



PRINCIPLES FOR
RESPONSIBLE
BANKING

Reporting and Self-Assessment Template

In the table below you will find BN Bank ASA's first self-assessment report as a Signatory of the Principles for Responsible Banking (PRB).

BN Bank ASA joined the UNEP FI sphere and became a signatory in December 2019. As a signatory BN Bank ASA aim to fully implement the required steps regarding impact analysis, target setting & implementation, and accountability outlined in the table below within four years after joining.

The bank's effort to meet the principles are to a large extent outlined in the bank's sustainability report which is an integrated part of the bank's annual report. This Self-Assessment report provides an overview and gives a status of the bank's work with the principles after 18 months as a signatory. From here on the bank will report on its progress annually.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p>Principle 1: Alignment</p> <p>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks.</p>		
<p>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>BN Bank is a Norwegian bank providing mortgage lending to Norwegian homeowners, and financing real estate development and corporate real estate in and around Oslo. In addition the bank offers deposit, and basic payment services to households, and small and medium sized businesses.</p>	<p>See information on our webpage; https://www.bnbank.no/en/about-us/general-information/</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>Sustainability is an important factor in the bank's strategy and is gradually integrated in all of the bank's operations.</p> <p>In 2019 the bank adopted its first sustainability strategy aiming to adapt to the goals of the Paris agreement.</p> <p>Read more in our Sustainability report that is a part of the Annual report 2020. Focus areas: -Business management -Credit and client initiation -Prudent investments -Sustainability requirements for suppliers and partners</p>	<p>See page 3-6 in our sustainability report; https://www.bnbank.no/globalassets/02_om-oss/gronn-bank/barekrafttrapp-ort/bn-bank-sustainability_2020.pdf</p> <p>General information can be found here; https://www.bnbank.no/en/about-us/gronn-bank/</p>

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>2.1 Impact Analysis: <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> <ul style="list-style-type: none"> 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. 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. c) <u>Context & 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. 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 the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. <i>(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</i> <p><i>Show that building on this analysis, the bank has</i></p>	<p>BN Bank ASA has used a tool developed by UNEP FI to undertake the impact analysis. Using this tool, the bank was able to assess all parts of its retail and corporate market business in the Norwegian Market. However, the bank's deposit business towards the German retail market is not considered in this first version of the analysis.</p> <p>As anticipated the analysis confirms that BN Bank has both positive and negative impact on the economy, the society and the environment.</p> <p>The bank's positive footprint is connected to its contribution towards giving the public access to the housing market and effective payment solutions. The bank has also a positive effect by contributing to economic growth and job growth in the corporate market.</p> <p>The negative impact is to a large extent tied to environmental effects due to energy consumption in properties financed by the bank.</p> <p>A) BN Bank's loan portfolio consists exclusively of mortgages loans in the retail market and commercial real estate and construction projects in the corporate market in Norway. Currently the portfolio consists of 62 % retail and 38 % corporate. The total loan book, included loans transferred to Covered Bond companies, amounted to NOK 48,2 bn at end of 1st quarter 2021.</p> <p>B) As mentioned above under A) an assessment of the banks business model with a particularly focus on its lending portfolio within the retail and corporate market confirmed the bank's assumptions of ESG-impact;</p>	<p>See our sustainability strategy; https://www.bnbank.no/globalassets/02_om-oss/gronn-bank/barekraftsbibliotek/sustainability-strategy-2020-2022.pdf</p> <p>See our sustainability policy; https://www.bnbank.no/globalassets/02_om-oss/gronn-bank/barekraftsbibliotek/sustainability-policy_2020.pdf</p> <p>See page 7-10 in our sustainability report; https://www.bnbank.no/globalassets/02_om-oss/gronn-bank/barekraftsrapport/bn-bank-sustainability_2020.pdf</p>
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<ul style="list-style-type: none"> • Identified and disclosed its areas of most significant (potential) positive and negative impact • Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts 	<p>Firstly, the bank's own operations have no significant direct emissions of CO2 or other greenhouse gases.</p> <p>Further the analysis shows that the total impacts from the banks retail portfolio, consisting solely of Norwegian mortgages, has adversely environmental affects via energy consumption and waste management. On the other hand, our activity has a positive effect when it comes to stimulating jobs and economic growth by facilitating housing loans to the public and effective payment solutions.</p> <p>The impacts from the corporate portfolio are negative when it comes to environmental effects due to construction, energy consumption, waste management and to some extent also bio-diversity. Further the analysis shows a negative impact on employment from the small part of the corporate portfolio which consist of construction and property development. This due to an enhanced risk of using contractors not complying with international acclaimed standards of labour rights.</p> <p>C) In accordance with the stakeholder survey described in our sustainability report, through our adherence to UNEP FI and via qualitative assessments of the above-mentioned analysis we have identified two sustainability goals that we wish to have a special thematic focus on, and which are particularly relevant to our business.</p> <p>D) BN Bank has particularly focused its efforts and target setting on our corporate portfolio. This due to the assessment of the impact analysis, and the areas the analysis shows where the bank have a potential to make a significant impact. As a result of this the corporate portfolio business has received the strongest attention when it comes to amending credit policies, adjusting routines and how closely the bank work with its customers. As described under C) above the bank has pointed out two SDGs as</p>	
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	<p>especially important, i.e Sustainability goal 13. TAKE URGENT ACTIONS TO COMBAT CLIMATE CHANGE and Sustainability goal 8. DECENT JOBS AND ECONOMIC GROWTH also stems from this priority of focus. Hence, the ongoing work with this portfolio will form a background for the main parts of the bank's future target setting.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p>		
<p>BN Bank has fulfilled requirements regarding the use of impact analysis. The analysis has confirmed the bank's expectations towards its impact, both positive and negative, on the environment, the society, and the economy. The impact analysis has been an important contribution choosing the SDGs has targeted as its focus areas.</p>		
<p>2.2 Target Setting</p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>We have set targets for our co2 emissions, split into scope 1, 2 and 3, and we have set a target path, with targets for 2025, 2030, 2040 and 2050 (published in our annual reports)</p> <p>We have a sustainability policy and internal targets related to employment/working conditions. Ex. Share of female/males in the bank's management (40 %).</p> <p>We acknowledge that one of our most significant impacts is employment related matters in the construction industry – hence we are implementing a strict customer policy that addresses employment rights. We are currently implementing new routines for control and reporting Occupational safety and health (OSH) practice among our customers.</p>	<p>See our sustainability policy; https://www.bnbank.no/globalassets/02_om-oss/gronn-bank/barekraftsbibliotek/sustainability-policy_2020.pdf</p> <p>See page 7-10 in our sustainability report; https://www.bnbank.no/globalassets/02_om-oss/gronn-bank/barekraftsrapport/bn-bank-sustainability_2020.pdf</p>

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

We have published targets for co2 emissions. We have yet to set targets for other impact areas.

2.3 Plans for Target Implementation and Monitoring

Show that your bank has defined actions and milestones to meet the set targets.

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.

To reach our CO2 emission targets we are both working with changing our own practice (business travel, stricter sustainability requirements for our suppliers), we are also working closely with our business market and retail market customers to incentivize them to reduce their energy consumption, climate risk and co2-emissions.

We have developed a method (based on the GHG-protocol) to calculate our emissions. We want to be open and hence we publish our calculations on our github-page.

Webinars, change in internal routines, and sustainability controls on our suppliers;
<https://www.bnbank.no/en/about-us/gronn-bank/requirements-suppliers/>

<https://github.com/bnbankASA/carbofootprint>

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.

We have milestones for co2-emissions. However, we have only partly set actions to meet those targets. We have not any plans for targets implementations and monitoring when it comes to "decent work life". We are implementing routines, but the lack of data complicates the work with setting targets.

2.4 Progress on Implementing Targets

For each target separately:

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

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.

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).

Our targets were set in March 2021, and hence we have not had the chance to work on implementation actions to meet our targets.

See page 7-10 in our sustainability report;
https://www.bnbank.no/globalassets/02_om-oss/gronn-bank/barekrafttrapp-ort/bn-bank-sustainability_2020.pdf

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets		
We have set targets and the targets are implemented in our sustainability strategy, but the bank has not started on implementing actions to achieve those targets.		
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 <i>Provide an overview</i> 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.	To the point of responsible lending BN Bank has stopped its own unsecured lending business and promoted restrictions on such loans as more than 30% of all unsecured loans in Norway are in default, and such predatory lending practices are not sustainable. We also actively promote regulations to better protect consumers by taking an active public stand in the media.	BN Bank and its directors have on several occasions received awards and honourable mention from consumer protection organisations.
3.2 <i>Describe</i> 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.	An app providing measurement of use of electricity, and green energy is developed, and a program with the Norwegian Tax authorities to provide information on dangers of tax evasion and black labour is under development.	The app was released in 2020, and results are still minuscule.
Principle 4: Stakeholders		
We will proactively and responsibly consult, engage, and partner with relevant stakeholders to achieve society's goals.		
4.1 <i>Describe</i> 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.	An active dialog with the bank's most important stakeholders will be an important tool for the bank to achieve the goals set put in the Paris agreement. The bank has out from analysing its interactions with important stakeholders identified the SDGs where it believes it will have the greatest impact. Hence, keeping an open dialogue with our customers and other stakeholders will be essential in the bank's strive to meet its requirements after the Paris agreement.	See stakeholder analysis and stakeholder map in Sustainability report page 4-5; https://www.bnbank.no/globalassets/02_om-oss/gronn-bank/barekrafttrapp-ort/bn-bank-sustainability_2020.pdf

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>In BN Bank ASA sustainability is currently the responsibility of a Sustainability team. The link to the established governance structure is secured with two out of four members of the Sustainability team are part of the Executive Managing Group and as such reporting directly to the CEO.</p> <p>Implementation of the PRB will until further notice be the responsibility of the Sustainability team, in close connections with the bank's main business units. All amendments to sustainability strategy and policy will be decided by BoD.</p>	<p>See "BN Bank executive Management"; https://www.bnbank.no/en/about-us/Organization/bnbank-management/</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>In BN Bank ASA the Sustainability team started its work by holding a Sustainability and climate change conference for all its employees. The aim was to build awareness to climate change, improve competence and initiate a change in our company culture.</p> <p>Successively the bank kept it attention on sustainability by including relevant topics at meetings and conferences at various levels. The bank has also used it intranet to communicate around the topic sustainability to strengthen the sustainability culture in all parts of its business.</p> <p>Members of the Sustainability team have both completed sustainability courses directed by UNEP FI and participated in UNEP FIs working groups.</p>	
<p>5.3 Governance Structure for Implementation of the Principles <i>Show</i> that your bank has a governance structure in place for the implementation of the PRB, including: 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>Target settings are prepared by the Sustainability team and approved by both the Management group and the BoD.</p> <p>The Compliance department and relevant subcommittees in BoD will control the achievement of the bank's targets.</p>	<p>See our sustainability strategy; https://www.bnbank.no/globalassets/02_om-oss/gronn-bank/barekraftsbibl/iotek/sustainability-strategy-2020-2022.pdf</p>

Please provide your bank’s conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

BN Bank ASA has by May 2021 not yet fulfilled the requirements regarding governance structure for implementations of 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>1.1 Progress on Implementing the Principles for Responsible Banking</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>The clearest documentation is the change in attention from the top management, improved documentation and implemented measures between the annual report on 2019 and 2020.</p> <p>As documented in our last annual report we have based our policies on international best practices.</p> <p>Our policies are implemented in our organization. Both towards our suppliers, in stable and transparent metrics and towards credit customers</p>	<p>See our sustainability policy; https://www.bnbank.no/globalassets/02_om-oss/gronn-bank/barekraftsbibliotek/sustainability-policy_2020.pdf</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

BN Bank ASA has made considerable progress over the first 18 months working with the implementation of the PRB. We will continue to implement sustainability as an important factor in all the bank’s operations and will work further to implement sub-goals which will contribute to the bank’s fulfilment of the PRB within four years.



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Annex: Definitions

- a. **Impact:** An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.
- b. **Significant Impact:** Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of *significant* impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of “materiality”.