

Principles for Responsible Banking

Reporting and Self-Assessment Template

The following table sets out the reporting and self-assessment requirements for Signatories of the Principles for Responsible Banking. Signatory banks need to report on their implementation of the Principles the first time within latest 18 months after signing and annually thereafter (in line with their annual reporting cycle).

How to use this template:

This template does NOT require your bank to produce an additional report. Rather, this template is designed for your bank to provide references/links to where in your existing reporting/public domains the required information can be found. The aim is to keep additional reporting burden to a minimum while ensuring transparency and accountability as set out in Principle 6.

Within this reporting template, there are six areas for self-assessment that are key to showing that your bank is fulfilling its commitments as a signatory of the Principles for Responsible Banking. They are highlighted.


1. Impact Analysis
2. Target Setting
3. Plans for Target Implementation and Monitoring
4. Progress on Implementing Targets
5. Governance Structure for Implementation of the Principles
6. Progress on Implementing the Principles for Responsible Banking

Only for these six highlighted items, it is required that:

- a) An assurer provides limited assurance of your self-assessment. You can do this by including it in your existing assured reporting. Where third-party assurance is not feasible, an independent review may be conducted.
- b) You provide your bank's conclusion/statement if it has fulfilled the respective requirements.

Accommodating different starting points:

Banks have different starting points and operate in different contexts. Your bank may not be able to provide all information required in this template the first time you report. That is fine. Your bank has up to four years from signing to bring its reporting fully in line with the requirements. Feedback, support and peer learning are available to all signatory banks to help them progress with both implementation and reporting.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
 <p>Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>		
<p>1.1 <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 2021. Focus areas: -Business management -Credit and client initiation -Prudent investments -Sustainability requirements for suppliers and partners</p>	<p>See our sustainability report pages 3-7: https://www.bnbank.no/globalassets/02_om-oss/gronn-bank/barekraftsbibliotek/bnbank_barekraftsrapport_2021.pdf</p> <p>General information can be found here; https://www.bnbank.no/en/about-us/gronn-bank/</p> <p>Annual report 2021: https://www.bnbank.no/globalassets/02_om-oss/finansiell-informasjon/rapporter/2021/bnb-arsrapport-2021.pdf</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</i> 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:</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 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. (your bank should have engaged with relevant stakeholders to help 	<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 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 mortgage loans in the retail market and commercial real estate and construction projects in the corporate market in Norway. Currently the portfolio consists of 63 % retail and 37 % corporate. The total loan book, included loans transferred to Covered Bond companies, amounted to NOK 53,4 bn at end of 1st quarter 2022.</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</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 9-12 in our sustainability report; https://www.bnbank.no/globalassets/02_om-oss/gronn-bank/barekraftsbibliotek/bnbank_barekraftsrapport_2021.pdf</p>
---	---	--

<p>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"> • 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>market confirmed the bank's assumptions of ESG-impact;</p> <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.</p> <p>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 loan 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</p>	
---	---	--

	<p>a result of this we have amended credit policies, adjusted routines and made changes on how closely the bank work with its customers. As described under C) above the bank has pointed out two SDGs as 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 the loan portfolio will form a background for the main parts of the bank's future target setting.</p>	
--	--	--

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

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>2.2 Target Setting</p> <p><i>Show</i> 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><i>Show</i> 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><i>Show</i> 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 significant impacts is employment related matters in the construction industry – hence we have implemented a strict customer policy that addresses employment rights. We have implemented 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 9-13 in our sustainability report; https://www.bnbank.no/globalassets/02_om-oss/gronn-bank/barekraftsbibliotek/bnbank_barekraftsrapport_2021.pdf</p>
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p>We have published targets for co2 emissions.</p>		
<p>2.3 Plans for Target Implementation and Monitoring</p> <p><i>Show</i> that your bank has defined actions and milestones to meet the set targets.</p> <p><i>Show</i> that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key</p>	<p>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.</p>	<p>Webinars, change in internal routines, and sustainability controls on our suppliers; https://www.bnbank.no/en/about-us/gronn-bank/requirements-suppliers/</p>

<p>performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>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.</p>	<p>https://github.com/bnbankASA/carbonfootprint</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>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.</p>		
<p>2.4 Progress on Implementing Targets</p> <p><u>For each target separately:</u></p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>Scope 1) We have replaced our fossil fuelled car with an electric car.</p> <p>Scope 2) We have moved parts of our data storage requirements over to cloud computing services. We have no direct influence on the emissions from the buildings that we rent. Apart from to apartments BN Bank do not own properties.</p> <p>Scope 3, upstream) During the Covid-period we have reduced emissions compared to pre-covid significantly. However, our targets will be based on pre-covid levels, but it is too soon to report on those figures.</p> <p>Scope 3, downstream) We have changed our guidelines and policies in order to make sure that ESG is an integrated part of the credit assessments and customer dialog (see part 3.1)</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p>		
<p>We have set targets and the targets are implemented in our sustainability strategy, and even though there is a lot of work to do (especially with regard to the loan portfolio), we have progressed on implementing our targets.</p>		



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 <i>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.</i></p>	<p>Policies and practices includes written documents and education activities related to;</p> <ol style="list-style-type: none"> 1) Dialog with and assessment of customers (Credit Policies). The Credit Policies are used on a daily basis and describes the framework and principles for the banks credit activities, including ESG. All new employees working with credit assessment and customer relations are given thorough education in these. 2) Standards of ethics (Ethical guidelines). All employees are obligated to refresh their knowledge of Standards of ethics on a yearly basis. 3) AML (AML policy). All employees are educated in requirements and routines related to ALM and Counter-terrorism financing <p>Further 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 int the media. BN Bank and its directors have on several occasions received awards and honourable mention from consumer protection organisations.</p>	
---	---	--

<p>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.</p>	<p>Our credit policies are designed to influence on our borrowers’ efforts with regard to environmental, social and governance issues. In our dialog with borrowers we communicate specific requirements and expectations related to ESG and compliance with these are assessed in the credit process. The bank has established a “Green Bond Framework” and intends to issue Green Bonds during 2022. The framework includes financing of refurbishment of both commercial buildings and dwellings, and the bank is aiming at developing products that encourages borrowers to improve energy efficiency. Also, the bank is planning to introduce a green deposit product during 2022.</p> <p>The bank is also collaborating with Norwegian tax authorities in the campaign “Tettpå” that aims to fight crime in the building industry.</p> <p>An app providing measurement of use of electricity, and green energy is developed and running, however results are still minuscule.</p>	
---	---	--



Principle 4: Stakeholders

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

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.

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 “BN Bank executive Management”; <https://www.bnbank.no/en/about-us/Organization/bn-bank-management/>



Principle 5: Governance & Culture

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

5.1 *Describe* the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

In BN Bank, sustainability has been the responsibility of a Sustainability team. The link to the established governance structure has been 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. The bank is in the process of implementing sustainability as an integrated part of the responsibility of the different parts of the organisation according to the established organisation. This is to ensure that sustainability issues should be part of the regular decision making process.

All amendments to sustainability strategy and policy will be decided by BoD.

5.2 *Describe* the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and

BN Bank has held ESG/climate change conferences for all its employees. The aim has been to build awareness to climate change, improve competence and initiate a change in our company culture.

Successively the bank kept it attention on sustainability by including relevant topics at meetings and conferences at various levels.

<p>leadership communication, amongst others.</p>	<p>The bank has also used its intranet to communicate around the topic sustainability to strengthen the sustainability culture in all parts of its business.</p> <p>As mentioned, the bank's employees are obligated to refresh their knowledge of ethical guidelines on a yearly basis and all employees are obligated to attend specific internal conferences regarding AML-related topics.</p> <p>Education of credit officers and other personnel as part of implementation of ESG in policies and routines.</p>	
<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> 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>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/barekraftsbibliotek/sustainability-strategy-2020-2022.pdf</p>
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		
<p>BN Bank ASA has progressed on governance structure for implementations of the Principles, however there is still work to do especially with regard to culture development and control and reporting.</p>		



Principle 6: Transparency & Accountability

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

<p>6.1 Progress on Implementing the Principles</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>Progress during the last 12 months includes;</p> <ul style="list-style-type: none"> • Independent review of our annual ESG-report (by KPMG) • Amending Credit Policies to reflect ESG goals and targets • Education and training of staff, including credit officers • Further development of methodology for impact analyses and stake holder analyses • Short term targets for green loans in the loan portfolio • Established Green Bond Framework (SPO by Sustainalytics) • We are currently developing an ESG classification methodology for the corporate market customers (in collaboration with other banks) • Further development of routines and practices in line with requirements for AML • Collaboration with Norwegian tax authorities in the campaign “Tettpå” that aims to fight crime in the building industry 	<p>Independent review statement can be found in our annual report on page 39: https://www.bnbank.no/globalassets/02_om-oss/finansiell-informasjon/rappporter/2021/bnb-arsrapport-2021.pdf</p>
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking</p>		
<p>BN Bank ASA has made considerable progress over the last 12 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.</p>		

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”.