



PRINCIPLES FOR RESPONSIBLE BANKING

## SpareBank 1 BV: Principles for Responsible Banking Reporting and Self-Assessment Template

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

Reporting and Self-Assessment Requirements	High-level summary of bank’s response (limited assurance required for responses to <b>highlighted</b> items)	Reference(s)/ Link(s) to bank’s full response/ relevant information
<p><b>Principle 1: Alignment</b> We will align our business strategy to be consistent with and contribute to individuals’ needs and society’s goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>		
<p>1.1 <i>Describe</i> (high-level) your bank’s business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>SpareBank 1 BV is a regional financial institution. Our geographic market area is limited to Norway (parts of Viken county, with a center of gravity around Kongsberg and Drammen, in addition to what was previously Vestfold county).</p> <p>SpareBank 1 BV offers traditional banking services such as payment services, credit, savings products and insurance in addition to accounting services and real estate agency services. Our business areas target the Personal Banking and Business Banking segments, respectively.</p>	<p>See our Annual Report 2020: - Chapter 4 “Our bank and business”, page 10. - Chapter 6 “Business areas”, from page 22.</p>
<p>1.2 <i>Describe</i> how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society’s goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>In 2020, SpareBank 1 BV’s Board of Directors approved a strategy for integrating sustainability into our business, and our sustainability policy was approved in early 2021. Our strategy and main targets are based on a combined materiality and impact analysis.</p> <p>From 2020, SpareBank 1 BV reports on sustainability based on the GRI Standards and the PRB framework. From 2020 we also report on TCFD to better understand our</p>	<p>See our Annual Report, chapter 7 “Sustainability”, page 30.</p>

sustainability- and climate risks. We support the UN SDGs and UN GC. All our offices are certified under the banking and finance criteria of Norway’s Eco-Lighthouse environmental management system. In that way, we take part in the global cooperation to contribute to the SDGs and the Paris Agreement.

**Principle 2: Impact and Target Setting**  
 We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

<p><b>2.1 Impact Analysis:</b>  <i>Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</i></p> <p>a) <u>Scope:</u> The bank’s core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</p> <p>b) <u>Scale of Exposure:</u> In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</p> <p>c) <u>Context &amp; Relevance:</u> Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p>d) <u>Scale and intensity/salience of impact:</u> In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of</p>	<p>SpareBank 1 BV has performed an impact analysis for 2020. The analysis shows areas where the bank has the greatest opportunity for positive and negative impact. When doing the analysis, we used the UNEP FI Portfolio Impact Analysis Tool for Banks. SpareBank 1 BV operates only in Norway.</p> <p>a)        The analysis covered our lending portfolio and was performed in the bank's largest business areas; Personal Banking, including Private Banking (approx. 70%), and Business Banking, including Accounting (approx. 30%).</p> <p>b)        For Personal Banking (consumer banking) and Business Banking (corporate banking) the analysis covered our lending portfolio. In Business Banking, our largest exposure is to the real estate sector, both rental and projects. All of our lending is in Norway.</p> <p>c)        By using the UNEP FI Portfolio Impact Analysis Tool, where country need score is included, the most relevant challenges and priorities related to sustainable development for Norway were considered in the impact analysis. These were:        - Resources efficiency/security        - Climate        - Waste</p> <p>d)        The impact analysis, combined with a materiality analysis, helped us identify main areas where SpareBank 1 BV has impact – either positive or negative:</p>	<p>See our Annual Report 2020, chapter 7 “Sustainability”:</p> <p>- “Materiality analysis and stakeholder dialogue”, page 33.        - “Impact analysis”, page 34.        - Figures in «The framework for our sustainability work», page 29.        - For a full list of exact exposure per sector and country, see our Annual Report 2020, note 6 “Financial Risk Management”.</p>
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<p>the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> <li>• Identified and disclosed its areas of most significant (potential) positive and negative impact</li> <li>• Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts</li> </ul>	<ul style="list-style-type: none"> <li>• In Personal Banking, the bank has the greatest opportunity for positive impact on i) <i>employment</i>, ii) <i>housing conditions</i> and iii) <i>inclusive, healthy economies</i>, and potential negative impact on i) <i>waste</i>, ii) <i>climate</i> and iii) <i>resource efficiency/security</i>.</li> <li>• Within Business Banking, the bank has the greatest opportunity for positive impact on i) <i>employment and ii) inclusive, healthy economies</i> and potential negative impact on i) <i>waste</i>, ii) <i>climate</i> and iii) <i>employment</i>, respectively.</li> </ul> <p>SpareBank 1 BV has done a materiality analysis, where we gathered inputs from different stakeholders to identify main areas where we have an impact. Our stakeholders are increasingly interested in how SpareBank 1 BV fulfills its social mission and delivers on sustainability. The most important topics that emerged in the analysis were:</p> <ul style="list-style-type: none"> <li>• Fighting financial crime</li> <li>• Developing our employees</li> <li>• Ethics and anti-corruption</li> <li>• Support for local business development</li> </ul> <p>The impact analysis combined with the materiality analysis helped us identify six main areas where we focus on our impact – either positive or negative:</p> <ul style="list-style-type: none"> <li>• Responsible lending</li> <li>• Work against financial crime</li> <li>• Ethics and anti-corruption</li> <li>• Local social responsibility and business development</li> <li>• Sustainable fund management</li> <li>• Sustainable procurement</li> </ul> <p>The impact analysis combined with the materiality analysis helped us identify 5 SDGs the bank has opportunity to impact.</p> <p>We can contribute to a positive impact on:</p> <ul style="list-style-type: none"> <li>• 8 – Decent work and economic growth</li> <li>• 9 – Industry, innovation and infrastructure</li> <li>• 11 – Sustainable cities and communities</li> <li>• 13 – Climate action</li> <li>• 16 – Peace, justice and strong institutions</li> </ul> <p>We can contribute to reduce negative impact on:</p> <ul style="list-style-type: none"> <li>• 9 – Industry, innovation and infrastructure</li> <li>• 13 – Climate action</li> <li>• 16 – Peace, justice and strong institutions</li> </ul>	
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

**We have undertaken an impact analysis and identified the significant impacts that are associated with our consumer and business banking portfolios, and the work has informed the development of our sustainability strategy and sustainability policy. We will proceed to further incorporate the impact analysis findings in our identification of sustainability business opportunities.**

**2.2 Target Setting**

*Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.*

*Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.*

*Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.*

In 2020, SpareBank 1 BV worked strategically to intensify our work to integrate sustainability into our business strategy. The BOD approved a sustainability policy, with guidelines, objectives and targets in 2020. Our sustainability policy addresses the global sustainability challenges and work towards the objectives of the SDGs and the Paris Agreement.

Based on the impact analysis described in 2.1 and the materiality analysis, SpareBank 1 BV identified our main areas for our sustainability work. SpareBank 1 BV connected the topics with three main targets in our strategy for sustainability for 2021-2023:

1. We must prevent and detect financial crime
2. We will become the sustainability bank in our market area
3. We will become climate offensive and help our customers become so

Targets and objectives were approved by the corporate management and the Board in October 2020. 2019 will be the baseline year, since Covid-19 developments made 2020 unsuitable as a reference year. We have not seen any significant negative cross-effects between our main targets, nor the actions to implement them.

See targets for each specific area in our Annual Report 2020, chapter 7 "Sustainability":

- Responsible lending, page 35.
- Work against financial crime, page 37.
- Ethics and anti-corruption, page 39.
- Local social responsibility and business development, page 40.
- Sustainable fund management, page 42.
- Sustainable procurement, page 44.

Targets for each specific area are marked with a green box in our Annual Report:

**PRB:  
2.2-4,  
6.1**

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.

**We have set specific targets corresponding to our six main areas of significant impact, divided into three main targets in our Board-approved sustainability policy. The targets are linked to specific SDGs and/or the Paris Agreement, and potential negative cross-effects between the targets have been considered and avoided. We therefore consider that requirements regarding target setting have been fulfilled.**

<p><b>2.3 Plans for Target Implementation and Monitoring</b></p> <p><i>Show that your bank has defined actions and milestones to meet the set targets.</i></p> <p><i>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</i></p>	<p>In 2020, SpareBank 1 BV's BOD established a science-based target of reducing emissions from both its operations and its loan portfolio by 7% annually, to support SDG 13 and the Paris Agreement's goal of avoiding global temperature increase above two degrees.</p> <p>In our sustainability policy, we have established expectations and targets both for ourselves, our customers and for the bank as an owner, distributor and investor in order to support this overall objective. Each business area in the bank has implemented, or is going to implement, specific targets and objectives to meet the overall objective.</p> <p>Similarly, in order to meet the targets relating to fighting financial crime and becoming the sustainability bank of our market area, concrete actions will have to be implemented in the period 2021-23, with associated KPIs.</p>	<p>See our Annual Report 2020, chapter 7 "Sustainability", page 36.</p> <p>See our <a href="#">Sustainability Policy</a> for more specific actions and milestones to meet the targets.</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p><b>The implementation structure of the six main areas will ensure that the long-term plan is integrated into all business areas and group functions. The bank's head of sustainability will report on progress minimum annually to the Board, which has the overall responsibility of monitoring progress in meeting the targets.</b></p>		
<p><b>2.4 Progress on Implementing Targets</b></p> <p><u>For each target separately:</u></p> <p><i>Show that your bank has implemented the actions it had previously defined to meet the set target.</i></p> <p><i>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</i></p> <p><i>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</i></p>	<p>In 2020, SpareBank 1 BV has conducted a combined materiality and impact analysis, launched a long-term sustainability policy to integrate sustainability even further into our business strategy, and established targets for our main areas based on the materiality and impact analysis. Each main area must implement a set of actions to meet the long-term targets. The period within which the targets are to be met is 2021-2023. We have nevertheless had notable progress in implementing the actions to fulfil the targets:</p> <ul style="list-style-type: none"> <li>• Fighting financial crime: Established a common risk management structure for the bank's subsidiaries; updated all companies' risk analyzes and implement relevant measures; implemented machine learning; established an activity plan for information in the bank's own channels and media to prevent financial crime incidents in local communities</li> <li>• Becoming the sustainability bank of our market area: Launched web pages with sustainability library; gave all employees introductory courses in</li> </ul>	<p>See targets for each specific area in our Annual Report 2020:</p> <ul style="list-style-type: none"> <li>- Responsible lending, page 35.</li> <li>- Work against financial crime, page 37.</li> <li>- Ethics and anti-corruption, page 39.</li> <li>- Local social responsibility and business development, page 40.</li> <li>- Sustainable fund management, page 42.</li> <li>- Sustainable procurement, page 44.</li> </ul>

	<p>sustainability; power delivery switched to guarantees of origin; launched a loan product with better terms for new/existing homes that satisfy the EU taxonomy’s sustainability criteria</p> <ul style="list-style-type: none"> <li>• Becoming climate offensive and helping our customers become so too: Mapped the current greenhouse gas emissions from the retail and business loan portfolios; mapped the largest emitters as well as customers with the greatest potential for simple emission reductions among business loan customers, and initiated dialogue about cooperation on emission reductions; implemented TCFD’s recommendations in annual reporting</li> </ul>	
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Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets

**We have had good progress in implementing the targets since they were established in late 2020.**

**Principle 3: Clients and Customers**  
 We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

<p>3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>SpareBank 1 BV is dependent on trust from customers, public authorities and society in general. Our sustainability policy defines principles that guide how we treat/advise/help our customers, together with our Ethical Guidelines. How we meet our customers is also defines in standard operating procedures, processes, guidelines and tools designed to ensure our compliance with all legal obligations in relation to our customers.</p> <p>SpareBank 1 BV has the greatest opportunity to make a positive impact, as well as the risk of having a negative impact, in lending. This is especially in Business Banking. We will increase our positive impact, and reduce our negative impact, in collaboration with our customers. We therefore expect our customers to take an active attitude to their own practice in this field, operate in accordance with laws and regulations in their field, and work to live up to international conventions and agreements in the field of environment, social conditions and corporate governance.</p> <p>Most of our corporate customers are small and medium-sized companies. Through long-term customer relationships, characterized by responsible advice, financing and lending, we are well positioned to help them grow and create new sustainable products and markets.</p>	<p>See our Annual Report 2020, chapter 7 “Sustainability”, page 35.</p> <p>See guidelines on our website:</p> <p><a href="#">Sustainability Policy</a></p> <p><a href="#">Etichal Guidelines</a></p> <p><a href="#">Guidelines for sustainability in procurement</a></p> <p><a href="#">Guidelines for sustainability for distribution of funds</a></p>
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	<p>We have integrated ESG into our decision-making processes, risk assessment, active ownership practices and investor analysis. All mutual funds we distribute to our customers are scored according to our ESG criteria, using an independent third party. We only recommend funds scoring minimum C on a scale from A (best) to F.</p>	
<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>Through dialogue and knowledge sharing, SpareBank 1 BV will help our customers detect, assess and manage sustainability and climate risk. In order to achieve this, our employees are given the opportunity to raise their sustainability-related competence on specific topics related to the work they otherwise do, linked to the launching of new products or features, or regulatory developments. Then we can help customers reduce their greenhouse gas emissions, avoid financial crime, and manage climate and sustainability risks.</p>	<p>See our Annual Report 2020, chapter 7 “Sustainability”, page 35.</p> <p>See our sustainability policy on our website: <a href="#">Sustainability Policy</a></p>

**Principle 4: Stakeholders**

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

<p>4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>Dialogue and cooperation make us better and help contribute to sustainable development in local communities. When conducting the combined materiality and impact analysis, we worked closely with external and internal stakeholders throughout 2020. We sought input from stakeholders such as customers, NGOs, investors and public authorities. The purpose was to obtain their input ensuring we had taken all relevant impacts into consideration.</p> <p>Covid-19 has been an important topic for several of our stakeholders in 2020. Retail customers were concerned with the grace period and interest rate changes and issues related to travel insurance. Business customers wanted advice and information on government loan guarantees, and on state compensation schemes.</p>	<p>See our Annual Report, chapter 7 “Sustainability”, page 33, and the attachment “Stakeholder dialogue”, page 147.</p>
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**Principle 5: Governance & Culture**

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

<p>5.1 <i>Describe</i> the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>The BOD approved an ambitious sustainability strategy in late 2020, with clear goals and measures. Through the strategy process, key people in the operation, managers, group management and the board gained significantly more insight into sustainability and climate risk, as well as the business opportunities that may exist. A management structure has been established where risk reporting on sustainability and climate risk occurs as part of regular risk reporting to corporate management and the board, and where the board revises the sustainability strategy annually.</p>	<p>See our Annual Report 2020, chapter 7 “Sustainability” page 29.</p>
<p>5.2 <i>Describe</i> the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>It is important for the bank to involve all our employees in our sustainability work, and almost all employees in the group have now received an introduction to sustainability. Our employees receive training, through digital learning and workshops, to learn more about our six main areas in our sustainability work.</p>	<p>See our Annual Report 2020: For information about training in each main area, see “Training” under the six main areas in chapter 7 “Sustainability”.</p>
<p><b>5.3 Governance Structure for Implementation of the Principles</b></p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <p>a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</p>	<p>SpareBank 1 BVs sustainability policy describes the implementation of the long-term plan for integrating sustainability into our business strategy, hence relating to the PRB and relevant frameworks mentioned in 1.2.</p> <p>Organization:</p> <ul style="list-style-type: none"> <li>• The board decides SpareBank 1 BV’s sustainability strategy and sustainability policy.</li> <li>• Strategy and policy are anchored and revised in line with the overall strategy, business strategy and risk strategy.</li> <li>• The strategy and policy are incorporated in relevant strategic management documents.</li> <li>• The individual companies that are part of SpareBank 1 BV must operationalize the strategy in their own operations, with associated decisions in governing bodies.</li> </ul> <p>Responsibility:</p> <ul style="list-style-type: none"> <li>• The board is responsible for the total sustainability risk in the group.</li> <li>• The CEO is responsible for setting, approving and supervising the implementation of the overall sustainability strategy.</li> <li>• The unit for sustainability is the contact point and driving force in the bank’s work to reduce its negative impact and</li> </ul>	<p>See our Annual Report 2020, chapter 7 “Sustainability” page 29-31.</p> <p>See our Sustainability Policy: <a href="#">Sustainability Policy</a></p>





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	<p>increase its positive in the area of sustainability.</p> <p>Managers for the business areas and staff units in the bank inform the head of sustainability of significant incidents. The head of sustainability reports further to the CEO, the board and the director of business support.</p>	
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Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

**The long-term plan for integrating sustainability into our business strategy is anchored in a board-approved strategy and sustainability policy. The policy defines clear responsibilities for implementation. Hence, therefore consider that we have established the governance structure required in order to implement the Principles.**

**Principle 6: Transparency & Accountability**

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

<p><b>6.1 Progress on Implementing the Principles for Responsible Banking</b></p> <p><i>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</i></p> <p><i>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</i></p> <p><i>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</i></p>	<p>SpareBank 1 BV has completed the first impact assessment in 2020. Guidelines, objectives and targets have been established, both short- and long-term.</p> <p>SpareBank 1 BV's BOD has approved a sustainability policy with a long-term plan for integrating sustainability into our business strategy. We have set three main targets, with specific targets in six main areas, where we work on our impact – either positive or negative. See 2.1-2.4, and our Annual Report, chapter 7 "Sustainability" where we have highlighted our work with the Principles.</p> <p>In addition to signing and implementing the Principles, we have joined several international/regional initiatives and frameworks to ensure we consider, contribute and encourage to sustainable development (see section 1.2 above).</p> <p>The Board reviews progress in implementing the principles as part of its annual review of the bank's sustainability policy and strategy. The 2021 review concluded that progress is satisfactory, and that the bank's position in this area has improved substantially in 2020.</p>	<p>Please see this reporting- and self-assessment template, and the references herein.</p> <p>See our Annual Report, chapter 7 "Sustainability", page 32 for our commitments to initiatives and frameworks.</p>
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking



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SpareBank 1 BV has made good progress over the first 18 months of implementing the principles. With our sustainability policy and its long-term plan for further integrating sustainability into our business strategy, and our three main goals with their related objectives and guidelines for our six main areas, we have a solid foundation going forward in our ambition to become a sustainable bank.