



PRINCIPLES FOR
**RESPONSIBLE
BANKING**

Reporting and Self-Assessment Template

SpareBank 1 SR-Bank committed to the Principles for Responsible Banking (PRB) in September 2019 and aim to fully implement the required steps regarding impact analysis, target setting & implementation, and accountability outlined in this document within four years after signing. This is in line with the requirements as a PRB-signatory bank.

The following table sets out the reporting and self-assessment requirements for Signatories of the Principles for Responsible Banking. As a signatory, SpareBank 1 SR-Bank need to report on the 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 (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. 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, 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 SR-Bank ASA is a financial services group operating in South Norway with presence in larger Norwegian cities such as Oslo, Bergen, Stavanger, and Kristiansand. SpareBank 1 SR-Bank offers traditional banking services such as loans, insurance and savings products, securities trading, accounting services, corporate services, asset management and estate agency services for both consumer and business customers. SpareBank 1 SR-Bank provides products and services in consumer and business banking. Our credit portfolio consists of about 60% consumer banking and 40% business banking. Retail banking includes basic banking services such as bank cars and saving accounts, home loans and vehicle finance. Business banking includes loans to sectors such as aquaculture, industry, agriculture/forestry, service industry, retail trade, hotels and restaurants, energy, oil and gas, building and construction, power and water supply, real estate, shipping, and other transport, public sector, and financial services. The group's business banking portfolio is well-diversified; it mainly finances Norwegian SMEs (small and medium-sized) companies.</p>	<p>See p. 8 of our Annual Report 2020 (audited by PwC), which will be published on March 25th, 2021 and thus a direct link is not included in this document.</p> <p>Link: https://www.sparebank1.no/en/sr-bank/about-us/investor/financial-info/reports.html</p>
<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>In SpareBank 1 SR-Bank, sustainability remains a key element of the group's overarching strategy and is well-integrated into all parts of the group's operations.</p> <p>In 2020, SpareBank 1 SR-Bank adopted a revised sustainability strategy, including a climate strategy, adapted to be aligned with goals set in the Paris Agreement. According to the sustainability strategy, SpareBank 1 SR-Bank shall be a driving force and facilitator for the necessary transition to the low-emission society and to achieve the goals set out in the Paris Agreement.</p> <p>SpareBank 1 SR-Bank will contribute to the reduction of greenhouse gas emissions at both national and global level through its activities, by facilitating and setting requirements for customers, suppliers and partners. The group's overall work on sustainability is based on the 17 UN Sustainable Development Goals and the Paris Agreement. In addition to supporting all 17 of the UN Sustainable Development Goals, the group has chosen the following three goals where it believes SpareBank 1 SR-Bank can have the greatest impact:</p> <ul style="list-style-type: none"> ○ SDG #5 Gender equality ○ SDG #8 Decent work and economic growth ○ SDG #13 Climate action <p>Targets and specific measures have been prepared for each of these goals. The measures will be implemented during the defined strategy period; 2019-2021.</p> <p>As of Q1 2021, SpareBank 1 SR-Bank is revising the sustainability strategy. The PRB impact analysis is, together with other analyses conducted in 2020, valuable input for adjustments to the sustainability strategy. In this process, an assigned strategic group is developing new targets and specific metrics.</p>	<p>See "Sustainability" on p. 20 in our Annual Report 2020.</p> <p>Link to updated strategy of 2020, available in Norwegian only: https://www.sparebank1.no/content/dam/SB1/bank/sr-bank/om-oss/Samfunn/Barekraftsstrategi_og_klimastrategi_2020_040620.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 that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</i></p> <p>A) <u>Scope</u>: The bank’s core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis. 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 inform your analysis under elements c) and d))</p> <p><i>Show that building on this analysis, the bank has</i></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>SpareBank 1 SR-Bank used the Excel tool developed by United Nations Environment Program Finance Initiative (UNEP FI) to undertake the impact analysis. The tool enabled us to analyse the impact of our activities relating to our consumer and business banking in Norway. At this stage of our analysis, our investment banking (SpareBank 1 SR-Bank Markets) and asset management business (wholly owned subsidiary SR-Forvaltning) were not included.</p> <p>The analysis reveals SpareBank 1 SR-Bank's current positive and negative impact on the economy, the environment, and social conditions. SpareBank 1 SR-Bank has a positive impact by contributing to payment solutions and access to housing for retail customers by stimulating economic growth and new jobs for the corporate market. The group has a negative impact in three areas: resource efficiency, climate, and biodiversity. These areas are reflected in the analysis through lending to vehicles, homes, and in general sectors associated with higher greenhouse gas (GHG) emissions. The analysis concludes that SpareBank 1 SR-Bank has a positive impact on several social aspects but must continue its focus on the environmental aspects.</p> <p>A) SpareBank 1 SR-Bank finance about 60% consumer banking and 40% business banking. A well-diversified business banking banking portfolio includes several sectors (applying NACE-codes) in Norway, such as Agriculture, forestry and fishing (10 %), Mining and quarrying (5%), Manufacturing (3%), Electricity, gas, steam and air conditioning supply (1%), Construction (5%), Wholesale and retail trade, repair of motor vehicles and motorcycles (4%), Transportation and storage (15%), Financial and insurance activities (3%), Administrative and support service activities (16%).</p> <p>B) By assessing our consumer and business portfolios, the analysis provided valuable insights about of SpareBank 1 SR-Banks current positive and negative impact on the economy, the environment, and social aspects. The impact analysis confirmed our previous assumptions about SpareBank 1 SR-Bank's significant areas of impact. The negative impact areas included resource efficiency, climate, and biodiversity. These areas are reflected in the analysis through lending to vehicles, homes and in general sectors associated with higher greenhouse gas emissions such as energy, oil and gas and shipping. The analysis confirmed we had positive impact by contributing to an inclusive healthy economy and employment.</p> <p>C) Some of the resources in the analysis tool were especially helpful to us. The analysis also revealed the most relevant challenges and priorities in our country of operation, Norway, which included climate change, biodiversity loss, and, degradation and resource efficiency. Consequently, we looked further into the resources regarding Norway and the SDGs to broaden our understanding, as we found that particularly relevant to the analysis outcome.</p> <p>D) We particularly focused on our business banking portfolio, as the impact analysis revealed this was the area where we potentially could make a significant impact. In 2020, SpareBank1 SR-Bank has mapped its business loan portfolio on three levels: CO₂-emissions, positive and negative impact, and climate risk. An emissions analysis that estimates the CO₂-emissions associated with SpareBank 1 SR-Bank's lending in the corporate market, by sector. The analysis indicates that the total CO₂ emissions in the corporate portfolio are moderate but have a higher impact in two sectors in particular: <i>energy, oil and gas</i>, and, <i>shipping and other transport</i>. Together these three assessments high-lighted the significant impact areas and helped us determinate the intensity of the</p>	<p>See section “Sustainable Finance” p. 21 in our Annual Report 2020.</p> <p>Link: https://www.sparebank1.no/en/sr-bank/about-us/investor/financial-info/reports.html</p>
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	areas of impact. Especially, these two sectors can be seen in relation to our three negative impact areas: resource efficiency, climate and biodiversity. Thus, the three assessments will form the background for future target setting for our business portfolio.	
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.		
SpareBank 1 SR-Bank has fulfilled the requirements regarding the impact analysis. The outcome of the analysis has confirmed our assumptions about our positive and negative impact and reinforced our focus on the areas of impact.		
<p>2.1 Target Setting</p> <p><i>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.</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>Prior to the impact analysis, in SpareBank 1 SR-Bank's sustainability strategy, we had set a goal by being ranked top 30% in Sustainability on the Norwegian stock exchange within the period 2019-2021. By 2020, we achieved this goal, ranking 28th place in "Bærekraft på Børs" (Sustainability on the stock exchange) by The Governance Group.</p> <p>SpareBank 1 SR-Bank have not yet published SMART* targets identifying the areas of most significant impact. As a Principles of Responsible Banking signatory bank, SMART targets are on our agenda. As of spring 2021 we are revising our sustainability strategy, including targets and specific metrics.</p> <p>*SMART = Specific, Measureable, Acheivable, Relevant and Time-Bound</p>	<p>See «Bærekraft på Børs», in Norwegian only.</p> <p>Link: https://www.thegovgroup.org/wp-content/uploads/2021/01/TheGovGroup-Baerekraft-pa%CC%8A-bors-2020-ORIG1.pdf</p>
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.		
SpareBank 1 SR-Bank has not yet set SMART* targets and thus not the requirements regarding target setting. We are currently in the process for revising our sustainability strategy and will publish our targets during 2021.		
<p>2.2 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 definitions, and any rebasing of baselines should be transparent.</i></p>	Requires fulfilment of 2.1.	N/A
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.		
SpareBank 1 SR-Bank has not yet fulfilled the requirements regarding plans for target implementation and monitoring. See statement in 2.1.		

<p>2.3 Progress on Implementing Targets For each target separately:</p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p><i>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</i></p> <p>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>Requires fulfilment of 2.1.</p>	<p>N/A</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p>		
<p>SpareBank 1 SR-Bank has not yet fulfilled the requirements regarding progress on implementing targets. See statement in 2.1.</p>		
<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>		
<p>3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>In 2020, a multidisciplinary group has developed a policy describing how we practice product governance in SpareBank 1 SR-Bank. Our product policy concerns responsible products, responsible marketing, and employee-training for ensuring responsible sales practices advising selling products and services. We have routines incorporated; however, the routines were not described in a policy. Our product policy will be processed by the board in March and is planned to be publicly available by Q2 2021.</p>	<p>Once approved, our product policy will be available in our sustainability library.</p> <p>Link: https://www.sparebank1.no/nb/sr-bank/om-oss/baerekraft.html</p>
<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>In Q1 2021, SpareBank 1 SR-Bank has released a new green product. Customers with newer homes (apartments and houses), homes that have been re-insulated, have replaced windows, installed solar panels are housing that typically have an energy rating of A or B, and thus qualifies for the product green house loan.</p>	<p>Please see pp. 22 and 27 in our Annual Report 2020.</p> <p>Link: https://www.sparebank1.no/en/sr-bank/about-us/investor/financial-info/reports.html</p>
<p>Principle 4: Stakeholders We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p>		
<p>4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated, or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>Maintaining a dialogue with society is important if we are to help it achieve the goals of the Paris Agreement and for the group to understand and address the requirements of consumers, investors, and the authorities. SpareBank 1 SR-Bank has an open dialogue with customers and other stakeholders. SpareBank 1 SR-Bank works continuously with dialogue and input from customers and other stakeholders. During 2020, the dialogue was strongly influenced by COVID-19. The meeting places with customers that were previously natural were changed in 2020. By utilizing digital tools SpareBank 1 SR-Bank managed to maintain a good dialogue with employees, owners, authorities, competitors, partners, suppliers, interest groups, the media, rating agencies and analysts throughout the year. The bank has prioritized the areas of the business model that appeared to be of importance to our stakeholders based on these dialogues.</p>	<p>For complementary details, see "Our Stakeholders and Key Sustainability Themes" on p. 20 of our Annual Report 2020.</p> <p>Link: https://www.sparebank1.no/en/sr-bank/about-us/investor/financial-info/reports.html</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 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.</p>	<p>In SpareBank 1 SR-Bank, sustainability is included in our established governance structure in the Executive Managing Group; we have an Executive Vice President in Communications and Sustainability, reporting directly to the CEO.</p> <p>Implementation of the Principles for Responsible Banking will be a responsibility of the sustainability team, reporting to Executive Vice President in Communications and Sustainability. SpareBank 1 SR-Bank aims to incorporate sustainability in our whole group across all business areas. Thus, the sustainability team works closely with several business units.</p>	<p>See “Group Executive Management” on pp. 31-33 of our Annual Report 2020.</p> <p>Link: https://www.sparebank1.no/en/sr-bank/about-us/investor/financial-info/reports.html</p>
<p>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 leadership communication, amongst others.</p>	<p>In SpareBank 1 SR-Bank, we aim to build a culture for sustainability. In 2020, all our employees, including employees in subsidiaries was offered a course about Sustainability and Climate Change. The eLearning course is a start of a project group aim to build competence and culture in the SpareBank 1 SR-Bank group. More than half our employees have completed the course.</p>	<p>See pp. 23-24 of our Annual Report 2020.</p> <p>Link: https://www.sparebank1.no/en/sr-bank/about-us/investor/financial-info/reports.html</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 a) target-setting and actions to achieve targets set</p> <p>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</p>	<p>Requires fulfilment of 2.1</p>	<p>N/A</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>SpareBank 1 SR-Bank has not fulfilled the requirements regarding governance structure for implementation of the principles.</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>1.1 Progress on Implementing the Principles for Responsible Banking</p> <p>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).</p> <p>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.</p> <p>Show that your bank has implemented/is</p>	<p>SpareBank 1 SR-Bank has completed the impact analysis and will be working towards target setting and further implementing the principles.</p> <p>In 2020, SpareBank 1 SR-Bank signed Poseidon Principles, a global framework in which banks work together to promote good and responsible environmental standards among their customers in shipping. SpareBank 1 SR-Bank is the 19th bank to adhere to this framework globally, and to the target of 50 per cent lower greenhouse gas emissions from shipping by 2050. As a Poseidon Principles signatory, SpareBank 1 SR-Bank is committed to collecting data on customers' emissions on an annual basis, as well as publishing aggregated data. Environmental standards will be given great weight when granting new loans to the shipping industry.</p> <p>The Poseidon principles are relevant to SpareBank 1 SR-Bank due to our negative impacts, as shipping was one of two identified sectors in the impact analysis. Additionally, we are signatories of RSRS.</p> <p>Our wholly owned subsidiary, SR-Forvaltning (Asset Management) is a signatory of PRI and has published its own climate strategy to ensure a</p>	<p>See pp. 22-23 and 27 in our Annual Report 2020.</p> <p>Link: https://www.sparebank1.no/en/sr-bank/about-us/investor/financial-info/reports.html</p> <p>https://www.sparebank1.no/content/dam/SB1/bank/sr- bank/vilkar/StandardforansvarligeinvesteringerISR-Forvaltning.pdf</p> <p>https://www.sparebank1.no/content/dam/SB1/bank/sr-</p>



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<p>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.</p>	<p>responsible asset management regarding the ongoing climate crisis.</p>	<p>bank/vilkar/KlimastrategiSR-Forvaltning.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>SpareBank 1 SR-Bank made progress over the first 18 months of implementing the Principles for Responsible Banking. Currently, we are revising our sustainability strategy alongside with targets and specific measures, which will contribute our commitment to fulfil the Principles for Responsible Banking within the four-year period.</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”.