

## SpareBank 1 Østlandet: 18 months reporting on Principles for Responsible Banking (March 2021)

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.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p><b>Principle 1: Alignment</b> We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>		
<p>1.1 <i>Describe</i> (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>SpareBank 1 Østlandet is a private bank which operates in Norway. Its market area is Eastern Norway, including Innlandet County. Loans to the Retail Market (RM) and the Corporate Market (CM) are the largest business areas, with RM accounting for around 75 per cent and CM around 25 per cent. In addition to banking, investment and insurance services, we also offer real estate, accountancy, leasing and other financial services through our subsidiary companies.</p>	<p>See «SpareBank 1 Østlandet in brief» p. 4 and «Our strategic focus» p. 22 of our 2020 Annual report: <a href="https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html">https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html</a></p> <p>More info on our website: <a href="https://www.sparebank1.no/en/ostlandet/about-us/about-us.html">https://www.sparebank1.no/en/ostlandet/about-us/about-us.html</a></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>The Bank's work on corporate social responsibility and sustainability encompasses a wide range of disciplines and shall — as far as possible — be integrated into the core processes of the Bank. The choice of strategies and scope of work may vary between the business areas of the Bank. The Bank's work on corporate social responsibility is based, among other things, on the internationally recognised principles in the UN Global Compact (UNGC), the UN Principles of Responsible Banking and the OECD's guidelines for multinational companies. How we contribute to society's goals is elaborated in our sustainability strategy.</p>	<p>2020 Annual report: <a href="https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html">https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html</a></p> <p>Sustainability strategy 2019 – 2021: <a href="https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/aboutus/Sustainability-Strategy-2019-2021-web.pdf">https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/aboutus/Sustainability-Strategy-2019-2021-web.pdf</a></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.

**2.1 Impact Analysis:**

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:

- a) **Scope:** 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) **Scale of Exposure:** 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) **Context & Relevance:** 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) **Scale and intensity/salience of impact:** 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 inform your analysis under elements c) and d))

Show that building on this analysis, the bank has

We have conducted an impact analysis, published in an individual report fall 2020. Loans to the RM and the CM are the largest business areas, with RM accounting for around 75 per cent and CM around 25 per cent. Nonetheless, according to the Bank's analyses, CM is the area where the Bank has the most significant impact on sustainability. In this analysis, the RM and CM business areas were analysed across all geographic areas where the bank operates in.

In total, the following six sustainability parameters were highlighted that SpareBank 1 Østlandet could have positive or negative impacts on:

- **Climate**
- **Resource efficiency and resource security**
- **Waste**
- Housing
- Work
- Inclusive, healthy economies

The sustainability parameters in bold are especially important for Norway to focus on.

SpareBank 1 Østlandet has chosen to show the top three positive and negative impacts for each business area.

One relevant challenge we faced was lack of available data. We are aware that this gives certain limitations to the analysis. However, we believe that it is still our job to work with the data that is available, which can hopefully contribute to a push for better practices (and potentially more available data) in the future.

We have engaged with relevant stakeholders, as an example, in 2020, the Bank entered into two business clusters in our region that are working on solutions for the climate and resource utilization:

- NCE Heidner Biocluster, Norway's leading industry cluster for the green

See «Framework for our sustainable initiative» p. 82 and "Responsible lending" p. 84 of our 2020 Annual report:  
<https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html>

Sustainability Impact Analysis:  
<https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/omoss/samfunn/Sustainability-Impact-Analysis-Principles-for-Responsible-Banking.pdf>

<ul style="list-style-type: none"> <li>• Identified and disclosed its areas of most significant (potential) positive and negative impact</li> <li>• Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts</li> </ul>	<p>bioeconomy and sustainable food production.</p> <ul style="list-style-type: none"> <li>• Norwegian Wood Cluster, a wood cluster in the forest, industrial and building value chain, that aims to grow into an internationally leading industry cluster for industrial, sustainable wooden buildings.</li> </ul>	
<p>2.2 Target Setting</p> <p><i>Show that the bank has set and published a minimum of two <b>Specific, Measurable</b> (can be qualitative or quantitative), <b>Achievable, Relevant</b> and <b>Time-bound (SMART)</b> 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.</i></p> <p><i>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.</i></p> <p><i>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.</i></p>	<p><u>Retail market:</u> RM’s long-term ambitions for the period to 2050 are to ensure that:</p> <ul style="list-style-type: none"> <li>• 40 per cent of the residential properties in the loan portfolio built before 2012 (TEK 10) have been upgraded and are 30 per cent more energy efficient.</li> <li>• 80 per cent of new buildings in the loan portfolio fall under the EU definition of new buildings as set out in the classification system (taxonomy).</li> </ul> <p><u>Corporate market:</u> CM’s long-term ambition for the period to 2050 is to ensure that:</p> <ul style="list-style-type: none"> <li>• The Bank will work to adapt the loan Portfolio in the corporate market to the Paris Agreement and Norwegian Climate Change Act. This entails doing our bit to ensure that the global temperature rise does not exceed 2 degrees Celsius and contributing to Norway reducing its emissions by at least 40 per cent by 2030.</li> <li>• CM’s loan portfolio should be almost Climate neutral in 2050.</li> </ul>	<p>See «Responsible lending» on p. 84 of our 2020 Annual report: <a href="https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html">https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html</a></p>
<p>2.3 Plans for Target Implementation and Monitoring</p> <p><i>Show that your bank has defined actions and milestones to meet the set targets.</i></p> <p><i>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these</i></p>	<p>The impact analysis for RM indicates that the Bank needs to focus more on resource efficiency.</p> <p>For CM, the main focus during the strategy period will be on classifying the portfolio in line with the EU classification system and on cutting greenhouse gas emissions in the portfolio. CM will have to employ new products, advice and ESG assessments to achieve the desired customer restructuring. We must:</p>	<p>See «Responsible lending» p. 84 and «Our strategic focus» on p. 22 of our 2020 Annual report: <a href="https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html">https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html</a></p>

<p>definitions, and any rebasing of baselines should be transparent.</p>	<ul style="list-style-type: none"> <li>• Increase the competence of advisers and customers.</li> <li>• Make customers conscious of their choices.</li> <li>• Deliver products and services that help customers become more sustainable.</li> <li>• The impact analysis specifically highlights greenhouse gas emissions related to housing and vehicles, which is why the Bank will encourage customers to build and upgrade their homes to make them eligible for green mortgages. Customers will also be encouraged to focus even more on zero-emission vehicles.</li> </ul>	
<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><i>Or explain</i> 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>We have made short term targets as part of the plan of meeting the SMART targets from 2.2, divided into business area, not each target separately.</p> <p><u>Retail market:</u> Short term (end of 2021):</p> <ul style="list-style-type: none"> <li>• RM will double green mortgages to NOK 50 million.</li> <li>• RM will increase green car loan sales by 50 per cent.</li> <li>• 32.5 per cent of customers should have buffer savings (short-term savings).</li> <li>• 13.5 per cent of customers should have savings agreements (long-term savings).</li> <li>• RM aims to reduce the number of flexi loans in relation to repayment loans in the portfolio.</li> <li>• RM will help to develop a green banking package. This will improve customers' competence and insight and offer a broader range of green products.</li> <li>• RM will strive to determine the residential mortgage portfolio's carbon footprint. Good insight into this will go hand in hand with incentives and products that help to make older homes greener. The work will follow the EU taxonomy from 1 January 2022.</li> </ul> <p><u>Corporate market:</u> Short term:</p> <ul style="list-style-type: none"> <li>• At least 50 per cent of the commercial buildings in our portfolio must be green in line with our green framework in 2030 (will be adopted in Q1/2021)</li> <li>• 20 per cent increase in proportion of commercial property defined as green in the EU taxonomy.</li> </ul>	<p>See «Responsible lending» on p. 84 of our 2020 Annual report: <a href="https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporer.html">https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporer.html</a></p>

	<ul style="list-style-type: none"> <li>• 20 per cent increase in proportion of commercial property defined as green in our green framework.</li> <li>• At least half of all new loans should be for buildings defined as green according to our framework.</li> <li>• An increasing proportion of new buildings each year must be in line with the EU taxonomy.</li> <li>• Increase lending within renewable energy by 10 per cent annually. This applies to small-scale hydro projects, solar energy and geothermal heating.</li> </ul>	
<p><b>Principle 3: Clients and Customers</b> 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>		
<p>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.</p>	<p>We have several policies and guidelines on our website that's relevant for promoting a responsible relationship with our customers, including guidelines for RM and CM.</p>	<p>Guidelines RM and CM: <a href="https://www.sparebank1.no/en/ostlandet/about-us/sustainability/guidelines-and-policies/specific-business-areas.html">https://www.sparebank1.no/en/ostlandet/about-us/sustainability/guidelines-and-policies/specific-business-areas.html</a></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>RM and CM will continue to increase the knowledge of customer advisers in 2021. The goal is for advisers to have sufficient competence to support customers in their sustainability work. During the strategy period, everyone in the RM will review a number of skills-enhancing measures such as courses, ethics weeks, climate weeks and other digital training.</p> <p>To further promote re-use and circular economy, the RM will increase its efforts towards teams, clubs and associations and arrange more clothing and sports equipment swap days in 2021.</p> <p>RM helps to develop a "Green banking package." This will increase customers' competence and insight, as well as offer a wider range of green products. Planned to be launched in 2021.</p> <p>CM includes sustainability as part of the customer establishment process.</p>	<p>See «Responsible lending» on p. 84 of our 2020 Annual report: <a href="https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html">https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html</a></p> <p>Guidelines RM and CM: <a href="https://www.sparebank1.no/en/ostlandet/about-us/sustainability/guidelines-and-policies/specific-business-areas.html">https://www.sparebank1.no/en/ostlandet/about-us/sustainability/guidelines-and-policies/specific-business-areas.html</a></p>

Principle 4: Stakeholders		
We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.		
<p>4.1 <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.</p>	<p>We have collaborated with other banks in the SpareBank 1 Alliance on how to report on the Principles, as well as UNEP FI working groups.</p>	<p>See «Stakeholder engagement» p. 75 and “Our part of the global responsibility” on p. 72 of our 2020 Annual report: <a href="https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html">https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html</a></p>
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>Sustainability is one of six strategic key goals for the current strategy period (2018-2021). The Bank has established a Sustainability Committee consisting of the nine departments that play a key role in this initiative. The committee is chaired by the head of sustainability in the Bank. The relevant executive vice presidents are responsible for delivering the goals set out in our sustainability strategy and action plan and these are reported on via corporate governance to Group Management on a quarterly basis.</p>	<p>See «Our strategic focus» on p. 22 of our 2020 Annual report: <a href="https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html">https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html</a></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>CM and RM will continue to increase the knowledge of the employees. Many employees will during the strategy period complete a number of skills-enhancing measures such as courses, ethics weeks, climate weeks and other digital training.</p>	<p>See «Responsible lending» on p. 84 of our 2020 Annual report: <a href="https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html">https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html</a></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"> <li>a) target-setting and actions to achieve targets set</li> <li>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</li> </ul>	<p>Each business area in the bank is responsible for their own target setting and implementation (with help from our Head of Sustainability). We believe that this structure will result in the PRB being well anchored among employees and that each business area feels ownership and responsibility for the Principles.</p> <p>The Bank has established a Sustainability Committee consisting of the nine departments that play a key role in this initiative. The committee is chaired by the</p>	<p>See «Our strategic focus» on p. 22 of our 2020 Annual report: <a href="https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html">https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html</a></p>

	<p>head of sustainability in the Bank. The relevant executive vice presidents are responsible for delivering the goals set out in our sustainability strategy and action plan and these are reported on via corporate governance to Group Management on a quarterly basis.</p>	
<p><b>Principle 6: Transparency &amp; Accountability</b> 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>		
<p>6.1 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>In accordance with Principle 6, we have published a report on the PRB (fall 2020). In addition, we will report on the Principles in our annual report from March each year. We have progressed on the Principles by identifying the areas in which we have our most significant (potential) positive and negative impact through conducting an impact analysis. In addition, we have set and published a minimum of two (SMART) targets.</p> <p>We are continuously considering international and regional best practices through the working groups in CCCA.</p>	<p>PRB 1 to 5 are referring to 2020 Annual report: <a href="https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html">https://www.sparebank1.no/nb/ostlandet/om-oss/investor/rapporter.html</a></p> <p>Principle 1 – Alignment: See «Our part of the global responsibility» p. 72 Principle 2 – Impact &amp; target setting: See «Responsible lending» p. 84 Principle 3 – Clients &amp; customers: See «Responsible lending» p. 84 Principle 4 – Stakeholders: See «Stakeholder engagement» p. 75 Principle 5 – Governance &amp; culture: See «Our strategic focus» p. 22 and «Framework for our sustainability initiative» p. 82 Principle 6 – Transparency &amp; accountability: Sustainability Impact Analysis: <a href="https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/omoss/samfunn/Sustainability-Impact-Analysis-Principles-for-Responsible-Banking.pdf">https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/omoss/samfunn/Sustainability-Impact-Analysis-Principles-for-Responsible-Banking.pdf</a></p>



PRINCIPLES FOR  
RESPONSIBLE  
BANKING

## 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”.