

# 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's [Annual Report 2022](#) are referenced as AR 2022 and the [Sustainability Report 2022](#) is reference as SR 2022

# 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.

## 1.1 Business model

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.

### Response:

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.

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.

### Links and references:

#### AR 2022

- The group, strategy and objectives (10-14)
- Business areas (23-24)
- Board of directors' report (70-79)

#### Other:

SpareBank 1 SR-Bank website:  
- About the group [read here](#)

## 1.2 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: TCFD and PCAF
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: The Norwegian TransparenCy Act

**Response**

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.

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.

To help 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.

- 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)

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.

**Links and references**

**AR 2022**

- The group, strategy and objectives (10-14)
- SpareBank 1 SR-Bank's sustainability and climate strategy (29)
- Corporate social responsibility and sustainability (67)

**SR 2022:**

- SpareBank 1 SR-Bank's sustainability strategy and governing documents (5)

**Other:**

- Sustainability and Climate Strategy ([read here](#))

## 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 regularly<sup>1</sup> and fulfil the following requirements/elements (a-d)<sup>2</sup>:

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.

#### **Response:**

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.

The portfolio impact analysis reviewed SpareBank 1 SR-Bank's business activities (both consumer, business and corporate banking as defined by UNEP FI):

- **Consumer banking** amounting to 60% of its business activities;
- **Business banking** amounting to 40% of its business activities.

#### **Links and references:**

##### **AR 2022:**

- The group's stakeholders and material topics (30)

##### **SR 2022:**

- The group's stakeholders and key sustainability themes (9)

#### 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 & industries<sup>3</sup> 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.

<sup>1</sup> 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.

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

<sup>3</sup> 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

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.

**Response:**

**Our portfolio is mainly related to loans. The lending portfolio for** business banking is mainly divided into the following sectors and industries: real estate (38%), 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%). For our retail banking the main product & services are car loans, mortgages, savings account and current account. SpareBank 1 SR-Bank's scope for portfolio is Norway.

**Links and references:**

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?<sup>4</sup> 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.

**Response:**

The main market in which we operate is Norway. The country is well regulated with regards to sustainable development, which means that the main challenges related to sustainability are the same as for the rest of the developed countries in Europe. 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 are included in the analyses given the group's activities relating to loans for vehicles and homes, and generally, to sectors associated with higher GHG emissions.

On the contrary, SpareBank 1 SR-Bank 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.

**Links and references:**

d) 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)<sup>5</sup>? Please disclose.

**Response**

See answer under 2.1 c) context for SpareBank 1 SR-Bank's positive and negative impact area. The two impact areas we will pursue are climate change and gender equality

**Links and references:**

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

<sup>5</sup> 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.

e) For these (min. two prioritized impact areas): Performance measurement: 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.

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.

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.

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.

**Response**

Climate change: PCAF assessment of financed greenhouse gas emissions are used to map our way forward to set emission reduction targets. In 2023, we will develop sector-based reduction targets for 2030 in addition to our Net Zero emissions in our financing and investment activities by 2050.

Gender equality: We are still developing/working on impact level covering gender equality.

**Links and references**

**Other:**

Sustainability and Climate Strategy ([read here](#))

### 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?<sup>6</sup>**

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No

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

*Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify*

**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

## 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 targets 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 with<sup>7</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> 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.

**Response**

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:

Climate, emission reduction (SDG 13):

- Climate neutral in our own operations by the end of 2022
- Net Zero emissions in our financing and investment activities by 2050

Transition (SDG 8):

- 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

Equality and diversity (SDG 5)

- 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

Combat financial crime (SDG 16)

- Have zero-tolerance for all forms of financial crime
- Safeguard human rights by contributing

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. These sustainability targets are set at company level, and are not identical to the targets set for the bank's portfolio (PRB targets). We are working on developing PRB targets which will be set during 2023. The group will report its progress toward these goals from 2023 onwards. Both sets of targets are /will be aligned with the Paris Agreement and interim targets have been set to foster the achievement of these medium- to long-term objectives.

**Links and references**

Sustainability and Climate Strategy ([read here](#))

**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 change mitigation</i>	...	
	...	

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Financial health &amp; inclusion</i>	...	
	...	
	...	

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.

<p><b>Response</b></p> <p>As described in part 2.2 a, we are still in the progress of developing PRB sustainability targets. Naturally, a base year for these targets has not been set at the moment. For development on sustainability targets at company level, please see Appendix for indicators covering Climate Change.</p>	<p><b>Links and references</b></p> <p><b>AR 2022</b></p> <ul style="list-style-type: none"> <li>- Climate Risk (41-44)</li> </ul>
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<p><b>c) <u>SMART targets</u></b> (incl. key performance indicators (KPIs)<sup>8</sup>): 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.</p>	
<p><b>Response</b></p> <p>SMART targets are still being worked on for climate change and gender equality. Borth will be finalized in 2023 and reported on in the next PRB status report.</p>	<p><b>Links and references</b></p>
<p><b>d) <u>Action plan:</u></b> which actions including milestones have you defined to meet the set targets? Please describe.</p>	

<sup>8</sup> Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

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.

**Response**

Targets are still being worked on for climate change and gender equality. Action plan will be published in the next PRB status report.

**Links and references**

**Self-assessment summary**

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...

	... first area of most significant impact: ... <b>Climate change mitigation</b>	... second area of most significant impact: ... <b>Gender equality</b>	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

## 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.

### **Response**

SpareBank 1 SR-Bank has not yet reached this stage and will report on target implementation and monitoring when targets are in place.

### **Links and references**

## 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 customers<sup>9</sup> 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 activities<sup>10</sup>. 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).

#### Response

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.

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 2022). Our internal work on HSE, ethics and environmental efficiency are also encompassed by our definition of sustainability.

#### Links and references

##### AR 2022:

- Corporate Government (49-50)

##### SR 2022:

- Sustainability strategy and governing documents (5)

<sup>9</sup> 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.

<sup>10</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

<p>In Q1 2023, we launched a new professional development programme for all employees in the group. Currently we offer three e-learning modules 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><b>Other:</b></p> <ul style="list-style-type: none"> <li>- Code of Conduct (<a href="#">Here</a>)</li> </ul>
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### 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.).

#### Response

Our product offerings expanded in 2021 and in 2022 our focus was to further grow and develop these product offerings. Our subsidiary SpareBank 1 ForretningsPartner further strengthened their expert team and expanded their consulting service offerings. Now offering corporate clients help with their green transitioning from both the Stavanger and Oslo office. Furthermore, after a successful launch of the beta version of “My carbon footprint” in the retail digital bank the SpareBank 1 Alliance group will in 2023 further develop its technology. “My carbon footprint” presents customers with a climate report of the customers activity. Allowing the customers easier access information on how to reduce their GHG emission and make sustainable choices in their everyday life.

#### Links and references

## Principle 4: Stakeholders



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 groups<sup>11</sup>) 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.

<sup>11</sup> Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

**Response**

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.

In 2022, 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).

**Links and references****AR 2022**

- Materiality Analysis (30)

**SR 2022:**

- The group's stakeholders and key sustainability themes (9-10)
- Stakeholder Dialogue (11)

## 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.

**Response:**

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, Sustainability and Communication, a dedicated function within our Group Executive Management, who reports directly to the CEO.

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

**Links and references:****AR 2022**

- Group Executive Management Team (55-57)

<p>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>In 2022, the Group Executive Management continued its focus on reviewing the group's ESG- related matters and overseeing our ESG strategies and goals. Members of the Group Executive Management are entitled to a remuneration scheme linked to sustainability targets. The scheme has a bonus structure in which one of the parameters used to set whether a person is entitled to a bonus and its amount, is the group's performance on climate-related concerns. This parameter is also used in the bonus schemes of all Executive Vice Presidents, with the exception of the Executive Vice Presidents for Risk and Compliance.</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 industry standards recognized by ESG ratings, is 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 &amp; nature, responsible investment, workers and human rights.</p>	<ul style="list-style-type: none"> <li>- Climate Risk (41-44 and 101)</li> </ul> <p><b>SR 2022:</b></p> <ul style="list-style-type: none"> <li>- Our sustainability guidelines (3)</li> </ul> <p><b>Other:</b></p> <p>SpareBank 1 SR-Bank website: About the group <a href="#">(read here)</a></p>
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**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).

<p><b>Response:</b></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 2023, the group held a successful sustainability festival for its employees across all offices. Guest speakers presented relevant topics, and discussions were facilitated on sustainability matters. In Q1 and Q2 2023, the group launched several new skills and knowledge development programs on sustainability, climate change, tailored to the needs of its different departments. In 2023, our ambition is all our employees have a better understanding of our group-wide sustainability goals and practices.</p>	<p><b>Links and references:</b></p> <p><b>AR 2022</b></p> <ul style="list-style-type: none"> <li>- Employees (16-19)</li> </ul>
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### 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>12</sup> 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.

#### Response

See 5.1 above.

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.

Our Sustainability Team is in charge of 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.

#### 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

<sup>12</sup> 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.



## 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.

#### Response:

The sustainability report that is part of the annual report has been limited assured. Please see attached appendix for the assurance report for this PRB report.

#### Links and references:

Auditor's Limited Assurance Report for SpareBank 1 SR-Bank

### 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

#### Response:

SpareBank 1 SR-Bank's disclose sustainability information using the GRI Standard, TCFD and annually report the carbon footprint from the Bank's operations and loan portfolio in the CDP reporting.

SpareBank 1 SR-Bank reports openly and transparently on our group's ESG activities and strategy on our website. For further information and details of our work and achievements in 2022, please see our SR 2022 and AR 2022.

#### Links and references:

##### AR 2022

- Sustainability (28-54)

##### SR 2022

- Sustainability in SpareBank 1 SR-Bank (1-25)

### 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>13</sup>, target setting<sup>14</sup> and governance structure for implementing the PRB)? Please describe briefly.

#### Response:

In 2023, we aim to start the process of performing a double "materiality assessment" based on the requirements set out in CSRD and ESRs. This will allow us to again conduct a thorough stakeholder consultation. To further our progress on the PRB principles we will set our targets in Q3 of 2023 and progress on Principle 2.

#### Links and references:

## 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 checked="" type="checkbox"/> Data availability    |
| <input 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 type="checkbox"/> Choosing the right performance measurement methodology/ies            | <input type="checkbox"/> Reporting                       |
| <input checked="" type="checkbox"/> Setting targets  | <input checked="" 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:

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<sup>13</sup> 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

<sup>14</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

# Annex

A set of indicators has been produced for the impact area of climate mitigation. 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.<sup>15</sup> 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](#).

**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 targets<sup>16</sup> (highlighted in **green**) or to client engagement<sup>17</sup> 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.<sup>18</sup> 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.

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<sup>15</sup> 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.

<sup>16</sup> 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.

<sup>17</sup> 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.

<sup>18</sup> You might not be able to report on all indicators and/or on 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.

Impact area	Practice <sup>19</sup> (pathway to impact)									Impact <sup>20</sup>		
	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, Net Zero emissions in our financing and investment activities by 2050	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, the bank is in engagement with clients related to strategy for transition to a low-carbon future through both client meetings and ESG screening processes.	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?	The proportion of the banks lending portfolio that is recognized as green was 17,3% 31.03.2023	A.4.1	<b>Reduction of GHG emissions:</b> how much have the GHG emissions financed been reduced?	N/A. The methodology for measuring emissions was changed in 2022. This has led the measurements to not be comparable with previous years' measurements
	A.1.2	Paris alignment target: Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	In progress. We have set targets at company level of Net Zero emissions in our financing and investment activities by 2050 in accordance with 1,5C net-zero. Base year for these targets are 2022,	A.2.2	Absolute financed emissions: What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or	Please refer to our annual report page 50	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	Please refer to the description of PCAF and scope 3 emissions in our annual report, page 43-44 and 50	A.4.2	<b>Portfolio alignment:</b> 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)?	We are still working on targets to measure alignment in client portfolio. Target set at 1.5 degrees"

<sup>19</sup> 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

<sup>20</sup> Impact: the actual impact of the bank's portfolio

			climate scenario 1.5C.		investment portfolio?			sectors and activities <sup>21</sup> ? How much does your bank invest in transition finance <sup>22</sup> ?			
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, for shipping the Poseidon principles are followed. For other sectors there is an ongoing transition in accordance with the Paris agreement but not sector specific targets.	A.2.3	Sector-specific emission intensity (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector?							
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, the whole portfolio emission is calculated/analyzed with the PCAF methodology	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>						

<sup>21</sup> A list of carbon-intensive sectors can be found in the [Guidelines for Climate Target Setting](#).

<sup>22</sup> 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	<p>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.)?</p>	<p>Yes, green loans according to our sustainable finance framework          Per 31.03.23 green loans accounted for 17.3% of our portfolio.</p> <p><a href="https://www.sparebank1.no/content/dam/SB1/bank/sr-bank/english/about-us/Social-responsibility/SustainableFinance_Framework.pdf">https://www.sparebank1.no/content/dam/SB1/bank/sr-bank/english/about-us/Social-responsibility/SustainableFinance_Framework.pdf</a></p>		<p>a transition plan in place?</p>			
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To the Board of Directors of SpareBank 1 SR-Bank ASA

## Independent Practitioner's Assurance Report on SpareBank 1 SR-Bank ASA's Third Reporting for Signatories of the Principles for Responsible Banking (PRB) as of 22 June 2023

We have undertaken a limited assurance engagement in respect of "SpareBank 1 SR-Bank ASA's Third Reporting for Signatories of the Principles for Responsible Banking (PRB)" as of 31 May 2023 (the Subject Matter).

The identified Subject Matter Information is summarised below:

- 2.1 Impact analysis
- 2.2 Target setting
- 2.3 Target Implementation and Monitoring
- 5.1 Governance Structure for Implementation of the Principles

The applicable criteria against which the Subject Matter has been evaluated is the Principles for Responsible Banking, Guidance Document (updated in November 2021), Published by UNEP Finance Initiative (the Criteria).

### *Management's Responsibility*

Management is responsible for the preparation of the Subject Matter Information in accordance with the applicable Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of a Subject Matter Information that is free from material misstatement, whether due to fraud or error.

### *Our Independence and Quality Management*

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We apply the International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### *Our Responsibilities*

Our responsibility is to express a conclusion on the Subject Matter Information based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 revised – «Assurance Engagements other than Audits or Reviews of Historical Information», issued by the International Auditing and Assurance



Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement.

A limited assurance engagement in accordance with ISAE 3000 involves assessing the suitability in the circumstances of management's use of the Criteria as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and, among others, included:

- Making inquiries of the persons responsible for the Subject Matter;
- Obtaining an understanding of the process for collecting and reporting the Subject Matter Information, including relevant internal controls;
- Performing limited substantive testing on a selective basis of the Subject Matter Information to test whether data had been appropriately measured, recorded, collated and reported;
- Considering presentation of the Subject Matter Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Subject Matter Information has been prepared, in all material respects, in accordance with the Criteria.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### *Conclusion*

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information is not prepared, in all material respects, in accordance with the applicable Criteria.

Stavanger, 22 June 2023  
**PricewaterhouseCoopers AS**

A handwritten signature in blue ink, appearing to read 'Per Arvid Gimre', is written over the printed name.

Per Arvid Gimre  
State Authorised Public Accountant