

# Prinsipper for bærekraftig bankdrift

Status Report June 2023



# 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.

## 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.

*Our bank is a small bank (in national terms) in Norway. We don't have any head quarters but has 10 local offices in Hallingdal and Valdres as well as in Oslo. We're a group own by two local savings bank foundations. The group consist of banking services, accounting services and real estate agency. Our main business within consumer banking (about 65% of the total lending volume) and business banking (about 35% of the total lending volume). Our main market region is Hallingdal and Valdres, but we also have customers national in Norway. Our largest exposures are agriculture, construction and real estate within business banking.*

Read more at: [Om banken | SpareBank 1 Hallingdal Valdres](#)

Yearly report 2022: [Årsrapport 2022 \(wrep.it\)](#)

And sustainability report <https://sb1.wrep.it/ba/erekraft-2022> chapter 1.3

## 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
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: Åpenhetsloven – Norwegian law
- None of the above

*Our bank has included SDGs as part of our strategy and have selected 4 SDGs which we particular have focus on.*

*We have as part of our long term goal aligned with the Paris agreement on net zero emission target in 2050.*

*Plan for 2023 is to further integrate sustainability in core business strategy, for next strategy period 2024-2027.*

*We started in 2022 to report in accordance to GRI and also continuing to report TCFD.*

*Our bank alliance has a goal to together signed global Compact Norway in 2023.*

*Our work with SDGs:*

[Bærekraft og samfunnsansvar | SpareBank 1 Hallingdal Valdres Sustainability report 2022: Chapter 1.3.3, 1.3.4, 6.1](#)

## 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.

*The banks activities in the consumer banking and institutional banking (corporate costumers) is the core business of the bank.*

*Our impact analysis was first conducted in June 2020 for the whole group (including accounting and real estate agency-services) and a double materiality analysis was conducted in 2022 where both positive and negative impact was identified for our business including bank activities.*

[Impact analysis 2020](#)

[Sustainability report 2022](#)  
Chapter 1.4, 1.4.2, 2.1.1

<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](#).

<p><i>An updated impact analysis is in progress in June 2023 for the bank activities, and will be used for the upcoming strategy, updated targets and KPIs.</i></p> <p><i>During this progress, in 2023, the scope includes consumer banking and corporate banking for the largest sectors (agriculture, real estate, construction) taking into account the banks exposure in calculated scope 3-emissions.</i></p>	
<p><b>b) <u>Portfolio composition:</u></b> 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</p> <p>i) by sectors &amp; industries<sup>3</sup> for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or</p> <p>ii) by products &amp; services and by types of customers for consumer and retail banking portfolios.</p> <p>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.</p>	
<p><i>Our portfolio is approximately 35% businesses (SMEs) and 65% consumer/private banking where mortgages are the majority of the credit balance. We operate only in Norway.</i></p> <p><i>Sectors in the business banking portfolio is analyzed in the impact analysis from 2020 and in ongoing impact analysis work in 2023. Also yearly the sector exposure is reported yearly in our sustainability report.</i></p>	<p><a href="#">Impact analysis 2020</a></p> <p><a href="#">Årsrapport 2022 (wrep.it)</a> Page 79, Note 8</p> <p><a href="#">Sustainability report 2022</a> Chapter 2.1.1</p>

<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.

**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.*

*From the scoping-worksheet we see that for Norway some key challenges lays within Food (obesity over 20%), housing overcrowding among low-income, resource intensity (energy use per capita and material use per capita) and biodiversity and healty ecosystems (loss og vegetation) are the main challenges in Norway connected to sustainability development.*

*From our internal sustainability survey (national and local) we see that some of the main challenges are personal approach in climate changes and willingness to change behaviour, more local focus on loss of vegetation compared nationally as some of the main challenges. Also see our stakeholder dialogue mapping in the Sustianability report 2022.*

*Relatively few local municipalities and companies has set their own sustainability and climate goals.*

[Impact analysis 2020](#)

Impact analysis 2023 – WIP

[Sustainability report 2022](#)

Chapter: Vedlegg A Stakeholder dialogue

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.

*Consumer banking:*

*Finance, Cirularity (recourse intensity as Energy) and Biodiversity and healthy ecosystems (loss of habitat) are considered main challenges and priorities. In our areals nature and biodiversity is valued both for private and business customers. We had a sustainability survey done nationally as well as locally and input from our stakeholders will be analyzed futher as part fo the double materiality and upcoming strategy period. From the altest Impact analysis climate change and circularity was seleded and these will be revised in the ongoing impact analysis work. Financial inclusion is seleded as one of the significant areas in our double materiality, see Sustainability report 2022.*

*Business banking:*

*Construction, agriculture, real estate and administrative services are our 4 main sectors. Amongst these sectors a preliminary analysis shows availability, accessibility, affordability, quality of resources and services (including water, food, energy, finance), livelihood (employment, wages etc.), health and safety, circularity, biodiversity and climate stability is areas where our portfolio will see its main challenges and to be futher prioritized*

Impact analysis 2023 – WIP

[Sustainability report 2022](#)

Chapter: 1.4, 4.1

<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.

<p><i>within. Our local sustainability survey and input from our stakeholders will be analyzed further as part of the double</i></p> <p><i>The most significant topics to be prioritized is yet work in progress and will be further evaluated the coming year along the project work for next strategy period 2024-2027 for each business area (credit, savings etc.).</i></p>	
<p><b>d) For these (min. two prioritized impact areas): <u>Performance measurement.</u></b> Has your bank identified which sectors &amp; 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&amp;inclusion as your most significant impact areas, please also refer to the applicable indicators in the <a href="#">Annex</a>.</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>Through our previous work we have identified some of our key sectors, agriculture and forestry, construction and real estate.</i></p> <p><i>For consumer banking, finance and energy are amongst our key takeaways. What our goals and targets, actions plans and performance we describe further in our sustainability report.</i></p> <p><i>Our next strategy period 2024-2027, will further integrate and set goals and targets to the most significant areas/topics within our business and set indicators for measurements. Though this is work in progress parallel to our Impact report 2023.</i></p>	<p><a href="#">Sustainability report 2022</a></p> <p>Chapter 2.1.1 and 2.1.2</p> <p>Impact analysis 2023 - WIP</p>

### 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, resource efficiency (energy) & circular economy, financial health & inclusion are areas we focus on today and will be further revised in the impact analysis work 2023.*

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

*Number per 31.12.2022 is used for the latest impact analysis 2023.*

<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.



## 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<sup>7</sup> 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>8</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.*

*The banks targets are in accordance with SDGs and Paris agreement – we have a target of net zero emissions in 2050, including our scope 3 emissions. For our internal emissions (aminly scope 1 and 2) we have atarget of min. 60% reduction in 2030 (compare to 2018) which is in accordance with national goals of min. 55% emission reductions.*

*Other targets relevant to healthy economy and financial inclusion are under development and reported in our Sustainability report 2022.*

[Sustainability report 2022](#)

Chapter: "Vedlegg B", 4.1, chapter 3

**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:

Impact area	Indicator code	Response
Climate change mitigation		Emissions from loans (PCAF and Finance Norway) Emissions from our daily operations
	...	Climate risk – TCFD – ESG risk tool for businesses
	...	Loans for investemnet for energy efficient buildings, climate og energy reducing measurements etc.

Impact area	Indicator code	Response
Financial health & inclusion	...	Training in financial inclusion for financial advisors
	...	
	...	



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 the target for net zero emissions in 2050, we used a baseline of 2018 and later for the scope 3 emissions (credit) but this baseline year might need adjustments due to change of calculation method.*

*For other targets this is work in progress since we're in the middle of a new strategy process.*

[Sustainability report 2022](#)

Chapter: "Vedlegg B".  
For targets and status see chapter 2.1.1 and 2.1.2 and for financial inclusion see chapter 4.1.

**c) SMART targets** (incl. key performance indicators (KPIs)<sup>9</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.

*Work in progress.*

*For climate change mitigation, our bank has set a target for net zero emissions in 2050 including scope 3 emissions from loans to costumers.*

*We also set targets for green loans, as a part of our green balance. Target in this strategy period, 2021-2023 is 10% of total loans to be green.*

*For the other impact areas, financial health and inclusion, this is work in progress and will be further developed in the work with strategy 2024-2027.*

[Sustainability report 2022](#)

Chapter: 2.1.1 and 2.1.2, chapter 3 and 4.1.

**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.

*Work in progress.*

*For current action plans see Sustainability report.*

[Sustainability report 2022](#)

<sup>7</sup> 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.

<sup>8</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.

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

	<i>Chapter: "Vedlegg E - Strategi- og resultatforventninger 2021-2023"</i>
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### 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: ... <i>Climate change mitigation (from impact report 2020) will be revised in 2023</i>	... second area of most significant impact: ... <i>Circularity (from impact report 2020) will be revised in 2023</i>	<i>(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)</i>
Alignment	<input checked="" type="checkbox"/> Yes <input 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 checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input 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 checked="" type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input 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 checked="" type="checkbox"/> Yes <input 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 2<sup>nd</sup> 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.

*Our group and bank especially has had sustainability, and especially climate change mitigation as well as economic health as a focus area for a long time, but has not yet developed targets, indicators, base line etc. down to each department area which is an aim with the strategy work which will start in Septemner 2023 for the next 3.year period (2024-2027). This will be an important work for our bank which will set further dicetion of our businesses and be a central part of our vision and mission “sustianaiblity in everything we do” and “ssustainability in everything we deliver”.*

*Thought there are several areas that we do measure, report and work proactivilty with, and these are described further in our sustainability report 2022.*

*We work actively with green loan products and services to encourage our customer in making green/sustainable investments and actions.*

[Sustainability report 2022](#)

-Chapter: “Vedlegg E - Strategi- og resultatforventninger 2021-2023

-Chapter 2.1.4 – green balance

-Chapter 4.2 – products and services

## 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>10</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>11</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).*

We have several activities and communication channels with our stakeholders, see chapter in Sustainability report Appendix (vedlegg) A.

[Sustainability report 2022](#)

Chapter: "Vedlegg A"

### 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.).

See referenaces to Sustianability report and annual and quarterly reports.

[Sustainability report 2022](#)

-Chapter: 2.1.4 and – green loans and finance

-Chapter 2.1.5 – EU Taxonomy

	<p><a href="#">Yearly financial report 2022</a></p> <p>Quartely reports – green balance (lonas and finance): <a href="#">Resultater   SpareBank 1 Hallingdal Valdres</a></p>
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## 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>12</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.

*This is a part of our double materiality process which should be revised minimum yearly. See more info in Sustainability report 2022.*

*In 2023 we have also conducted a sustainability survey amongst public and businesses in our region as well as for municipalities in our region. This is in addition to a national survey in SpareBank 1 alliance where we participates.*

[Sustainability report 2022](#)

-Chapter: 1.4 and Vedlegg A – stakeholder dialogue

<sup>10</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>11</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

<sup>12</sup> 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.

*See more info in our Sustainability report and in our Sustainability library, document "Styringsdokument bærekraft" where roles and responsibilities is listed.*

*Aim is to include PRB reporting is a part of the sustainability reporting structure.*

[Sustainability report 2022](#)

-Chapter: 1.3.2

[Sustainability library, Vårt bærekraftsbibliotek | SpareBank 1 Hallingdal Valdres](#)

### 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).

*We have several yearly activities, such as group meetings where sustainability is a theme, climate action competition, sustainability network (Yammer) amongst others. Also training through courses and e-learning, seminars where sustainability (and climate change) is a focus. We have also 2 dedicated roles from 2023 who works with sustainability, integration, strategy and targets, reporting and advisors to other department in integrating relevant sustainability themes in operations.*

*In different departments we have several employees who is working with different parts of responsible banking and significant*

[Sustainability report 2022](#)

-Chapter: 1.3.2

*Ethical policy and governance document sustainability "Styringsdokument bærekraft"*

*impact areas, such as financial inclusion, young entrepreneurship, engagement and sponsorship to local activities and seimars.*

[Sustainability library, Vårt bærekraftsbibliotek / SpareBank 1 Hallingdal Valdres](#)

### 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>13</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.

*See our Sustainability report 2022.*

*Environmentla and social risiks are a part of our ESG-risk assessemtns are included in yearly risk workshops, both one separate for the whole group but also as part of e.gk. credit risk.*

*Due diligane processes for both our consumer/retail costumers as well as for our corporate costumers as part of AHV (anti money laundry) procedures and a general check of a company's and itæ's owners.*

*ESG-risk in credit prosess for our coproate costumers are a part of the total risk assessment and is conducted in a separate tool.*

*ESG-risk is also part of several governance documents such as Risk, Sustianaiblity, Creditt policy etc.*

*Several measurements, monitoring and reporting is a part of a larger risk report to the board of directors.*

[Sustainability report 2022](#)

-Chapter: Vedlegg B  
- TCFD

-Chapter 3.1

### 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>13</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.

*As agreed our next report will be assured as part of our annual sustainability report for 2023, in order to get integrated and efficient reporting and assurance.*

*Links and references*

### 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: ....

*See Sustainability report 2022*

[Sustainability report 2022](#)

*-Chapter: Vedlegg B - TCFD*

*-Chapter 1.1*

### 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>14</sup>, target setting<sup>15</sup> and governance structure for implementing the PRB)? Please describe briefly.

*Our next step is to further revise the impact analysis and the overall aim is to include and integrate sustainability and significant impact*

*Links and references*

<sup>14</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>15</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

<p><i>areas in the group's next strategy period 2024-2027. The bank will continue to seek change and innovation areas where the core business can transform or adapt current</i></p>	
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## 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 checked="" 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 type="checkbox"/> Conducting an impact analysis   | <input 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 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.<sup>16</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](#), 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 targets<sup>17</sup> (highlighted in **green**) or to client engagement<sup>18</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>19</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>16</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>17</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>18</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>19</sup> 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 <sup>20</sup> (pathway to impact)									Impact <sup>21</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	<b>Climate strategy:</b> Does your bank have a climate strategy in place?	Yes / In progress / No	A.2.1	<b>Client engagement process:</b> 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	<b>Financial volume of green assets/low-carbon technologies:</b> 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	<b>Reduction of GHG emissions:</b> how much have the GHG emissions financed been reduced?	% over time; baseline and tracking GHG emissions in kg of CO <sub>2</sub> e (or applicable metrics) <sup>22</sup>
	A.1.2	<b>Paris alignment target:</b> 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 <b>net zero by when?</b> - <b>Emissions baseline / base year:</b> What is the emissions baseline / base	A.2.2	<b>Absolute financed emissions:</b> What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or	Total GHG emissions or CO <sub>2</sub> e (please also disclose what is excluded for now and why)	A.3.2	<b>Financial volume lent to / invested in carbon intensive sectors and activities and transition finance:</b> How much does your bank lend to / invest in carbon-intensive	bln/mn USD or local currency, and/or % of portfolio	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)?	% of portfolio (please specify which portfolio; for corporate and business clients: % of sectors financed)

<sup>20</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>21</sup> Impact: the actual impact of the bank's portfolio

<sup>22</sup> 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? - <b>Climate scenario used:</b> What climate scenario(s) aligned with the Paris climate goals has your bank used?		investment portfolio?			sectors and activities <sup>23</sup> ? How much does your bank invest in transition finance <sup>24</sup> ?			
<b>A.1.3</b>	<b>Policy and process for client relationships:</b> 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	<b>A.2.3</b>	<b>Sector-specific emission intensity</b> (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 <sub>2</sub> e/kWh, CO <sub>2</sub> e / m <sup>2</sup> ; kg of CO <sub>2</sub> e/USD invested, or kg of CO <sub>2</sub> e/revenue or profit					
<b>A.1.4</b>	<b>Portfolio analysis:</b> 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	<b>A.2.4</b>	<b>Proportion of financed emissions covered by a decarbonization target:</b> 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>23</sup> A list of carbon-intensive sectors can be found in the [Guidelines for Climate Target Setting](#).

<sup>24</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.



	<b>A.1.5</b>	<b>Business opportunities and financial products:</b> 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>B. Financial health</b>	<b>B.1.1</b>	# 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>B.2.1</b>	# 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>B.3.1</b>	% 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>B.4.1</b>	% 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>B.1.2</b>	% 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>B.2.2</b>	% of customers actively using the online/mobile banking platform/tools	<b>B.3.2</b>	% 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>B.4.2</b>	% 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.
<b>C. Financial Inclusion</b>	<b>C.1.1</b>	# 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	<b>C.2.1</b>	# 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	<b>C.3.1</b>	% 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>C.4.1</b>	% 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 deanonymized 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)			