

The Principles for Responsible Banking Reporting and Self-Assessment

The Principles of Responsible Banking (PRB) provide a framework for a sustainable banking system with the aim of aligning the industry with the United Nations (UN) Sustainable Development Goals (SDGs) and the Paris Agreement. As a signatory of the PRB, we have committed to taking steps that enable SpareBank 1 SR-Bank to continuously improve its impact on and contribution to society.

All references to the SpareBank 1 SR-Bank [Annual Report 2021](#) are referenced as AR 2021 and to the [Sustainability Report 2021](#) as SR 2021.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	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>SpareBank 1 SR-Bank is a fully fledged Norwegian financial service group with its head office and strongest foothold in Stavanger and Rogaland County. The bank employs nearly 1,500 people across Norway and has offices in larger Norwegian cities such as Oslo, Bergen and Kristiansand.</p> <p>The bank offers traditional banking services such as loans, insurance and saving products, securities trading, accounting services, asset management and estate agency services for both retail and corporate customers. The group's credit portfolio consists of about 60% credits to retail customers and 40% credits to corporate customers. SpareBank 1 SR-Bank offers retail customers basic banking services such as bank cards and savings account, as well as loans for vehicles and homes. Services offered to corporate customers includes loans to finance their activities. Our corporate customers are active in various sectors such as aquaculture, the industrial sector, agriculture and forestry, the service industry, retail trade, the hotel and restaurant industry, energy, oil and gas, building and construction, power and water supply, real estate, shipping, and other transport, the public sector and financial services. The group's business banking portfolio is well-diversified; it mainly finances Norwegian SMEs.</p>	<p>AR 2021</p> <ul style="list-style-type: none"> - The group, strategy and objectives (8-10) - Business areas (19-20) - Board of directors' report (58-66) <p>Other: SpareBank 1 SR-Bank website: - About the group (read here)</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>SpareBank 1 SR-Bank is actively striving to contribute to sustainable development. The bank also believes it has a responsibility to be part of the solution and a proactive ally to its customers in the transition to a more sustainable society. In autumn 2021, the group adopted a new sustainability and climate change strategy as part of its corporate strategy. In this new strategy, sustainability ambitions to form an integral part of all the group's activities.</p> <p>SpareBank 1 SR-Bank follows industry standards relating to sustainability and climate change, including through the management of environmental and societal risks, the bank's sustainability disclosures, as well as the management of its environmental footprint.</p> <p>To help it maximise impact and direct capital where it is needed the most, SpareBank 1 SR-Bank is focusing on four key areas to drive the green transition.</p> <ul style="list-style-type: none"> - We will be an active contributor toward the low carbon society (SDG 13) - We will contribute toward a more sustainable society (SDG 8) - We will create equal opportunities for all (SDG 5) - We will combat financial crime and ensure security and transparency through our operations (SDG 16) <p>SpareBank 1 SR-Bank is focused on maximizing the positive and minimizing the negative impacts the group has on society and the environment. SpareBank 1 SR-Bank desires to help ensuring that the Paris Agreement's goal to limit global warming to 1.5C by 2050 be achieved. The group supports the UN Sustainable Development Goals and has selected three goals on which it will particularly focus: Goal 5 Gender Equality, Goal 8 Decent Work and Economic Growth, and Goal 13 Climate Action. The group has developed specific targets for each of these goals.</p>	<p>AR 2021</p> <ul style="list-style-type: none"> - The group, strategy and objectives (8-10) - Corporate social responsibility and sustainability (67) - SpareBank 1 SR-Bank's sustainability and climate strategy (28-29) <p>SR 2021</p> <ul style="list-style-type: none"> - SpareBank' sustainability strategy and governing documents (PAGE) - Our contribution to the realization of the SDGs (PAGE) <p>Other Sustainability and Climate Strategy (read here)</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 fulfils the following elements</p> <ul style="list-style-type: none"> a) Scope: The bank's core business areas, product/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. b) Scale of Exposure: 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. c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates. d) Scale and intensity/salience of impact: 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. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d) e) Show that building on this analysis, the bank has <ul style="list-style-type: none"> • Identified and disclosed its areas of most significant (potential) positive and negative impact • Identified strategic business opportunities in relation to the increase of positive impacts/ reduction of negative impacts 	<p>In 2021, SpareBank 1 SR-Bank completed an impact analysis exercise using the UNEP FI Portfolio Impact Analysis tool (UNEP FI Tool). This analysis determines the negative and positive impacts of the activities of the bank with a view of the Sustainable Development Goals (SDGs), the Paris Climate Agreement and our customer and business banking in Norway.</p> <p>The portfolio impact analysis reviewed SpareBank 1 SR-Bank's business activities (both consumer, business and corporate banking as defined by UNEP FI):</p> <ul style="list-style-type: none"> • Consumer banking amounting to 60% of its business activities; • Business banking amounting to 40% of its business activities. <p>As regards business banking, the main sectors and industries the group finances are administrative and support services (16%), transport and storage (15%), agriculture, forestry and fishing (10%), mining and quarrying (5%), construction (5%), wholesale and retail trade, repair of motor vehicles and motorcycles (4%), manufacturing (3%), financial and insurance activities (3%), and electricity, gas, steam and air conditioning supply (1%).</p> <p>Based on our analysis, as well as our continued dialogue with relevant stakeholders (e.g., clients, investors, government and regulators, as well as NGOs), SpareBank 1 SR-Bank considers resource efficiency, climate and biodiversity as areas where it may have a potential negative impact. These areas are included in the analysis given the group's activities relating to loans for vehicles and, homes, and, more generally, to sectors associated with higher GHG emissions.</p> <p>On the contrary, SpareBank 1 SR-Bank's has a positive impact by contributing to payment solutions and access to housing for retail customers by stimulating economic growth and new jobs for the corporate market. The analysis concludes that SpareBank 1 SR-Bank has a positive impact on several social aspects, but must continue to focus on environmental matters.</p> <p>In line with the outcome of the impact analysis, SpareBank 1 SR-Bank implemented in Q4 2021 targets as defined in section 2.2.</p>	<p>AR 2021</p> <ul style="list-style-type: none"> - Sustainable Finance (31-33)
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Please prove your bank's conclusion/ statement if it had fulfilled the requirements regarding Impact Analysis.

SpareBank 1 SR-Bank continues to make progress in understanding the significant positive and negative impact of our group's business. We have fulfilled the requirement regarding the impact analysis. The outcomes have confirmed our assumptions about our positive and negative impact and reinforced our focus on the areas of impact.

<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) 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 impacts of the set targets.</p>	<p>SpareBank 1 SR-Bank has set targets for its sustainability work and reports on its achievement annually. These targets are mapped to SpareBank 1 SR-Bank's material issues and linked to the SDGs:</p> <p>Climate, emission reduction (SDG 13):</p> <ul style="list-style-type: none"> - Climate neutral in our own operations by the end of 2022 - Net Zero emissions in our financing and investment activities by 2050 <p>Transition (SDG 8):</p> <ul style="list-style-type: none"> - Financing and facilitation of NOK 50 billion in sustainable activities by the end of 2030 - Financing of NOK 15 billion in green properties by the end of 2025 - Facilitating new jobs through entrepreneurship and innovation <p>Equality and diversity (SDG 5)</p> <ul style="list-style-type: none"> - Gender balance (40/60) on all management levels and material positions in the company by 2050 - Equal pay regardless of gender – equal pay for equal work - Through our advisory activities, products and services, we will strengthen economic equality <p>Combat financial crime (SDG 16)</p> <ul style="list-style-type: none"> - Have zero-tolerance for all forms of financial crime - Safeguard human rights by contributing to transparency in supply chains - Be known for high ethical standards <p>Based on the impact analysis that we conducted as part of our revision of our sustainability and climate change strategy, we announced two SMART targets: the group ambitions to become climate neutral by 2022 and achieve net zero emission from its lending and investment activities by 2050. The group also targets to fund NOK 50 billion in sustainable activities by 2030. The group will report its progress toward these goals from 2022 onwards. These targets are aligned with the Paris Agreement and interim targets have been set to foster the achievement of these medium- to long-term objectives.</p>	<p>AR 2021:</p> <ul style="list-style-type: none"> - Sustainability (24-42) <p>SR 2021:</p> <ul style="list-style-type: none"> - SpareBank' sustainability strategy and governing documents (PAGE) - Our contribution to the realization of the SDGs (PAGE) <p>Other</p> <p>Sustainability and Climate Strategy (read here)</p>
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Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Target Setting

SpareBank 1 SR-Bank has set and disclosed SMART targets related to climate & environmental aspects and will further develop additional measures in the areas of resource efficiency and biodiversity.

<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</p>	<p>The medium- to long-term SMART goals are supported by short-term targets (see reference on the right). SpareBank 1 SR-Bank's sustainability team monitors progresses while the newly established interdisciplinary committee focuses on risk (5.1).</p> <p>Progresses made are reported as part of annual reporting and the reporting is assured externally according to the requirements of the GRI Reporting Guidelines. Our</p>	<p>SR 2021:</p> <ul style="list-style-type: none"> - Our contribution to the realization of the SDGs (6-8)
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<p>changes in these definitions, and any rebasing of baselines should be transparent</p>	<p>climate disclosures are aligned with the recommendations of TCFD, and we are working on implementing a group wide ISO 14001 certification by Q1 2023.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring. SpareBank 1 SR-Bank's new sustainability and climate strategy sets out concrete actions and milestones to achieve its net-zero target.</p>		
<p>2.4 Progress on Implementing Targets</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 be implemented/ needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>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</p>	<p>In SpareBank 1 SR-Bank's annual report and the document "Sustainability in SpareBank 1 SR-Bank", the group transparently reports progresses annually.</p> <p>For the year 2021, SpareBank 1 SR-Bank delivered against all commitments made. .</p> <p>SpareBank 1 SR-Bank has set targets for 2022, including SMART climate targets. In 2023 we will report back on the progress made.</p> <p>Key achievements on past goals and the roadmap for SpareBank 1 SR-Bank's future goals are highlighted at the beginning of its annual report.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirement regarding Progress on Implementing Targets SpareBank 1 SR-Bank has fulfilled the requirement regarding progress, and will implement the targets under PRB in 2022 and will report on progress in the Sustainability Report for 2022.</p>		

<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>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>The group’s Code of Conduct (CoC) guidelines describe what is expected of anyone who represents SpareBank 1 SR-Bank. The CoC regulates how employees are expected to conduct in relation to customers, suppliers, competitors, and everyone else. The CoC states that employees of the group shall be open, honest, clear and in accordance with the norms, statutes and rules that apply in society when employees are identified as representing the organisation.</p> <p>The group will not, directly or indirectly, participate in violations of human and labor rights, corruption, serious environmental harm or other actions that could be considered unethical. This applies both internally and in relation to society at large. SpareBank 1 SR-Bank is a member of Global Compact and has thus committed to practicing the precautionary principle. Our responsibilities encompass products and services, consultancy and sales, investment and credit decisions, marketing, procurement, and corporate governance. SpareBank 1 SR-Bank has established standards and guidelines for safeguarding these responsibilities (see SR 2021). Our internal work on HSE, ethics and environmental efficiency are also encompassed by our definition of sustainability.</p> <p>In 2022, we will launch a new professional development programme for all employees in the group. Currently we offer an e-learning module to meet the growing demand for knowledge on sustainability and ESG. Clients turn to us for advice and expect us to be able to provide products and services, as well as advisory services that are suitable for them (both retail and corporate clients).</p> <p>Our products offerings expanded in 2021 with SpareBank 1 SR-Bank ForretningsPartner (our subsidiary) establishing a new expert team offering consulting services with expertise on ESG for the corporate market in order to contribute and help our clients with their green transition.</p> <p>Furthermore, SpareBank 1 SR-Bank launched in 2021 “My carbon footprint” in the retail digital bank. The digital bank’s climate report feature will make it easier for customers to reduce GHG emissions and make sustainable choices in their everyday life.</p>	<p>AR 2021:</p> <ul style="list-style-type: none"> - Corporate Government (49-50) <p>SR 2021:</p> <ul style="list-style-type: none"> - Sustainability strategy and governing documents (5) <p>Other:</p> <ul style="list-style-type: none"> - Code of Conduct (Here)
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Principle 4: Stakeholders: We will proactively and responsibly consult, engage, and partner with relevant stakeholders to achieve society's goals.

<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>It is important for SpareBank 1-SR Bank to maintain a good relationship with all its stakeholders (clients, investors, employees, regulators, local communities, NGOs and governments). Relationships that thrive on active dialogue and engagement reflect the group's sense of responsibility toward the societal context with which it interacts. Our stakeholders have a wide range of diverse interests, concerns, goals and/or expectations. Therefore, establishing and maintaining stable and lasting relationships is crucial for creating shared, long-term value.</p> <p>In 2021, we engaged with our stakeholders in various ways, especially through bilateral meetings, formal partnerships, surveys, interviews and emails, in order to understand what is material for them. This included inviting them formally to provide us with their input for our materiality analysis, which we updated in 2022. Understanding our stakeholders' concerns, interests and expectations enables SpareBank 1 SR-Bank to refine its actions in response to stakeholder's interests, especially our group's economic, social, and environmental impact and performance (ESG).</p>	<p>AR 2021</p> <ul style="list-style-type: none"> - Materiality Analysis (26-27) <p>SR 2021:</p> <ul style="list-style-type: none"> - The group's stakeholders and key sustainability themes (8-9) - Stakeholder Dialogue (10)
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Principle 5: Governance & Culture: We will implement our commitment to these Principles through effective governance and a culture of responsible banking

<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>The governance framework of the group actively reflects that sustainability, including sustainable finance, is a major part of the group's overall strategy. Our sustainability activities are overseen by the Executive Vice President for People, Communication and Sustainability, a dedicated function within our Group Executive Management, who reports directly to the CEO.</p> <p>The group's CEO supervises the execution of the group's strategy and its annual objectives. The CEO also informs the Board of Directors on the activities of the group on a regular basis. The sustainability and climate change strategy is part of the group's corporate strategy. The implementation status of the sustainability strategy and the implementation of the Principles are reviewed and discussed on a quarterly basis (or more frequently, as need be) by the Board of Directors throughout the year.</p> <p>The Group Executive Management established in 2021 an interdisciplinary committee that discusses the risks and opportunities relating to sustainability and climate change, including climate change risks. In 2021, the committee was involved in the process relating to the group's strategy that resulted in an updated sustainability and climate change strategy. The Group Executive Management has delegated operational responsibility for climate change risks to the group's risk department, where climate change risks are treated with the same focus as other types of financial risks and are regularly reported to the Group Executive Management.</p> <p>SpareBank 1 SR-Bank's environmental and social risks policy framework governs contractual relationships with client and supplier and applies on a firm-wide basis, across all its activities. This policy framework meets the highest industry standards recognized by ESG ratings, is</p>	<p>AR 2021</p> <ul style="list-style-type: none"> - Group Executive Management Team (45-45) - Climate Risk (34) <p>SR 2021:</p> <ul style="list-style-type: none"> - Our sustainability guidelines (2) <p>Other: SpareBank 1 SR-Bank website: About the group (read here)</p>
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	<p>actively part of management practices and is overseen at the highest seniority level of SpareBank 1 SR-Bank.</p> <p>Our corporate governance framework and reporting practices are in line with governance regulations in Norway.</p> <p>We have several procedures and policies that support our responsible banking and investing approach, including a Code of Conduct, data privacy rules, HR policies, guidelines for sustainability in procurement, agriculture & nature, responsible investment, workers and human rights.</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>SpareBank 1 SR-Bank actively engages in raising awareness and education of its employees, clients, and, more generally, the local community on corporate responsibility issues and matters. Through the group's employee onboarding, education and broader awareness-raising activities, the group ensures that its employees understand their responsibilities in complying with SpareBank 1 SR-Bank's policies and the importance of its societal commitments. The group promotes an increased awareness and understanding of its sustainability goals and actions through communication channels, e-learning courses and training, as well as awareness-raising activities. In Q2 2022, the group will hold a sustainability festival for its employees across all offices. Guest lectures will present relevant topics, and discussions will be facilitated on sustainability matters. Later in Q3 and Q4 2022, the group will roll out a skills and knowledge development program on sustainability, tailored to the needs of its different departments. In 2022-2023, we ambition to make all our employees having a better understanding of our group-wide sustainability goals and practices.</p>	<p>AR 2021 - Employees (14-16)</p>
<p>5.3 Governance Structures 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> <p>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>	<p>See 5.1 above.</p> <p>It is the responsibility of the CEO to ensure that the Principles are implemented throughout the organization. The activities and progress are overseen by the Executive Vice President of People, Communication and Sustainability.</p> <p>Our Sustainability Team is in charge for making sure that the Principles are implemented properly throughout the organization and manages the setting and achievement of targets and milestones, in consultation with relevant departments at SpareBank 1 SR-Bank.</p>	
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles. SpareBank 1 SR-Bank has a solid governance structure in place for the PRB, overseen at the highest level of our company and implementation lead by our Sustainability team.</p>		

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 Progress on Implementing the Principles for Responsible Banking

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).

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.

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.

SpareBank 1 SR-Bank has made progress in implementing the six Principles. In autumn 2021, the group adopted a new sustainability and climate strategy as part of its corporate strategy. The new strategy sets out two SMART targets in line with Principle 2. While SpareBank 1 SR-Bank made significant progress and SMART targets on climate and gender equality, enhancing our assessment of our impact in the two areas of resource efficiency and biodiversity loss will be focus in 2022.

Further advancement of activities in 2021

- We further progressed on our climate risk management reporting using TCFD and PCAF
- Became a member of Women in Finance Charter and committed to diligently work toward eliminating gender imbalances in the finance industry in general and in our organization in particular.
- Became a member of Skift – a business-driven climate initiative and committed to being a climate leader in the Norwegian Business Community.

SpareBank 1 SR-Bank report openly and transparently on our group's ESG activities and strategy on our group's website. For further information and details of our work and achievements in 2021, please see our SR 2021 and AR 2021.

AR 2021:

- Sustainability (24-42)

SR 2021:

- Sustainability in SpareBank 1 SR-Bank (1-25)
- Membership in national framework and initiatives (14)

Other:

- Sustainability and climate strategy

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking:

SpareBank 1 SR-Bank made progress on the implementation of the six Principles over the last 12 months. We are committed to advancing further on our current implementation status and aims to continuously improve and enhance SpareBank 1 SR-Banks' sustainability and climate strategy, reporting and target setting. This includes, continuing our collaboration within our industry and through different frameworks/initiatives we actively contribute to the future of sustainable banking.

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".