

Principles for Responsible Banking

Reporting and Self-Assessment Template

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

How to use this template:

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

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


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

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

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

Accommodating different starting points:

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

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
 <p>Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>		
<p>1.1 <i>Describe</i> (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Fana Sparebank is an independent, local savings bank operating in the greater Bergen region, Vestland county in Norway. We provide banking services in the retail and corporate areas, which include mortgages, home loans, commercial loans mainly to commercial real estate, and loan facilities for development of real estate projects. Fana Sparebank has also a well established digital bank service under the brand name Himla Bank. Himla offers mortgages nationwide.</p> <p>Retail lending accounts for approx. 82% of our total loan portfolio, and business loans accounts for the remaining 18%.</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>We have determined that we will refer to all 17 SDGs in the bank's overall approach to long term contribution to society's goals.</p> <p>Adopting the motto 'No one can do everything, but everyone can do something', we can identify with our role in the community as a local, independent savings bank. In a materiality perspective, we have identified five SDGs that we will prioritise going further (nr. 5, 8, 11, 13, 17).</p> <p>As a savings bank under Norwegian legislation, we contribute substantially by allocation from our annual earnings to social and community projects. One of these projects is an annual night walk where the whole of the Bergen population is invited to learn about the 17 SDGs at stations manned by different NGOs for each goal. The event is concluded with an open-air concert aimed at children and young people, and where we also announce the winner of The People's Sustainability Prize, sponsored by the bank. This event is classified as promoting SDG no. 17.</p>	

	<p>In 2020, we formulated our first Sustainability and ESG strategy, setting targets for alignment with the Paris Climate Agreement. The strategy is subject to annual revision by the Board of directors.</p> <p>Furthermore, we have adopted The Roadmap for Green Competitiveness in the Norwegian Financial Sector, developed by Finance Norway, the country's association of financial institutions comprising banks, insurers, investment firms and pension providers. Our bank is also represented with a member of a professional committee within sustainability at Finance Norway.</p> <p>We determine that Fana Sparebank's exposure and loan portfolio towards retail housing and commercial real estate are the main priorities for climate alignment.</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

Fana Sparebank's core business areas are retail banking, mainly with exposure to mortgages for housing purposes (82%) and business banking (18%) where a significant part of the lending is aimed at financing commercial real estate.

These areas are targeted for impact analysis, with retail mortgages as being the area with the most significant impact.

Fana Sparebank has issued a Green Finance Framework according to the ICMA Green Bond Principles. As of year-end 2021, approximately 11% of the housing loan portfolio is identified as 'green' according to the Use of Proceeds of the Framework. By April 2022, we will have published our first comprehensive impact report for the Framework.

At an early stage of developing our sustainability goals, we defined exclusion criteria that apply for both financing and investments:

Fana Sparebank shall not finance activities related to weapons, gambling, tobacco, pornography, or energy production based on non-renewable, fossil sources. Fana Sparebank shall also not expose itself in companies that violate rules on human rights, environmental regulations or corruption, government bonds from countries that are subject to sanctions from the EU or the UN, or government bonds from countries that are considered corrupt.

Fana Sparebank has no customers who are exposed in areas that are covered by the exclusion criteria.


In terms of quantifying impact, Fana Sparebank has so far concentrated the available resources to developing skills, knowledge, and general data on the existing portfolio.

Supporting sustainability innovations and initiatives is one way of contributing to the general alignment to the SGDs and Paris Climate Agreement. Fana Sparebank is a Co-Founder of [TERRAVERA](#). TERRAVERA™ is an independent non-profit foundation aiming to

<p>countries/regions in which it operates.</p> <p>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.</p> <p>(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> • Identified and disclosed its areas of most significant (potential) positive and negative impact • Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts 	<p>create a platform for knowledge-sharing and to make sustainability a reality by giving anyone to access reliable, relevant and intelligible insights to support their everyday decisions; a space where anyone can openly access and understand the environmental and societal impact of products, services, businesses and organisations.</p> <p>An ongoing ambition of TERRAVERA is creating a student community which will be nationwide. The bank partakes as a keen observer at Webinars and updates on the progress.</p> <p>A mapping query is integrated in the loan process for ESG-related input from all business clients. To this means we are implementing applications from our main banking system provider, TietoEvry, with whom we have engaged in workshops to define our and the rest of the banking community's needs.</p> <p>The ESG query has currently mapped closed to 20% of all credit exposed business clients.</p>	
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.		

<p>2.2 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>Fana Sparebank has set the following targets:</p> <p>Reducing our carbon footprint by 30% within 2025 and 50% by 2030.</p> <p>Furthermore, Fana Sparebank aims at becoming carbon-neutral by 2050, and as such adhering to the Net Zero Banking Alliance.</p>	
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.</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 definitions, and any rebasing of baselines should be transparent.</i></p>	<p>Fana Sparebank has made commitments that will impact the way we conduct our business in the future. Being a signatory of UNEP FI is one example. The commitments serve as learning platforms and areas for inspiration from peers.</p> <p>We have set up the overall organization of our sustainability base upon a presentation from a fellow UNEP FI signatory.</p> <p>For 2022 Fana Sparebank aims to estimate financed emission for our portfolios, using a methodology in line with the PCAF framework.</p>	<p>Annual Report 2021, Sustainability Report, chapter 9.</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>2.4 Progress on Implementing Targets</p> <p><u>For each target separately:</u></p> <p><i>Show that your bank has implemented the actions it had previously defined to meet the set target.</i></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><i>Report on your bank's progress over the last 12</i></p>	<p>To put measures and plans into action, we have formulated a sustainability strategy, anchored with the Board of Directors. Among other issues, the strategy describes the bank's efforts in establishing exclusion criteria for lending, setting up green deposit and loan products and pointing forward to aligning reporting to international standards like GRI, PRI, TCFD and The EU Taxonomy.</p> <p>The 2020 Annual Report includes our first reference to EU Taxonomy alignment, having identified retail housing that qualify through EPC 'A' classification.</p> <p>To address Fana Sparebank's climate risk, we have implemented the reporting standard TCFD from the 2021 Annual report.</p>	

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)		
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets		
 Principle 3: Clients and Customers We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.		
3.1 <i>Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</i>	<p>Fana Sparebank launched a comprehensive ESG- and climate risk query in 2021, to enhance ESG screening and analysis within our commercial lending portfolio.</p> <p>This query will clarify the Bank's expectations towards our clients. Furthermore, it will serve as collecting climate impact figures from our clients.</p>	
3.2 <i>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</i>	<p>In 2016, Fana Sparebank introduced an innovative Green Saving account based upon the Green Bond Principles as outlined by ICMA: The Green Deposits are linked to a sustainability 'bonus'. The interest rate offered is marginally lower than similar savings account, and this margin is offset together with an identical contribution from the bank. The combined sum is then given to a local sustainability project after a vote among the account holders. The Green deposit program was expanded in 2020 and included all current and savings accounts for all clients under 18 years of age. The Green</p>	See Green Finance Framework, Use of Proceeds.

<p>possible, the impacts achieved.</p>	<p>Deposits are and integrated part of the Green Finance Framework.</p> <p>In 2020, Green Mortgages was introduced. Green Mortgages are offered our best interest rates in order to stimulate home improvements leading to achieve an Energy Performance Certificate (EPC) of 'A'.</p> <p>This also applied to commercial real estate classifications BREEAM Outstanding or Excellent.</p> <p>For 2022, we aim to develop a new product incentivising homeowner to improve their house energy efficiency.</p>	
--	---	--



Principle 4: Stakeholders

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

4.1 *Describe* which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

At the current stage of approaching climate alignments, we have extensive contact with our branch organization Finance Norway and our primary supplier of banking systems, TietoEvy. These issues are all on a mapping and planning stage of getting to grips with climate emission control.

Our financial support as Co-Founders of TERRAVERA represents a contribution to future initiatives which may prove important for solving global climate issues.



Principle 5: Governance & Culture

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

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

The Norwegian savings banks were created in the 19th century to address social issues and aiding the public to put aside means to ensure old age. This legacy is still part of the basic idea of the savings banks.

After the 17 SDGs were introduced in 2015, they have been adopted as guidelines for Fana Sparebank. We have used the SDGs in workshops including all employees, encouraging creativity and suggestions for actions.

Sustainability and the task of aligning the bank to a near zero emission entity is adopted by The Board of directors, and executed by the CEO, the top-level leaders of the bank, and throughout the entire organization.

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

Starting within, employee initiatives have lead us to adopt steps to show examples of what the future demands of us; certifying the bank as an Eco-Lighthouse, encouraging the use of public transport for work travel, introducing a weekly meat-free day in the cafeteria, installing bee-hives on the roof of our headquarters, and engaging in an annual clean-up of the shores of a local lake.

leadership communication, amongst others.		
<p>5.3 Governance Structure for Implementation of the Principles</p> <p><i>Show that your bank has a governance structure in place for the implementation of the PRB, including:</i></p> <p>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>The Board of Directors adopt the Sustainability Strategy which serves as a guideline for the Bank's current status, plans and development of products aligned with the UN SGDs. Furthermore, the Boards also adopts and revises on an annual basis, the Bank's strategy papers for Credit policy, Investment strategy, Operational risk, et al, all with references to relevant sustainability goals.</p> <p>The execution of adopted strategies is the responsibility of the CEO and her top-level team of Directors, including a Sustainability Group with a particular mandate of overseeing and introducing sustainability measures.</p>	
Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.		



Principle 6: Transparency & Accountability

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

<p>6.1 Progress on Implementing the Principles</p> <p><i>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</i></p> <p><i>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</i></p> <p><i>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</i></p>	<p>Fana Sparebank has established a Green Finance Framework according to the ICMA standards for the purpose of issuing Green bonds and Green Covered bonds. In addition, all current accounts and deposit accounts from children and youth under 18 have been defined as Green Deposits, and the proceeds shall be covered by qualified green assets (Use of proceeds) accordingly.</p> <p>In the Annual Report for 2021, the first references to EU Taxonomy alignment have been included.</p> <p>The EU Taxonomy is identified as been the primary reference for climate alignment in the bank's future reporting.</p> <p>2021 was the first time the bank reported according to the framework of TCFD.</p> <p>Fana Sparebank has revised the bank's Sustainability strategy document in 2021 to include the following reporting standards by the year end of 2022:</p> <ul style="list-style-type: none"> • GRI • PCAF 	<p>Green finance Framework</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>		

Annex: Definitions

- 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”.