5mNOK (10mNOK for commercial real estate) are subject to ESG due diligence via the bank’s proprietary ESG module.

*Chapter “Sustainability”, intro
Subchapter “Responsible lending” p. 172-177.
Appendix “Climate-related risk, TCFD” p. 202-208*

Appendix “Nature-related risk, TNFD” p. 209-214

¹³ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

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.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

If applicable, please include the link or description of the assurance statement.

Externally verified by KPMG.

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Appendix "Independent auditor's attestation statement on SpareBank 1 Sørøst-Norge's Sustainability Report 2022" p.251-252

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other: *TNFD*

In addition to signing and implementing the Principles, we have joined several international/regional initiatives and frameworks to ensure we consider, contribute to and encourage sustainable development. See "Principle 1" and page 168 in our annual report 2022, "Our contributions to the global effort".

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Appendix "Climate-related risk, TCFD" p. 202-208
Appendix "Nature-related risk, TNFD" p. 209-214
Appendix "GRI Content Index" p. 245-250

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴, target setting¹⁵ and governance structure for implementing the PRB)? Please describe briefly.

Climate stability: Subject to agreement with the business banking department, we may develop 2030 emission reduction targets for the most significant sectors in terms of loan volume, such as commercial real estate, and in terms of emissions, such as agriculture.

Flourishing SMEs: We plan to revise our green bond framework into a sustainable bond framework. We will include KPI(s) aligned with the PRB target related to SMEs in the revised framework.

See our annual report for action plans and “the way forward” for our strategy towards 2025.

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Chapters

“Sustainability” p. 162-193

“Our employees” p. 155-160.

¹⁴ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹⁵ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input type="checkbox"/> Data availability |
| <input checked="" type="checkbox"/> Conducting an impact analysis | <input checked="" type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input checked="" type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

Annex

A set of indicators has been produced for the impact areas of climate mitigation and financial health & inclusion. These indicators will support you in your reporting and in showing progress against PRB implementation. Banks are expected to set targets that address minimum two areas of most significant impact within the first four years after signing the PRB. That means that Banks should ultimately set targets using impact indicators. Acknowledging the fact that banks are in different stages of implementation and on different levels of maturity and therefore might not be able to report on impact from the beginning, a Theory of Change approach has been used to develop the set of indicators below.¹⁶ The Theory of Change shows the **pathway to impact** and considers the relationship between inputs, actions, outputs, and outcomes in order to achieve impact. The Theory of Change for climate mitigation can be found [here](#), the Theory of Change for financial health & inclusion can be found [here](#).

How to use: Both practice (action, outcome and output) and impact performance need to be understood because practice is the conduit for achieving desired impacts (including targets). The Theory of Change allows to identify metrics and set targets which align with a bank's maturity. The indicators below are all connected to a bank's impact and can be considered as steps towards measuring impact. Some of the practice indicators (on the action, output, and outcome levels respectively) are connected to portfolio composition and financial targets¹⁷ (highlighted in **green**) or to client engagement¹⁸ targets (highlighted in **blue**), which enable your overall target. If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex to measure your performance and baseline.¹⁹ Once you have set the target, you can use the indicators as guidance for your action plan as well as defining Key Performance Indicators (KPIs) which you can then use to measure progress against the set targets.

¹⁶ It is not required from banks to work with the Theory of Change concept internally. In fact, the Theory of Change has been used to structure the requirements of setting SMART targets using relevant indicators.

¹⁷ Financial targets also aim for real economy outcomes but are not directly expressed as such. Instead, they are expressed with financial indicators and metrics, e.g., to redirect flows of lending and investments to sectors, activities or projects aligned with SDGs and/or related to the selected impact area. Banks can also set financial targets related to specific types of customers e.g., low-income customers or female entrepreneurs.

¹⁸ Client engagement targets involve engaging relevant clients and customers to enable your overall target. The purpose of client engagement is to support clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹⁹ You might not be able to report on all indicators and/or or levels of practice (i.e. from left to right), in which case you should report on all applicable indicators on the respective level of practice no matter if it is an action, output or outcome indicator.

- **For Signatories of the Net-Zero Banking Alliance:** please report on the climate targets set as required in the [Guidelines for Climate Target Setting](#). As a member of the Alliance, you are required to publish first 2030 targets for priority sectors within 18 months and further sectoral targets within 36 months after signing. You can use the PRB template to disclose the required climate target information if its publication date is in line with the committed NZBA timeframe.

- **For Signatories of the Collective Commitment to Financial Health & Inclusion:** please report on financial health and/or financial inclusion targets set as required in the [Financial Health and Inclusion Commitment Statement](#). As a signatory to the Commitment, you have agreed to set a SMART ambitious target within 18 months after signing. To facilitate your process, please refer to the [Guidance on Target Setting for Financial Health and Inclusion](#) and the [Core Indicators](#) to measure financial health and inclusion. Keep in mind that signatories of the Commitment are encouraged to measure as many indicators as possible from the Core Set or their equivalent to be able to set a SMART impact driven target.

Impact area	Practice ²⁰ (pathway to impact)									Impact ²¹		
	1. Action indicators			2. Output indicators			3. Outcome indicators			4. Impact indicators		
	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics
A. Climate change mitigation	A.1.1	Climate strategy: Does your bank have a climate strategy in place?	Yes / In progress / No	A.2.1	Client engagement process: Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model (for business clients), or towards low(er)-carbon practices (for retail clients)?	Yes / Setting it up / No; If yes: Please specify for which clients (types of clients, sectors, geography, number of clients etc.)	A.3.1	Financial volume of green assets/low-carbon technologies: How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies?	bln/mn USD or local currency, and/or % of portfolio; please specify the definition of green assets and low-carbon technologies used	A.4.1	Reduction of GHG emissions: how much have the GHG emissions financed been reduced?	% over time; baseline and tracking GHG emissions in kg of CO ₂ e (or applicable metrics) ²²
	A.1.2	Paris alignment target: Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	Yes / In progress / No; If yes: - please specify: to become net zero by when? - Emissions baseline / base year: What is the emissions baseline / base	A.2.2	Absolute financed emissions: What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or	Total GHG emissions or CO ₂ e (please also disclose what is excluded for now and why)	A.3.2	Financial volume lent to / invested in carbon intensive sectors and activities and transition finance: How much does your bank lend to / invest in carbon-intensive	bln/mn USD or local currency, and/or % of portfolio	A.4.2	Portfolio alignment: How much of your bank's portfolio is aligned with Paris (depending on the target set [A.1.2] either 1.5 or 2 degrees)?	% of portfolio (please specify which portfolio; for corporate and business clients: % of sectors financed)

²⁰ Practice: the bank's portfolio composition in terms of key sectors, its client engagement, and its relevant policies and processes, and, if applicable, its advocacy practices

²¹ Impact: the actual impact of the bank's portfolio

²² If possible and/or necessary, please contextualize the progress: Greenhouse gas emissions might even increase initially because the scope of measurements is extended and financed emissions from a growing proportion of the portfolio are measured, emission factors are updated etc. Emission reductions made by the clients should over time lead to a decrease in GHG emissions financed.

		year for your target? - Climate scenario used: What climate scenario(s) aligned with the Paris climate goals has your bank used?		investment portfolio?			sectors and activities ²³ ? How much does your bank invest in transition finance ²⁴ ?			
A.1.3	Policy and process for client relationships: has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model?	Yes / In progress / No	A.2.3	Sector-specific emission intensity (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector?	Please specify which sector (<i>depending on the sector and/or chosen metric</i>): kg of CO ₂ e/kWh, CO ₂ e / m ² ; kg of CO ₂ e/USD invested, or kg of CO ₂ e/revenue or profit					
A.1.4	Portfolio analysis: Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?	Yes / In progress / No; <i>If yes:</i> please specify which parts of the lending and investment portfolio you have analyzed	A.2.4	Proportion of financed emissions covered by a decarbonization target: What proportion of your bank's financed emissions is covered by a decarbonization target, i.e. stem from clients with	% <i>(denominator: financed emissions in scope of the target set)</i>					

²³ A list of carbon-intensive sectors can be found in the [Guidelines for Climate Target Setting](#).

²⁴ Transition finance is defined as financing the transition towards a low-carbon future in alignment with the Paris climate goals. It entails any form of financial support for non-pure play green activities to become greener and reduce emissions.

	A.1.5	Business opportunities and financial products: Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?	Yes / In progress / No; Please specify which ones, and what financial volume and/or % of the portfolio they account for		a transition plan in place?							
B. Financial health	B.1.1	# of products and services in the portfolio with a focus on financial health	Internal data based. Measures how many of the products and services in the portfolio have a financial health focus. We deem a product or service to have this focus when it facilitates decision making and supports financial health increase based on our definition of financial health. This covers products and services embedded with nudges to simplify decision making, round-up, high yield savings accounts, easy investment tools, etc.	B.2.1	# of individuals supported with dedicated and effective financial and/or digital education initiatives	Based on internal data. Measures the number of users (customers and non customers) of financial and/or digital skills-building initiatives offered by the bank. An initiative encompasses courses, programs, training videos, articles, SMS education campaigns, etc. Dedicated means that the initiative was specially created for a defined group of individuals (in many cases a prioritized group). Effective	B.3.1	% of individuals with a good and/or very good level of financial skills	Assessment based. Measures the percentage of individuals with a good and/or very good level of financial skills according to the assessment chosen by the financial institution. Should be measured on individuals benefitting from the bank's financial education initiatives.	B.4.1	% of customers with a high level of financial health	Survey and/or transactional data based. Measures the percentage of customers with a high level of financial health according to the score chosen by the financial institution.

					means that the bank has measured if the initiative is successful in generating the desired results of stronger financial skills, and thus, any individual that is supported with the initiative will achieve the desired results. A bank can't count a click as an individual so we encourage that the data is presented as # of individuals for deanonymized users and # of interactions for anonymized users.							
	B.1.2	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Based on internal data. Measures the percentage of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health. Including training to attend the needs of prioritized groups. Effective means that the bank has measured if the initiative is successful in generating the desired results of	B.2.2	% of customers actively using the online/mobile banking platform/tools	Transactional data based. Measures the percentage of customers logging in, at least once a month, to one of the following digital platforms (measure those applicable for your bank): Online internet banking and/or mobile phone banking and/or digital tools (including	B.3.2	% of customers who use the bank's services to create a financial action plan with the bank	Transactional and/or survey data based. Measures the percentage of customers who create a financial action plan with the bank using the bank's services. A financial action plan is anything that helps the customer build financial resilience. It is done "with the bank" if the bank can visualize,	B.4.2	% of customers for which spending exceeded 90% of inflows for more than 6 months last year	Survey and/or transactional data based. Measures the percentage of customers with a transaction account and/or savings/investment accounts for which spending exceeded 90% of inflows for more than 6 months in the year within the reporting period compared to the total of customers within PRB scope. Focus on main

			stronger skills, and thus, any individual that is supported with the initiative will achieve the desired results. Relevant employees are those the bank prioritizes in the training program due to their direct impact on the customers' financial health			financial health tools)			through the transactions of the customer, the results of the plan.			financial institution customers.
	B.1.3	# of partnerships active to achieve financial health and inclusion targets	Based on internal data. Measures the number of partnerships currently active to achieve financial health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports.				B.3.3	% of customers using overdraft regularly	Transactional data based. Measures the percentage of customers using the overdraft option in their accounts or credit cards, regularly. Overdraft can be used to handle unexpected emergencies but more than 1/3 of the year (banks may deviate if proper reasons are provided) denotes regularity and a precursor to lower financial health	B.4.3	% of customers that feel confident about their financial situation in the next 12 months	Survey based data. Measures the percentage of customers that answered positively to feeling confident about their financial situation in the next 12 months compared to the total number of customers surveyed. By confident we mean not feeling worried about their financial situation.
							B.3.4	% of customers with a non-performing loan	Transactional data based. Measures the percentage of customers with past-due loans ("past due"	B.4.4	% of customers with products connected to long-term saving and investment plans	Transactional and/or survey data based. Measures the percentage of customers with products

								defined by policies at each bank) compared to the total amount of customers with loans in the bank's lending portfolio.			connected to long-term saving and investment plans. "Long-term" will depend on each bank's definition.	
							B.3.5	% of customers showing an increase or stable amounts in savings, deposit and/or investment account balances, quarter on quarter.	Transactional data based. Measures the percentage of customers showing an increase or stable amounts in savings and/or deposit AND/OR investment accounts balances, quarter on quarter.	B.4.5	% of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense	Survey based data. Measures the percentage of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense. We consider a major unexpected expense, one that the customer hadn't planned for and would require them to spend more than what they have available for secondary expenses in their monthly budget or 1/20th of the country's Gross National Income (banks may deviate if proper reasons are provided). A good example is: unforeseen medical bills, large appliance malfunctioning, car repair, etc. Survey based

												using the question: "If a major unexpected expense arises, how can you cover it right now?" and give the multiple choice options of insurance, emergency funds, loan, credit card, family/friends, etc.
C. Financial Inclusion	C.1.1	# of products and services in the portfolio with a focus on financial inclusion	Internal data based. Measures how many of the products and services in the portfolio have a financial inclusion focus. We deem a product or service to have this focus when its design facilitates the access and usage by the prioritized customer. For example, no-fee savings account, low interest microloan, offline access or sim-based banking apps, etc	C.2.1	# of individuals supported with dedicated and effective financial and/or digital education initiatives	Based on internal data. Measures the number of users (customers and non customers) of financial and/or digital skills-building initiatives offered by the bank. An initiative encompasses courses, programs, training videos, articles, SMS education campaigns, etc. Dedicated means that the initiative was specially created for a defined group of individuals (in many cases a prioritized group). Effective means that the bank has measured if the initiative is	C.3.1	% of individuals with a good and/or very good level of financial skills	Assessment based. Measures the percentage of individuals with a good and/or very good level of financial skills according to the assessment chosen by the financial institution. Should be measured on individuals benefitting from the bank's financial education initiatives.	C.4.1	% of customers with 2 or more active financial products, from different categories, with the bank	Transactional data based. Measures the percentage of customers with 2 or more active financial products, from different categories, with the bank. By active we mean there's at least one usage per month. By category we mean credit/debt, savings/deposit/payment, insurance, investment, etc. Once a target has been set for this indicator, we encourage banks to ensure responsible selling policies or other initiatives so that the target doesn't become a toxic incentive.

					successful in generating the desired results of stronger financial skills, and thus, any individual that is supported with the initiative will achieve the desired results. A bank can't count a click as an individual so we encourage that the data is presented as # of individuals for deanonimized users and # of interactions for anonymized users.					
	C.1.2	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Based on internal data. Measures the percentage of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health. Including training to attend the needs of prioritized groups. Effective means that the bank has measured if the initiative is successful in generating the desired results of stronger skills, and thus, any individual that is supported with the initiative	C.2.2	% of customers with effective access to a basic banking product	Transactional data based. Measures the percentage of customers with effective access to a basic banking product. By effective we mean the usage beyond first access. Basic banking products vary by bank. Good examples are: checking accounts, payment accounts, credit cards, saving accounts, deposit accounts, e-	C.3.2	% of customers supported with dedicated customer journey/advisory services	"Transactional data based. Where dedicated customer journey/advisory services are in place for prioritized groups , this indicator measures the percentage of customers using such services. Depending on size of bank, either number or percentage can be the unit of measure.	

			will achieve the desired results. Relevant employees are those the bank prioritizes in the training program due to their direct impact on the customers' financial health			money accounts, etc.						
	C.1.3	# of partnerships active to achieve financial health and inclusion targets	Based on internal data. Measures the number of partnerships currently active to achieve financial health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports.	C.2.3	# of new customers per month	Transactional data based. Measures the number of new customers per month. Once the bank sets a target, this indicator can become a KPI to measure the percentage of new customers from the prioritized groups, per month.	C.3.3*	% of customers actively using the online/mobile banking platform/tools	Transactional data based. Measures the percentage of customers logging in, at least once a month, to one of the following digital platforms (measure those applicable for your bank): Online internet banking and/or mobile phone banking and/or digital tools (including financial health tools, if applicable)			