



# Reporting and Self-Assessment Template

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Principles for Responsible Banking



Reviewed version (V2) from September 2022



## Reporting and Self-Assessment Template

The following template sets out the reporting and self-assessment requirements for Signatories of the Principles for Responsible Banking (PRB). Your bank discloses which actions it has undertaken to implement the PRB by self-assessing its progress on each of the 6 Principles. This template is therefore structured in accordance with the 6 Principles that signatories have committed to.

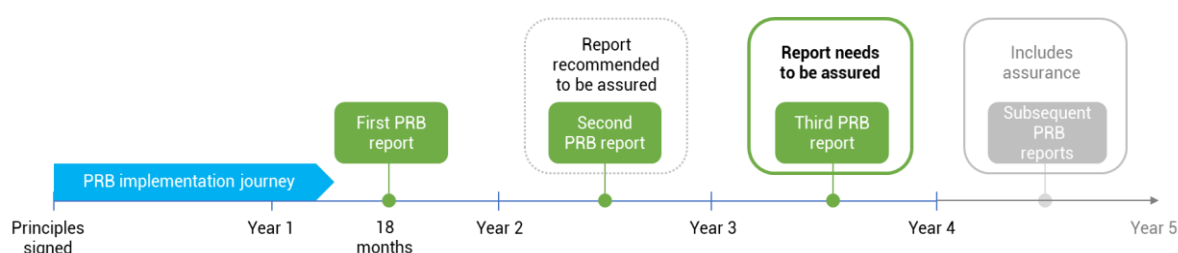
Three [Key Steps](#) are critical to showing that your bank is fulfilling its commitments as a signatory of the PRB, i.e. Impact Analysis, Target Setting & Implementation and Assured Reporting/Accountability. The sections in the Reporting and Self-Assessment Template that relate to the 3 Key Steps also require a self-assessment summary to demonstrate the extent to which the bank has fulfilled the respective requirements of the Key Steps.

### Accommodating different starting points

Your bank has an initial four-year period from signing to implement the 6 Principles including to bring its reporting fully in line with the requirements. Your bank may not be able to provide all information required in this template in the first report. You should build on your implementation progress annually. Feedback, support, capacity building, training and peer learning are available to all signatory banks to help them progress with both implementation and reporting.

### Timeline for reporting and assurance

Signatory banks need to report on their implementation of the Principles on an annual basis. The first PRB report has to be published within 18 months of signing the Principles, to give the bank some flexibility to align the PRB reporting with its reporting cycle. Publishing the first PRB report at any point earlier than 18 months after signing the Principles is therefore an option. After the first PRB reporting has been published, subsequent reports have to be published annually thereafter, i.e. within 12 months at the latest after the prior report<sup>1</sup>.



### Assurance

The last report within the initial 4 year implementation period (and subsequent reports thereafter) needs to be assured, which means that at least the third PRB report needs to be assured. Banks are encouraged to put the assurance process in place well before that and have earlier PRB reports already assured.

<sup>1</sup> Early reporting is permitted, although sufficient time to show progress from one year to the other should be taken into account.

All items that relate to the three [Key Steps](#) (highlighted in yellow) require limited assurance by year four of signing the PRB, undertaken by an independent third party with relevant expertise in the field. These are:

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

An assurer provides limited assurance of your self-assessment in these listed areas. 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. Assurance requirements are described in more detail in the [Guidance for Assurance providers: Providing limited assurance for reporting](#).

## Purpose of the template

The purpose of this template is to assist signatories in disclosing their progress on implementing the PRB. The disclosed information is used by the UNEP FI Secretariat as the basis for the individual review of each bank's progress, as well as for reporting the collective progress made by the PRB Signatory Group. To measure collective progress in a consistent manner, some standardized questions to be completed by the banks are integrated into the template. The open questions give banks the flexibility to disclose the progress they make, considering the diverse business models and various contextual differences in which banks operate.

# How to use this template

This template gives banks the chance to provide summaries of the annual progress made in implementing each Principle. It is designed for your bank to provide references/links to where in your existing reporting/public domains (websites) the required information can be found to support your answers. The aim is to keep any additional reporting burden to a minimum while ensuring transparency and accountability as set out in Principle 6. When referring to other documents, please specify the pages where the exact information appears.

The Reporting and Self-Assessment Template shall not be amended structurally and content-wise. The content and text of the template can be applied to corporate layout and designed accordingly, without omitting parts of the texts. The Reporting and Self-Assessment Template can be integrated into your bank's reports (annual report, sustainability report or relevant reporting formats) or can be published as a stand-alone document. It needs to be publicly available and will be listed on the UNEP FI Signatories page.

The reporting needs to be published in English. Information that is referenced to within the Reporting and Self-Assessment Template should also be available in English. Where that is not possible, it is recommended to include the summary of relevant information as text in the Template, so that all necessary information can be taken into account when the UNEP FI Secretariat reviews the bank's performance.

# 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.

*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. By year end 2022 our mortgage loan portfolio amounted for 36 billion NOK and our corporate portfolio amounted 21 billion NOK.*

<https://www.bnbank.no/en/about-us/general-information/>

[https://www.bnbank.no/globalassets/02\\_om-oss/finansiell-informasjon/rapporter/2022/arsrapport-2022.pdf](https://www.bnbank.no/globalassets/02_om-oss/finansiell-informasjon/rapporter/2022/arsrapport-2022.pdf)

## 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: -----

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

*Sustainability is an important factor in the bank’s strategy and is gradually integrated in all of the bank’s operations. In 2019 the bank adopted its first sustainability strategy aiming, among other topics, to adapt to the goals of the Paris agreement. Read more in our Sustainability report that is a part of the Annual report 2022. Focus areas: -Business management -Credit and client initiation - Prudent investments -Sustainability requirements for suppliers and partners*

[https://www.bnbank.no/globalassets/02\\_om-oss/gronn-bank/barekrafttrapp-ort/bn-bank-barekraftsrapport-2022.pdf](https://www.bnbank.no/globalassets/02_om-oss/gronn-bank/barekrafttrapp-ort/bn-bank-barekraftsrapport-2022.pdf)

See also our Sustainability Strategy document.

<https://indd.adobe.com/view/ab7cf321-ca84-4c34-ba35-55460899f8b3>

## 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>2</sup> and fulfil the following requirements/elements (a-d)<sup>3</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.

*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 63,6% retail and 36,4% corporate. The total loan book, included loans transferred to Covered Bond companies, amounted to NOK 57,1 bn at end of 2022.*

*Links and references*

<sup>2</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>3</sup> Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

<p><i>Methodology used to measure the banks impact is the framework made by UNEP FI, called Portfolio Impact Analysis Tool for Banks. The areas considered in the impact analysis is the corporate-banking part of the portfolio, which makes up 36% of the total loan book.</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> <ul style="list-style-type: none"> <li>i) by sectors &amp; industries<sup>4</sup> for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or</li> <li>ii) by products &amp; services and by types of customers for consumer and retail banking portfolios.</li> </ul> <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>The bank operates almost exclusively in Norway, with only a few foreign customers in the retail market. The few foreign customers are basically deposit-customers and makes up a negligible part of the portfolio. The portfolio-composition is thus 100% placed in Norway, and the shares are the same as described in 2.1.</i></p>	<p><i>Links and references</i></p>

<sup>4</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>5</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.*

*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.*

*Links and references*

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>6</sup>? Please disclose.

*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. 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.*

*Links and references*

**d) For these (min. two prioritized impact areas): Performance measurement.** Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the [Annex](#).

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

<sup>5</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

<sup>6</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>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.</p>	
<p><i>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 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 target setting</i></p>	<p><i>Links and references</i></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>7</sup>

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

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

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

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.:  
(optional)

<sup>7</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>8</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>9</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.*

*Combat co2 emissions:*

*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). The target for 2050 is aligned with the Paris agreement and SDG No 13 Climate action.*

*Combat financial crime and work crime:*

*The bank aims to prevent the bank's products and services from being used in criminal activities. The bank has a goal that our customers and business partners should never be involved in the evasion of taxes and fees or gross violations of the rules for working life. Aligned with SDG No 8 Decent work and economic growth*

*Sustainability report pages 6-7:*

[https://www.bnbank.no/globalassets/02\\_om-oss/gronn-bank/barekraft rapport/bn-bank-barekraftsrapport-2022.pdf](https://www.bnbank.no/globalassets/02_om-oss/gronn-bank/barekraft rapport/bn-bank-barekraftsrapport-2022.pdf)

**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	...	
	...	
	...	

Impact area	Indicator code	Response
	...	
	...	

Financial health & inclusion	...	
<p>In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.</p>		
<p><i>The emission intensity in the lending portfolio must be reduced by 40 per cent by 2040. The baseline for this target is the year 2016.</i></p>	<p><i>Sustainability report pages 22-30:</i></p> <p><a href="https://www.bnbank.no/globalassets/02_om-oss/gronn-bank/barekrafttrapport/bn-bank-barekraftsrapport-2022.pdf">https://www.bnbank.no/globalassets/02_om-oss/gronn-bank/barekrafttrapport/bn-bank-barekraftsrapport-2022.pdf</a></p>	

<p><b>c) SMART targets</b> (incl. key performance indicators (KPIs)<sup>10</sup>): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.</p>		
<p><b>Emissions from the lending portfolios must be net zero by 2050</b></p> <p><i>This corresponds to the Paris Agreement's goal of developing a zero-emissions society so that global warming is limited to well below 2 percent.</i></p> <p><i>The emission intensity in the lending portfolio must be reduced by 40 per cent by 2040, and the emissions must be reduced to zero in 2050. Measures to reduce emissions from financed buildings are to increase the proportion of low-energy buildings and net zero buildings. In addition, it is crucial to find effective measures to reduce energy use from existing buildings. Which measures are profitable for the customer and which provide a significant reduction in energy demand depends on the standard of the building. We want to challenge both in the customer advisor's dialogue with the customer, but also through our marketing communication so that our customers carry out upgrades of the buildings they own to a greater extent.</i></p> <p><i>Implementation of sustainable measures in the lending portfolio</i></p>	<p><i>Links and references</i></p>	

<sup>8</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>9</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>10</sup> Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

*is also important to reduce the bank's risk of loss linked to climate change.*

***Targets related to economic crime and work life crime***

*The bank must prevent the bank's products and services from being used in criminal activities. This involves systematic and targeted work to uncover and fight economic crime, and individual attempts to gain financial gain through criminal acts. Measures in this area are a critical part of the bank's social responsibility and important to protect BN Bank's finances, reputation and the bank's employees.*

*The bank has a goal that our customers and business partners should never be involved in the evasion of taxes and fees or gross violations of the rules for working life. This is an area where the construction and property industry is particularly vulnerable. Important measures in this area are clear guidelines for collaboration partners and good guidance for our customers in follow-up and assessment of the seriousness of subcontractors.*

*We are still in the process of establishing measurable KPI's for the mentioned targets.*

**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.

*Our climate account shows that emissions from the lending portfolio make up a dominant share of direct and indirect emissions from the bank's overall operations. It is therefore primarily through measures linked to the lending portfolio that the bank has the opportunity to influence in the direction of reduced emissions. At the same time, it is via the lending portfolio that the bank will be most affected by the effects of climate change.*

*The bank's board has adopted a sustainability strategy where the bank's climate goals are a central part. The strategy requires ongoing reporting to the bank's board about developments within the work with ESG, including greenhouse gas emissions.*

*The bank has established targets for "green lending" in the lending portfolio in the short and medium term. Green lending are lending to finance buildings that are qualified under our Green bond framework.*

*Links and references*

*Climate risk is an integral part of the bank's credit assessment within the corporate market, and assessment criteria for credit risk analyzes have been established. Higher climate risk can result in higher measured credit risk and a higher lending rate.*

*The bank is constantly working to develop our employees' professional competence within ESG, including expertise on energy efficiency measures. The bank has no intention of offering technical advice at a high level to our customers, but we must be able to understand the measures we finance and be able to discuss with our customers on this.*

*We collect information on energy efficiency for the buildings we finance. We have so far done so by using an in-house developed module but will within a short time use a new tool that has been developed in the SpareBank 1 alliance. This and other data collection is important to be able to measure emissions from our portfolio and the development of emissions over time and will enable improvement of methodology and reporting in this area. Data collection is also important to be able to integrate climate risk into the bank's overall risk management and stress testing.*

*The bank has established a framework for issuing Green bonds. "Sustainalytics" has done an independent assessment of the framework and verifies that the framework has been drawn up in line with the ICMA Green Bond Principles. Sustainalytics has also made an assessment of the framework against the EU Taxonomy:*

- *The framework's criteria meet the technical criteria for one of the EU's six environmental goals (Climate Change Mitigation)*
- *The framework's criteria meet seven of the criteria for not doing significant harm to some of the other environmental goals and meets partly the remaining three criteria.*
- *The activities that are financed under the framework meet the minimum requirements for social relationship and governance.*

*The bank made its first issue under the framework in 2022. The framework enables the bank to finance green investments on terms that are more favorable compared to "regular" bonds.*

*BN Bank works systematically to uncover and combat economic crime, and individual attempts at financial gain through criminal acts. BN Bank considers measures within this area as a critical part of the bank's social responsibility, in addition to the fact that the measures are essential to protect BN Bank's finances, reputation and the bank's employees.*

<p><i>The term economic crime includes following:</i></p> <ul style="list-style-type: none"> <li>• <i>Money laundering and terrorist financing</i></li> <li>• <i>External frauds</i></li> <li>• <i>Internal fraud</i></li> <li>• <i>Work life crime</i></li> </ul> <p><i>BN Bank's "Anti-money laundering policy and terrorist financing" and "Policy for anti-corruption and bribery" includes measures against money laundering of money and terrorist financing, fraud, internal fraud and corruption. All criminal offenses are reported. All employees must regularly carry out mandatory training on money laundering and terrorist financing. The bank also seeks active cooperation with various actors which can contribute to strengthening society's efforts against money laundering, terrorist financing and financial crime. Insight into the bank and the customers' business is important to ensure a risk-based approach to financial crime and comply with the requirements of the legislation.</i></p> <p><i>The bank is particularly aware that the threat has changed with an increased scope of more transactions across national borders and an increased number foreign customers. The war in Ukraine, for example, created a need for strengthened efforts to ensure that the bank's customers are not involved in transactions to and from companies and persons affected by sanctions.</i></p> <p><i>The bank experiences a number of fraud attempts and also that the fraud attempts, both against the bank and the bank's customers are becoming increasingly sophisticated. Several changes have been implemented throughout 2022 in the bank's automated controls to improve safety.</i></p> <p><i>The bank has a partnership regarding automatic transaction monitoring with The SpareBank 1 group. The bank has carried out a project related to more effective customer risk classification and has also participated in machine learning projects to improve customer flagging and suspicious transactions.</i></p> <p><i>In 2022, a total of 15,531 transactions were intercepted of the bank's transaction monitoring systems. All the flagged transactions were considered by the bank's own anti-money laundering staff, which reported 234 (99 in 2021) of the suspicious transactions to Økokrim (National Authority for Investigation and Prosecution of Economic and Environmental Crime).</i></p> <p><i>The bank has a goal also to contribute to the fight against undeclared work and workplace crime, and especially in connection with the bank's financing of construction activity. BN Bank has entered into a partnership with The Norwegian Tax Agency about the "Tett-på" campaign, which among other things intends to contribute to seriousness and tidiness in construction projects.</i></p>	
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<p><i>The bank has established the following anti-corruption principles:</i></p> <ul style="list-style-type: none"> <li>• <i>The bank has zero tolerance for corruption and bribery</i></li> <li>• <i>The bank must work actively with ethics, and must actively contribute to preventing corruption and bribery</i></li> <li>• <i>The bank's attitude is communicated clearly to employees, members of governing bodies, customers, suppliers and partners</i></li> <li>• <i>The bank or the bank's employees must not receive undue benefits or bribes from customers, suppliers or others</i></li> <li>• <i>The bank and the bank's employees must not offer benefits, bribes or facilitation payments to promote the bank's or own interests</i></li> <li>• <i>The bank must not make so-called political contributions, that is financial support for or promotion of political matters</i></li> <li>• <i>The bank and the bank's employees must help prevent corruption, bribery and the use of facilitation money in the form of money transactions through the bank</i></li> <li>• <i>The bank does not wish to have business relations or other cooperation with customers, suppliers and partners who are involved in corruption, bribery and the use of facilitation payments</i></li> <li>• <i>The bank must work actively to map our customers', suppliers' and partners' attitudes towards and measures against corruption, bribery and the use of facilitation money</i></li> <li>• <i>The bank must exercise particular care in connection with procurement processes and in handling customer relations in cases where public servants are involved by virtue of their position</i></li> </ul> <p><i>The bank's employees undergo training in ethical guidelines, the bank's values, handling conflicts of interest and measures to combat corruption and bribery.</i></p> <p><i>A uniform sanctioning system has been established in the bank for dealing with legal offences, breaches of ethical guidelines, authorizations or other significant breaches of internal routines and guidelines.</i></p>	
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<h3>Self-assessment summary</h3> <p>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...</p>			
	<p>Combat climate change</p>	<p>Combat financial crime and work crime</p>	<p><i>(If you are setting targets in more impact areas) ...your third (and</i></p>



			subsequent) area(s) of impact: ... (please name it)
Alignment	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" 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.

<i>Response</i>	<i>Links and references</i>
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# 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>11</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>12</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).*

*Policies and practices includes written documents and education activities related to;*

*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. 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.*

*We have also implemented assessment tools to capture the ESG-profile of our corporate customers which also is an important part of the dialogue with this customer segment. We have experienced an significant increase in our customers awareness of ESG-topics and in particular our customers are searching for relevant measures to reduce climate risk from the buildings they own.*

*Links and references*

*We are in the process of establishing stricter policies with regard to restrictions on loan-to-value depending on the climate risk of the buildings that we finance, and these will also be part of our dialogue with our customers since these restrictions may require more equity in order for us to be willing to provide financing.*

*All employees are obligated to refresh their knowledge of Standards of ethics on a yearly basis.*

*All employees are educated in requirements and routines related to ALM and Counterterrorism financing. Further to the point of responsible lending BN Bank has stopped its own unsecured lending business. 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.*

*The bank has established a “Green Bond Framework” and the first issue of green bonds under the programme took place in Q4 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. The bank is also collaborating with Norwegian tax authorities in the campaign “Tettpå” that aims to fight crime in the building industry.*

### 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.).

*The transition to a society with reduced emissions represent business opportunities for BN Bank. Development and adaptations of existing buildings to satisfy future requirements involve investments that must be partially financed with loans. BN Bank is well positioned to be able to contribute with such funding and thus play an important role in the transition together with our mortgage customers and commercial loan customers. The interaction between us and our customers is a central element in the bank’s thinking and strategy for the green shift. BN Bank will*

*Links and references*

<sup>11</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>12</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

*contribute with financing when the customer presents good projects. There is little doubt that large investments are required in the existing building mass so that society can reach the climate targets. The opportunities this provides for the bank will become an important part of the bank's operations in the years ahead. There is increasing attention among customers about energy use and greenhouse gas emissions from the properties they own.*

## 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>13</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.

*An active dialog with the bank's most important stakeholders is an important tool for the bank to achieve the goals set in our Sustainability Strategy. 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 goals.*

*Links and references*

*Customers and customer activities are the foundation of our business and meeting our customers' needs is crucial for us to be successful in achieving our goals. Our dialogue with customers*

<sup>13</sup> Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

*takes place in the form of Customer surveys, Customer meetings, our website and marketing materials.*

*BN Bank's customers have on a general basis given very good feedback, which is evidence of satisfied customers. Continuous customer dialogue is important to follow up on trends and developments in the market. Property developers are an important sub-customer group for BN Bank through the activity we have towards the project and property development market. BN Bank has a lot of expertise in the area and has good knowledge of actors who act responsibly and who show good business ethics. The bank must offer products and services that cover important parts of the customers' overall needs for financial services. At the same time, the bank should help ensure that customers do not end up in a situation where the customer has problems meeting their obligations. There must therefore be clear requirements for serviceability when granting a loan. A development is expected where more and more customers will place importance on the bank's sustainability profile and that the bank is able to give good advice and offer financing for environmental measures such as upgrading housing and commercial buildings to meet the environmental requirements of the future. Customers will also have an expectation of being protected against fraud from criminal circles, that privacy is safeguarded in a good way and that information from the bank about products and services is precise and reliable.*

*Continuous customer dialogue is important to follow up trends and developments in the market so that over time the bank can still deliver the services that customers need. The bank has lending and deposit activities within two relatively different business areas; within the personal market (nationally) and the business market (the central eastern region). Within both business areas, the bank is a supplier of efficient, predictable and solution-oriented banking services which, in sum, should provide customers with good service. The bank considers ESG factors as an integral part of customer and credit assessments.*

*The employees are a very important resource for the bank. At BN Bank, we work purposefully to become an attractive employer so that we can both attract and retain skilled employees. Our dialogue with employees takes place in the form of regular department meetings and general meetings, dialogue with representatives of the workers' union, formalized meetings between employee and nearest leader on a regular basis and employee surveys.*

The most important topics with regards to the employees are:

- That the bank does not discriminate against employees based on gender, orientation, ethnicity or identity etc.
- Employees must be given the opportunity to learn necessary work tasks and have a rewarding and fulfilling working day.
- Ensure a good physical and psychosocial working environment.
- It is expected that employees have safe working conditions with a good balance between work and leisure.
- Good interaction with the workers' union and fair wages
- The bank facilitates a good and health-promoting working environment, physically, mentally and socially.
- All employees participate in staff meetings with their manager

All employees are covered by a collective agreement and 73% of the bank's employees are unionized at the end of 2022. The bank cooperates well and closely with the trade union. The bank practices flextime and the option of a home office is given. In addition, employees have the opportunity to take half days of carer's leave.

#### Owners

BN Bank is owned by a group of banks in the Sparebank1 alliance. The bank's owners are competent and professional actors who know well the market conditions in which the bank operates and the regulatory requirements the bank faces. The owners have clear requirements and expectations for growth, earnings, value development and the efforts with regard to sustainability. Our dialogue with the owners takes place in the form of periodic reporting, board meetings, participation in joint forums and other contact meetings.

Over time, the bank must satisfy the owners' demands for growth and returns. The owners will increasingly demand that the bank acts sustainably with a focus on sustainable finance. This includes, among other things, good control against money laundering and terrorist financing as well as responsible environmentally friendly investments. Good reporting is important to ensure a good flow of information between the bank and owners. The bank prepares climate accounts to calculate the footprint BN Bank creates and has implemented a number of measures to achieve our targets for emission reduction zones.

#### Investors

The Norwegian bond market is an important source of the bank's debt capital. BN Bank must continuously report to provide the

*capital markets with relevant information and insight into the bank's operations. Requirements and expectations for the bank help to increase the level of reporting. This also helps to improve business management. Our dialogue with the investors takes place in the form of face to face meetings with the investor, meetings and other contact with brokers and analysts and official financial reporting and investor presentations.*

*The bondholders will increasingly demand that the bank acts sustainably with a focus on sustainable finance. This entails a particular focus on work to reduce greenhouse gas emissions in the bank's lending portfolio. Good reporting is important to ensure a good flow of information between the bank and the bondholders.*

*The bank prepares sustainability reporting to an extent that is believed to be in line with expectations for a bank of our size and complexity. Included in the reporting is a climate account to calculate the footprint BN Bank creates with direct and indirect activity. This is calculated according to international standards. The bank has established a framework for issuing green bonds and made the first issue under the framework in 2022.*

*The supervisory authorities*

*Administers the regulations that constitute important framework conditions for the bank's operations. Our dialogue with the supervisory authorities takes place in the form of circulars and other written information, regular reporting, meetings and other ad hoc contact.*

*Regulatory requirements make little difference to the size of the organization and small banks must in general satisfy the same requirements as larger banks. The bank must act in accordance with regulations and exercise good risk management control, including compliance with the AHV regulations and that credit assessments and management of credit risk must include ESG factors.*

# 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.

*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.*

*The bank is in the process of detailing specific requirements and KPI's with regard to ESG and these will be subject to decision by top management and will form a basis for regular ESG-reporting to the BoD. It is decided by the BoD (in the latest revision of our Sustainability Strategy) that reporting should take place quarterly.*

*All amendments to sustainability strategy and policy are decided by BoD.*

*Links and references*

## 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).

*An important part of building a culture of responsible banking is the education of credit officers and other personel as part of implementation of ESG in policies and routines.*

*Links and references*



*In addition 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 has kept its attention on sustainability by including relevant topics at meetings and conferences at various levels. The bank has also used intranet to communicate around the topic sustainability to strengthen the sustainability culture in all parts of its business.*

*As mentioned, the banks 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.*

### 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>14</sup> Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

*Response*

*Links and references*

#### 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>14</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; whistleblower 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.

*However, our Sustainability Report has been assured by our accountant, KPMG.*

[https://www.bnbank.no/globalassets/02\\_o-m-oss/gronn-bank/barekraftrapport/bn-bank-barekraftsrapport-2022.pdf](https://www.bnbank.no/globalassets/02_o-m-oss/gronn-bank/barekraftrapport/bn-bank-barekraftsrapport-2022.pdf) p52

### 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 our Sustainability Report*

[https://www.bnbank.no/globalassets/02\\_o-m-oss/gronn-bank/barekraftrapport/bn-bank-barekraftsrapport-2022.pdf](https://www.bnbank.no/globalassets/02_o-m-oss/gronn-bank/barekraftrapport/bn-bank-barekraftsrapport-2022.pdf)

### 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>15</sup>, target setting<sup>16</sup> and governance structure for implementing the PRB)? Please describe briefly.

*Establish KPI's and quarterly reporting of sustainability issues to BoD  
Further develop:*

*Links and references*

<sup>15</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>16</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

*Data capture through ESG module from our corporate customers*

*Credit policies – stricter rules for LTV and maturity dependant on ESG factors*

*Methodology for Impact Analyses and Climate Accounting*

*Sustainability Culture within the organisation and knowledge and expertise about relevant ESG topics*

## 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 checked="" type="checkbox"/> Embedding PRB oversight into governance                    | <input type="checkbox"/> Customer engagement             |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank                           | <input type="checkbox"/> Stakeholder engagement          |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability    |
| <input type="checkbox"/> Conducting an impact analysis   | <input checked="" type="checkbox"/> Data quality         |
| <input type="checkbox"/> Assessing negative environmental and social impacts                   | <input type="checkbox"/> Access to resources             |
| <input checked="" type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting                       |
| <input checked="" 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:

