



Reporting and Self-Assessment Template

Principles for Responsible Banking



Links and references

- Annual report: <https://www.fanasparebank.no/om-oss/investorinformasjonir/fana-sparebank/>
- Klimarapport/Climate report: <https://www.fanasparebank.no/siteassets/dokumenter/rapporter/fana-sparebank/fns-klimainitiativ/klimarapport-2021.pdf>
- Påvirkningsanalyse 2023/Impact analysis: <https://www.fanasparebank.no/om-oss/investorinformasjonir/fns-klimainitiativ-innen-finans/>

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.

Fana Sparebank ("the bank") 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 (SME), which include mortgages, home loans, commercial loans mainly to commercial real estate, and loan facilities for development of real estate projects. In addition, we provide credit card services, savings accounts, deposit accounts and current accounts with payment services.

Fana Sparebank has also a digital bank service under the brand name Himla Banktjenester. Himla offers mortgages nationwide, in addition to standardised services such as credit cards, current and savings accounts.

Retail lending accounts for approx. 80% (NOK 20,2 billion) of our total loan portfolio, and business loans accounts for the remaining 20% (NOK 4,8 billion).

In total, we are 107 full-time equivalent employees.

Annual report 2022:

- "Dette er Fana Sparebank", page 6
- "Organisasjon og sosiale forhold", page 39-42
- "Økonomiske resultater for 2022", page 45

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: **EU Taxonomy**

☒ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: **Transparency Act (Norwegian regulation)**

☐ None of the above

Fana Sparebank's corporate strategy identifies and reflects sustainability as a strategic priority. We have identified five SDGs that will be prioritised going further; SDG 5 – Gender equality, SDG 8 – Decent work and economic growth, SDG 11 – Sustainable cities and communities, SDG 13 – Climate action, SDG 17 – Partnership for the goal.

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

As a savings bank under Norwegian legislation, we contribute substantially by allocation from our annual earnings to social and community projects, mainly through Fana Sparebank's endowment fund. One of these projects is an annual night walk

Annual report 2022

- "Dette er Fana Sparebank", page 6
- "Rapportering Samfunnsansvar og ESG", page 146-148

where the whole of the Bergen population is invited to learn about the 17 SDGs at stations manned by different NGOs representing each goal.

In 2020, we formulated our first Sustainability and ESG strategy. In 2022 the sustainability and ESG strategy was subject to a revision by the board of directors. The revision entailed restructuring the strategy, setting SMART-goals and targets for alignment with the Paris Climate Agreement.

Furthermore, we have adopted The Roadmap for Green Competitiveness in the Norwegian Financial Sector, developed by Finance Norway, the national association of financial institutions comprising banks, insurance companies, investment firms and pension providers. Fana Sparebank is also represented with a member of a professional committee within sustainability at Finance Norway.

We determine that Fana Sparebank's exposure and loan portfolio towards retail housing and commercial real estate are the main priorities for fostering positive impact, especially climate alignment motivating our clients into investing in energy efficient technologies and household improvements.

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 regularly¹ and fulfil the following requirements/elements (a-d)²:

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.

Fana Sparebank's core business areas are retail banking, mainly with exposure to mortgages for housing purposes (approximately 80 %) and business/corporate banking (approximately 20 %). For the corporate segment, a significant part of the lending is aimed at financing commercial real estate.

These lending to retail and corporate areas, including our services related to savings account have been considered in the impact analysis.

Påvirkningsanalyse 2023

b) Portfolio composition: 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
 i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
 ii) by products & services and by types of customers for consumer and retail banking portfolios.

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.

The Impact analysis considers the composition of Fana Sparebank's business portfolio. As Fana Sparebank solely operates in Norway, the analysis consider the bank in a nation-wide perspective (Norway). Below, you will find the bank's exposure as a percentage of the accrued, national lending and/or business activity.

Consumer banking

- Current accounts with paymentservices (0,15%)
- Savings (0,46%)
- Credit (~0%)
- Credit cards (~0%)
- Consumer loan and overdraft (~0%)
- Home loan/mortgages (0,55%)

Institutional banking

- A Agriculture, forestry and fishing (~0%)
- B Mining and Quarrying (~0%)
- D Electricity, gas steam and air conditioning supply (~0%)
- F Construction (0,01%)
- G wholesale and retail trade (~0%)
- H Transportation and storage (~0%)
- L Real estate activities (0,04%)
- S Other service activities (~0%)

The analysis is based on internal data and data from Statistics Norway.

Påvirkningsanalyse 2023

¹ 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.

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

³ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

Fana Sparebank is not market leading within any of our services. However, it is relevant to mention that the tradition and presents of savings banks (Sparebanker) is unique to Norwegian banking system. Small savings banks have for decades played a key role in contributing to creating thriving local communities.

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?⁴ 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.

The context module present three main challenges and priorities to sustainable development in Norway:

- Availability, accessibility, affordability, quality of resources and services
- Biodiversity and healthy ecosystems
- Circularity

Påvirkningsanalyse 2023

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)⁵? Please disclose.

Applying the impact analysis tool to conduct an impact analysis.

Consumer banking (Retail banking)

- + Availability, accessibility, affordability, quality of resources and services
- + Strong institutions, peace and political stability
- + Socioeconomic coverage
- Climate stability
- Availability, accessibility, affordability, quality of resources and services
- Circularity

Institutional banking (Business banking)

- + Availability, accessibility, affordability, quality of resources and services
- + Healthy Economies
- + Infrastructure
- Climate stability
- Circularity
- Healthy Economies

Based on Fana Sparebanks services (lending and deposits), the impact analysis aligns with the areas of focus, stated in the sustainability strategy. In addition, Fana Sparebank have included "gender equality" as a strategic priority.

Påvirkningsanalyse 2023

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.

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.

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

⁵ 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.

Retail housing and commercial real estate.

Klimarapport

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?⁶

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

⁶ 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 targets⁷ 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 with⁸ 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.

Fana Sparebank has set the following targets:

Gender Equality

- Gender balance and diversity at all levels in the bank
- Equal pay for equal work
- Through counseling, the bank aims to strengthen financial equality

Decent work and economic growth

- Fana Sparebank shall be an inclusive workplace and maintain a good working environment
- Fana Sparebank shall through setting demands for sustainable development clients and partnerships

Sustainable cities and communities

- ESG and climate risk shall be assessed in all loan and credit matters
- Make banking and financial services available to everyone

Climate action

- Net zero emissions by 2050 for the bank's overall operations, including lending and investments
- Strengthen the bank's ability to counteract, adapt to and reduce the consequences of climate change
- Strengthen the bank's clients ability to counteract, adapt to and reduce the consequences of climate change

Partnership for the goal

- Actively participate in relevant local, national and international initiatives to achieve the UN's sustainability goals
- Promote the bank's safeguarding of social responsibility and human rights

Annual report

- "Rapportering Samfunnsansvar og ESG", page 146-148
- Klimarapport

- 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	...	
	...	
	...	

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.

In the sustainability strategy ("Strategi for samfunnsansvar og ESG") the targets supported by associated sub-goals and measures are further defined. The strategy is currently an internal document.

The bank's annual report, gives a status on the different impact areas (SDG: 5, 8, 11, 13, and 17)

Annual report

- "Rapportering Samfunnsansvar og ESG", page 146-148
- Klimarapport

c) SMART targets (incl. key performance indicators (KPIs)⁹): 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.

Fana Sparebank's SMART-targets and status are disclosed in the annual report.

Annual report

- "Rapportering Samfunnsansvar og ESG", page 146-148
- Klimarapport

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.

Within the sustainability strategy, in combination with the climate report, the bank has defined actions and milestone to meet the set targets.

Klimarapport

Self-assessment summary

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...

	... first area of most significant impact: ... Housing	... second area of most significant impact: ... Commercial real estate	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" 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
Baseline	<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

⁷ 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.

⁸ 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.

⁹ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

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 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

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 2nd 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.

Fana Sparebank has made commitments that will impact the way we conduct our business in the future. Being a signatory member of UNEP FI is one example. The commitments serve as learning platforms and areas for inspiration from peers.

As previously stated, the sustainability strategy was revised and approved by the board in 2022. The previous version of the sustainability strategy was focusing on all 17 SDG's. Further, the revised strategy defines the five material impact areas for Fana Sparebank. In addition to setting specific (S), measurable (M), attainable (A), realistic (R) and time-bound (T) targets.

Annual report

- "Rapportering Samfunnsansvar og ESG", page 146-148

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 customers¹⁰ 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 activities¹¹. 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).

Fana Sparebank launched a comprehensive ESG- and climate risk query in 2021, to enhance ESG screening and analysis within our commercial lending portfolio. The questionnaire will be subject to a revision, with the ambition to launch the revised and updated module during 2023.

This query will clarify the Bank's expectations towards our corporate clients. Furthermore, it will in future versions serve as collecting climate impact figures from our corporate clients.

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.).

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 Deposits are and integrated part of the Green Finance Framework.

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'.

This also applied to commercial real estate classifications BREEAM Outstanding or Excellent.

For 2023, we aim to launch new green products incentivising to improve and invest in energy efficiency-technologies (for both retail and business).

Annual report

- «Funding og grønt rammeverk», page 34
- «EUs taksonomi for bærekraftige aktiviteter», page 34

¹⁰ 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.

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

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 groups¹²) 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.

Stakeholder dialogue enables us to prioritise and present insights into what focus areas the bank should engage. The main focus throughout 2022 have been located at Key resources, aiming to increase employee engagement and ownership of measures within the organisation.

Key resources – engage (High influence and high interest)

These have both great influence and great interest in using it. They should be satisfied and engaged in the work.

- The board of directors, management, employees, subsidiaries, suppliers, and customers

Satisfy (High influence and low interest)

These have great influence, but little interest in using it. It is important to satisfy these in the project.

- Authorities, rating agency and analysts, capital markets and stock exchange, industry- and NGOs.

Keep informed (low influence and high interest)

Stakeholders who are interested but have little influence. They may have useful information and should be kept informed.

- The local community, media and educational institutions and research environment.

Fana Sparebank also has open communication and participates in various networks with other stakeholders such as competitors/similar banks, sharing experiences.

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

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 Norwegian savings banks were created in the 19th century to address social issues and aiding the public to put aside means to ensure financial security for their 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 net-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 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).

The bank has a full-time sustainability officer, in addition, the bank has established a sustainability group (comprising staff from various departments/disciplines), and sustainability committees on department level to engage employees, to foster engagement and to coordinate the work related to sustainability.

The sustainability group monitors progress on implementing the bank's strategy on sustainability, and report to the management group.

Starting within, employee initiatives have led 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.

To increase engagement, the initiative Bærekraftsskolen/Sustainability School has been realised. Which aims to increase the ESG-competency level for all employees. There has been established a strategy for ESG-learning, including a combination of e-learning, workshops, and presentations concerning sustainability matters.

Annual report

- "Engasjerte ansatte og kunnskapsutvikling", page 28-29

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ 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.

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 SDGs. Furthermore, the Boards also adopts and revises on an annual basis, the Bank's strategy papers for Credit policy, Investment strategy, Operational risk, AML, et al, all with references to relevant sustainability goals.

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.

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

¹³ 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; whistle-blower 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.

The Annual Report for 2022 is composed in an integrated form.

Principle 1 – Alignment

ESG and sustainability is a part of our strategy, revised and anchored in the board of directors.

Principle 2 – Impact and target setting

The revision of the bank's sustainability and ESG strategy undertaken in 2022, was based on a materiality analysis and resulted in identifying the SDG material for Fana Sparebank. Further, there was set SMART-targets and alignment for Paris-Agreement.

For SDG 13, Climate Action, we have created a climate strategy, as part of the climate report.

In addition, in 2023, the bank have conducted impact analysis applying UNEP FI's Impact Analysis tool (V3. Updated February 2023).

Principle 3 – Clients and customers

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.

In 2022 the credit strategy and credit policy was subject to a revision by the board of directors, integrating demands and measures related to handling and evaluating sustainability in the credit process.

For 2023, the ambition is to launch new green products aiming at motivating investing in energy efficiency technologies (for both retail and business/corporate clients).

Principle 4 – Stakeholders

In 2022, Fana Sparebank's sustainability group conducted a stakeholder analysis. Thus, mapping which stakeholders to engage, satisfy, and inform, based on their impact and interest in Fana Sparebank. The stakeholder analysis sets the foundation for whom to engage. In 2022, Fana Sparebank's focus have been to engage the board, the management group, and employees.

Principle 5 – Governance and culture

The board of directors has the primary responsibility for setting targets and strategies for ESG-related ambitions.

The management teams is responsible to report and inform the board of directors.

The sustainability group follows up and takes ESG-initiatives to deliver on the expectations the board of directors have defined. In addition, there are sustainability committees at department level.

Principle 6 – Transparency and accountability

The sustainability related information disclosed in the annual report have been assured as part of the assurance for the annual report.

- "Revisors beretning", page 136-140

Klimarapport

The Annual report 2022 (Integrated report). We aim to continuously improve our reporting. Our reporting reflects that we have improved and focused our effort, however, there is still much to do.		
6.2 Reporting on other frameworks Does your bank disclose sustainability information in any of the listed below standards and frameworks? <ul style="list-style-type: none"> <input type="checkbox"/> GRI <input type="checkbox"/> SASB <input type="checkbox"/> CDP <input type="checkbox"/> IFRS Sustainability Disclosure Standards (to be published) <input checked="" type="checkbox"/> TCFD <input checked="" type="checkbox"/> Other: 		
<ul style="list-style-type: none"> • Eco-Lighthouse (Miljøfyrtårn) • Green Finance Framework (allocation and impact report) 	Annual report	<ul style="list-style-type: none"> • TCFD, page 142-145
6.3 Outlook What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis ¹⁴ , target setting ¹⁵ and governance structure for implementing the PRB)? Please describe briefly.		
In 2023; <ul style="list-style-type: none"> • We will increase the focus regarding ESG-risk, and how to use the available data to assess how we will apply the information in the loan process. • We aim to update the bank's Green Finance Framework. • We aim to launch new green loan products for both retail and corporate clients 		

¹⁴ 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

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

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 type="checkbox"/> Embedding PRB oversight into governance | <input checked="" type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input checked="" type="checkbox"/> Stakeholder engagement |
| <input checked="" 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 checked="" type="checkbox"/> Access to resources |
| <input checked="" type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input 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:

Annex

A set of indicators has been produced for the impact areas of climate mitigation and financial health & inclusion. These indicators will support you in your reporting and in showing progress against PRB implementation. Banks are expected to set targets that address minimum two areas of most significant impact within the first four years after signing the PRB. That means that Banks should ultimately set targets using impact indicators. Acknowledging the fact that banks are in different stages of implementation and on different levels of maturity and therefore might not be able to report on impact from the beginning, a Theory of Change approach has been used to develop the set of indicators below.¹⁶ The Theory of Change shows the **pathway to impact** and considers the relationship between inputs, actions, outputs, and outcomes in order to achieve impact. The Theory of Change for climate mitigation can be found [here](#), the Theory of Change for financial health & inclusion can be found [here](#).

How to use: Both practice (action, outcome and output) and impact performance need to be understood because practice is the conduit for achieving desired impacts (including targets). The Theory of Change allows to identify metrics and set targets which align with a bank's maturity. The indicators below are all connected to a bank's impact and can be considered as steps towards measuring impact. Some of the practice indicators (on the action, output, and outcome levels respectively) are connected to portfolio composition and financial targets¹⁷ (highlighted in **green**) or to client engagement¹⁸ targets (highlighted in **blue**), which enable your overall target. 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 to measure your performance and baseline.¹⁹ Once you have set the target, you can use the indicators as guidance for your action plan as well as defining Key Performance Indicators (KPIs) which you can then use to measure progress against the set targets.

¹⁶ It is not required from banks to work with the Theory of Change concept internally. In fact, the Theory of Change has been used to structure the requirements of setting SMART targets using relevant indicators.

¹⁷ Financial targets also aim for real economy outcomes but are not directly expressed as such. Instead, they are expressed with financial indicators and metrics, e.g., to redirect flows of lending and investments to sectors, activities or projects aligned with SDGs and/or related to the selected impact area. Banks can also set financial targets related to specific types of customers e.g., low-income customers or female entrepreneurs.

¹⁸ Client engagement targets involve engaging relevant clients and customers to enable your overall target. The purpose of client engagement is to support clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹⁹ You might not be able to report on all indicators and/or levels of practice (i.e. from left to right), in which case you should report on all applicable indicators on the respective level of practice no matter if it is an action, output or outcome indicator.

- **For Signatories of the Net-Zero Banking Alliance:** please report on the climate targets set as required in the [Guidelines for Climate Target Setting](#). As a member of the Alliance, you are required to publish first 2030 targets for priority sectors within 18 months and further sectoral targets within 36 months after signing. You can use the PRB template to disclose the required climate target information if its publication date is in line with the committed NZBA timeframe.
- **For Signatories of the Collective Commitment to Financial Health & Inclusion:** please report on financial health and/or financial inclusion targets set as required in the [Financial Health and Inclusion Commitment Statement](#). As a signatory to the Commitment, you have agreed to set a SMART ambitious target within 18 months after signing. To facilitate your process, please refer to the [Guidance on Target Setting for Financial Health and Inclusion](#) and the [Core Indicators](#) to measure financial health and inclusion. Keep in mind that signatories of the Commitment are encouraged to measure as many indicators as possible from the Core Set or their equivalent to be able to set a SMART impact driven target.

Impact area	Practice ²⁰ (pathway to impact)									Impact ²¹		
	1. Action indicators			2. Output indicators			3. Outcome indicators			4. Impact indicators		
	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics
A. Climate change mitigation	A.1.1	Climate strategy: Does your bank have a climate strategy in place?	Yes / In progress / No	A.2.1	Client engagement process: Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model (<i>for business clients</i>), or towards low(er)-carbon practices (<i>for retail clients</i>)?	Yes / Setting it up / No; <i>If yes:</i> Please specify for which clients (types of clients, sectors, geography, number of clients etc.)	A.3.1	Financial volume of green assets/low-carbon technologies: How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies?	bln/mn USD or local currency, and/or % of portfolio; <i>please specify</i> the definition of green assets and low-carbon technologies used	A.4.1	Reduction of GHG emissions: how much have the GHG emissions financed been reduced?	% over time; baseline and tracking GHG emissions in kg of CO ₂ e (or applicable metrics) ²²
	A.1.2	Paris alignment target: Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	Yes / In progress / No; <i>If yes:</i> - please specify: to become net zero by when? - Emissions baseline / base year: What is the emissions baseline / base year for your target?	A.2.2	Absolute financed emissions: What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or investment portfolio?	Total GHG emissions or CO ₂ e (<i>please also disclose what is excluded for now and why</i>)	A.3.2	Financial volume lent to / invested in carbon intensive sectors and activities and transition finance: How much does your bank lend to / invest in carbon-intensive sectors and	bln/mn USD or local currency, and/or % of portfolio	A.4.2	Portfolio alignment: How much of your bank's portfolio is aligned with Paris (depending on the target set [A.1.2] either 1.5 or 2 degrees)?	% of portfolio (<i>please specify which portfolio; for corporate and business clients: % of sectors financed</i>)

²⁰ Practice: the bank's portfolio composition in terms of key sectors, its client engagement, and its relevant policies and processes, and, if applicable, its advocacy practices

²¹ Impact: the actual impact of the bank's portfolio

²² If possible and/or necessary, please contextualize the progress: Greenhouse gas emissions might even increase initially because the scope of measurements is extended and financed emissions from a growing proportion of the portfolio are measured, emission factors are updated etc. Emission reductions made by the clients should over time lead to a decrease in GHG emissions financed.

			- Climate scenario used: What climate scenario(s) aligned with the Paris climate goals has your bank used?					activities ²³ ? How much does your bank invest in transition finance ²⁴ ?			
A.1.3	Policy and process for client relationships: has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model?	Yes / In progress / No	A.2.3	Sector-specific emission intensity (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector?	Please specify which sector (<i>depending on the sector and/or chosen metric</i>): kg of CO ₂ e/kWh, CO ₂ e / m ² ; kg of CO ₂ e/USD invested, or kg of CO ₂ e/revenue or profit						
A.1.4	Portfolio analysis: Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?	Yes / In progress / No; <i>If yes:</i> please specify which parts of the lending and investment portfolio you have analyzed	A.2.4	Proportion of financed emissions covered by a decarbonization target: What proportion of your bank's financed emissions is covered by a decarbonization target, i.e. stem from clients with	% (<i>denominator: financed emissions in scope of the target set</i>)						

²³ A list of carbon-intensive sectors can be found in the [Guidelines for Climate Target Setting](#).

²⁴ Transition finance is defined as financing the transition towards a low-carbon future in alignment with the Paris climate goals. It entails any form of financial support for non-pure play green activities to become greener and reduce emissions.

	A.1.5	Business opportunities and financial products: Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?	Yes / In progress / No; Please specify which ones, and what financial volume and/or % of the portfolio they account for		a transition plan in place?							
B. Financial health	B.1.1	# of products and services in the portfolio with a focus on financial health	Internal data based. Measures how many of the products and services in the portfolio have a financial health focus. We deem a product or service to have this focus when it facilitates decision making and supports financial health increase based on our definition of financial health. This covers products and services embedded with nudges to simplify decision making, round-up, high yield savings accounts, easy investment tools, etc.	B.2.1	# of individuals supported with dedicated and effective financial and/or digital education initiatives	Based on internal data. Measures the number of users (customers and non customers) of financial and/or digital skills-building initiatives offered by the bank. An initiative encompasses courses, programs, training videos, articles, SMS education campaigns, etc. Dedicated means that the initiative was specially created for a defined group of individuals (in many cases a prioritized group). Effective	B.3.1	% of individuals with a good and/or very good level of financial skills	Assessment based. Measures the percentage of individuals with a good and/or very good level of financial skills according to the assessment chosen by the financial institution. Should be measured on individuals benefitting from the bank's financial education initiatives.	B.4.1	% of customers with a high level of financial health	Survey and/or transactional data based. Measures the percentage of customers with a high level of financial health according to the score chosen by the financial institution.

						means that the bank has measured if the initiative is successful in generating the desired results of stronger financial skills, and thus, any individual that is supported with the initiative will achieve the desired results. A bank can't count a click as an individual so we encourage that the data is presented as # of individuals for deanonymized users and # of interactions for anonymized users.						
	B.1.2	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Based on internal data. Measures the percentage of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health. Including training to attend the needs of prioritized groups. Effective means that the bank has measured if the initiative is successful in generating the desired results of	B.2.2	% of customers actively using the online/mobile banking platform/tools	Transactional data based. Measures the percentage of customers logging in, at least once a month, to one of the following digital platforms (measure those applicable for your bank): Online internet banking and/or mobile phone banking and/or digital tools (including	B.3.2	% of customers who use the bank's services to create a financial action plan with the bank	Transactional and/or survey data based. Measures the percentage of customers who create a financial action plan with the bank using the bank's services. A financial action plan is anything that helps the customer build financial resilience. It is done "with the bank" if the bank can visualize,	B.4.2	% of customers for which spending exceeded 90% of inflows for more than 6 months last year	Survey and/or transactional data based. Measures the percentage of customers with a transaction account and/or savings/investment accounts for which spending exceeded 90% of inflows for more than 6 months in the year within the reporting period compared to the total of customers within PRB scope. Focus on main

			stronger skills, and thus, any individual that is supported with the initiative will achieve the desired results. Relevant employees are those the bank prioritizes in the training program due to their direct impact on the customers' financial health			financial health tools)			through the transactions of the customer, the results of the plan.			financial institution customers.
	B.1.3	# of partnerships active to achieve financial health and inclusion targets	Based on internal data. Measures the number of partnerships currently active to achieve financial health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports.				B.3.3	% of customers using overdraft regularly	Transactional data based. Measures the percentage of customers using the overdraft option in their accounts or credit cards, regularly. Overdraft can be used to handle unexpected emergencies but more than 1/3 of the year (banks may deviate if proper reasons are provided) denotes regularity and a precursor to lower financial health	B.4.3	% of customers that feel confident about their financial situation in the next 12 months	Survey based data. Measures the percentage of customers that answered positively to feeling confident about their financial situation in the next 12 months compared to the total number of customers surveyed. By confident we mean not feeling worried about their financial situation.
							B.3.4	% of customers with a non-performing loan	Transactional data based. Measures the percentage of customers with past-due loans ("past due"	B.4.4	% of customers with products connected to long-term saving and investment plans	Transactional and/or survey data based. Measures the percentage of customers with products

									defined by policies at each bank) compared to the total amount of customers with loans in the bank's lending portfolio.			connected to long-term saving and investment plans. "Long-term" will depend on each bank's definition.
							B.3.5	% of customers showing an increase or stable amounts in savings, deposit and/or investment account balances, quarter on quarter.	Transactional data based. Measures the percentage of customers showing an increase or stable amounts in savings and/or deposit AND/OR investment accounts balances, quarter on quarter.	B.4.5	% of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense	Survey based data. Measures the percentage of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense. We consider a major unexpected expense, one that the customer hadn't planned for and would require them to spend more than what they have available for secondary expenses in their monthly budget or 1/20th of the country's Gross National Income (banks may deviate if proper reasons are provided). A good example is: unforeseen medical bills, large appliance malfunctioning, car repair, etc. Survey based

												using the question: "If a major unexpected expense arises, how can you cover it right now?" and give the multiple choice options of insurance, emergency funds, loan, credit card, family/friends, etc.
C. Financial Inclusion	C.1.1	# of products and services in the portfolio with a focus on financial inclusion	Internal data based. Measures how many of the products and services in the portfolio have a financial inclusion focus. We deem a product or service to have this focus when its design facilitates the access and usage by the prioritized customer. For example, no-fee savings account, low interest microloan, offline access or sim-based banking apps, etc	C.2.1	# of individuals supported with dedicated and effective financial and/or digital education initiatives	Based on internal data. Measures the number of users (customers and non customers) of financial and/or digital skills-building initiatives offered by the bank. An initiative encompasses courses, programs, training videos, articles, SMS education campaigns, etc. Dedicated means that the initiative was specially created for a defined group of individuals (in many cases a prioritized group). Effective means that the bank has measured if the initiative is	C.3.1	% of individuals with a good and/or very good level of financial skills	Assessment based. Measures the percentage of individuals with a good and/or very good level of financial skills according to the assessment chosen by the financial institution. Should be measured on individuals benefitting from the bank's financial education initiatives.	C.4.1	% of customers with 2 or more active financial products, from different categories, with the bank	Transactional data based. Measures the percentage of customers with 2 or more active financial products, from different categories, with the bank. By active we mean there's at least one usage per month. By category we mean credit/debt, savings/deposit/payment, insurance, investment, etc. Once a target has been set for this indicator, we encourage banks to ensure responsible selling policies or other initiatives so that the target doesn't become a toxic incentive.

						successful in generating the desired results of stronger financial skills, and thus, any individual that is supported with the initiative will achieve the desired results. A bank can't count a click as an individual so we encourage that the data is presented as # of individuals for deanonymized users and # of interactions for anonymized users.						
	C.1.2	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Based on internal data. Measures the percentage of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health. Including training to attend the needs of prioritized groups. Effective means that the bank has measured if the initiative is successful in generating the desired results of stronger skills, and thus, any individual that is supported with the initiative	C.2.2	% of customers with effective access to a basic banking product	Transactional data based. Measures the percentage of customers with effective access to a basic banking product. By effective we mean the usage beyond first access. Basic banking products vary by bank. Good examples are: checking accounts, payment accounts, credit cards, saving accounts, deposit accounts, e-	C.3.2	% of customers supported with dedicated customer journey/advisory services	"Transactional data based. Where dedicated customer journey/advisory services are in place for prioritized groups, this indicator measures the percentage of customers using such services. Depending on size of bank, either number or percentage can be the unit of measure.			

			will achieve the desired results. Relevant employees are those the bank prioritizes in the training program due to their direct impact on the customers' financial health			money accounts, etc.						
	C.1.3	# of partnerships active to achieve financial health and inclusion targets	Based on internal data. Measures the number of partnerships currently active to achieve financial health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports.	C.2.3	# of new customers per month	Transactional data based. Measures the number of new customers per month. Once the bank sets a target, this indicator can become a KPI to measure the percentage of new customers from the prioritized groups, per month.	C.3.3	% of customers actively using the online/mobile banking platform/tools	Transactional data based. Measures the percentage of customers logging in, at least once a month, to one of the following digital platforms (measure those applicable for your bank): Online internet banking and/or mobile phone banking and/or digital tools (including financial health tools, if applicable)			