

Aurskog, September 2021

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).

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
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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>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>Aurskog Sparebank is a regional savings bank. Our market area is Romerike in Viken county, with surrounding areas. The banks' head office is in Aurskog and we have offices in Bjørkelangen, Årnes, Jessheim and Sørumsand as well. By 2020 Romerike had over 310,000 inhabitants and the area have over time been among the areas with the highest growth on a national basis.</p> <p>At the end of the first half of the year, the bank passed NOK 15 billion in business capital. At the same time, the bank had about 22,000 customers.</p> <p>Aurskog Sparebank's main activities are ordinary banking activities with loans to, and deposits from both private retail and corporate customers. Lending to the corporate market accounts for approximately 25 % of total lending and the remaining 75 % to retail market.</p> <p>We are a total supplier of products within financing, savings, and payment services. In addition, we sell products within fund savings and asset management, as well as insurance. We contribute to financial growth and security for private customers and local businesses.</p> <p>Our operations are built around the core values of being local, relationship- and customer-</p>	<p>Annual report page 15-19 https://aurskog-sparebank.no/-/media/banker/aurskog-sparebank/dokumenter/rapport-2020/rsrapport-2020.pdf?la=nb-NO</p> <p>Report 2Q2021: https://aurskog-sparebank.no/-/media/banker/aurskog-sparebank/dokumenter/rapport-2021/Delrsrapport-2Q21.pdf?la=nb-NO</p>
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	<p>oriented, paired with personal competence and service. Our strategy is based on stability and long-term perspective, and clear requirements for the ability and willingness to quickly adapt to changing framework conditions. The bank is organized along five main lines: retail market, corporate market, savings and investment, call center, finance and governance.</p> <p>Aurskog Sparebank is a member in The Eika Alliance that consists of about 60 self-owned, local banks.</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>As a bank, we have an influence on most of the UN's sustainability goals. We have selected three of the UN's sustainability goals, which are the priority goals for our business. We have chosen to prioritize goals 4, 8 and 11. Corporate social responsibility is an important part of our business, something we plan to strengthen in the time ahead. Sustainability and ESG will be integrated throughout the organization. We have worked dedicated on this topic, especially in the last 18 months. Good knowledge of sustainability among our employees is vital to achieve our goals. We have started but must further educate our employees and increase our competence.</p> <p>The bank will aim to align our activities with the UN's sustainability goals and the Paris Agreement and we are working on implementing this in our strategy as well as in our daily work.</p> <p>The TCFD framework and GRI standards will be reviewed and considered implemented in our reporting of climate risk in our next annual report that will be published in 2022.</p>	<p>Sustainability strategy page 2-3</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</i> 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:</p> <ul style="list-style-type: none"> 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. <p>(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p>	<p>Earlier this year, we started to work on the impact analysis in line with UNEP FI's methodology. We have had workshops together with other banks that have also signed PRB, as well as internal workshops. The goal is to carry out a small version of the analysis by the turn of the year 21/22 and to finish the complete impact analysis in 2022.</p> <p>Responsible lending, green products and responsible asset management are areas where we have the greatest potential for influencing climate and environmental conditions by setting requirements and managing capital in a sustainable direction. We aim to be an adviser and a positive contributor to customers' restructuring and green investments. Sustainability and climate risk are to be a permanent part of our risk management and credit assessment of credit cases in the corporate market.</p>	<p>Sustainability report 2020 https://aurskog-sparebank.no/Nyheter/Baerekraftsrapport</p> <p>Sustainability strategy</p>
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<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>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p>		
<p><i>By the 18-month reporting we are not yet finished with the work on our impact analysis.</i></p>		

<p>2.2 Target Setting</p> <p><i>Show</i> 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.</p> <p><i>Show</i> 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.</p> <p><i>Show</i> 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.</p>	<p>We have so far set overall goals for our sustainability work. We are working on setting more specific targets and activities. When the impact analysis is completed, we will have set several specific goals with a prioritization order and associated activities and measurement parameters for our sustainability work in the coming years.</p> <p>One of our overall goals are that in all credit assessments of corporate customers, both the project's and the loan applicant's climate and environmental impact will be assessed, as well as physical risk and transition risk. This is already implemented.</p>	<p>Sustainability report 2020 https://aurskog-sparebank.no/Nyheter/Baerekraftsrapport</p> <p>Sustainability strategy page 9.</p>
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p><i>By the 18-month reporting we are not yet finished with the work on our target setting.</i></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>In the work with the impact analysis, goals, and activities, we look at possible measurement methods for the various objectives. For this work, we have good help from the Eika Group, which makes reports and measurements based on, among other things, our credit system.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p><i>By the 18-month reporting we are not yet finished with the work with target implementation and monitoring.</i></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 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)</i></p>	<p>One of our goals regarding the corporate market are implemented, as described above. Most of our credit assessments now includes a sustainability assessment. We will measure the results on this target.</p> <p>85 - 90 % of all credit assessments to the corporate market have a sustainability assessment by the end of 3Q21.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p>		
<p><i>By the 18-month reporting we are not yet finished with the work on implementing targets.</i></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>3.1 <i>Provide an overview</i> of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<ul style="list-style-type: none"> • Sustainability strategy • Credit policy • Anti-money laundering policy 	<p>Sustainability report 2020 https://aurskog-sparebank.no/Nyheter/Baerekraftsrapport Page 19-36</p> <p>Sustainability strategy</p>
<p>3.2 <i>Describe</i> how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<ul style="list-style-type: none"> • We want to be an adviser and a positive contributor to customers' restructuring and green investments • Green products such as green loans to both retail and corporate market • To make good sustainability assessment in the credit cases to the corporate market, we need to have good discussions on sustainability with the customers • We will contribute to our retail customers having a conscious relationship to sustainability in their housing and everyday life by, among other things, reward customers with favourable terms on green mortgages • Provide sustainable fund products from our partner Eika Kapitalforvaltning • We will aim to do business with suppliers and partners that have a proven focus on sustainability in their business 	<p>Sustainability report 2020 https://aurskog-sparebank.no/Nyheter/Baerekraftsrapport Page 19-36</p> <p>Sustainability strategy</p>

	<ul style="list-style-type: none"> • We talk about and consider the climate and environmental impact of the project in all applications for gifts- and sponsorship-support • Visiting schools with economics education and sustainability topics that are relevant for our business • Arranging customer meetings with various topics • Sustainability topics in social media, newsletters to customers and articles on our website 	
 <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 <i>Describe</i> which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<ul style="list-style-type: none"> • Internal in the bank; The management and the Board of Directors • Retail and corporate customers • The professional committee for sustainability in the Eika Group • Equity certificate holders • Investors • Internal auditor, PwC • The Eika Alliance and other Eika-banks • National authorities • Recipients of gifts and sponsorship funds • Local community 	



Principle 5: Governance & Culture

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

<p>5.1 <i>Describe</i> the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>Aurskog Sparebank has a responsible corporate governance policy that provides a good foundation for further developing our sustainability strategy and implementing goals and activities for further work with sustainability.</p>	<p>Corporate Governance 2020, page 82-86 in our annual report</p>
<p>5.2 <i>Describe</i> the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<ul style="list-style-type: none"> • Internal workshops and good discussions in management and with the employees • Discussions in the Board of Directors • Education and meetings to increase our competence, with and without use of external resources • Internal EHS-measures (environment, health, safety) • Yearly anti-money laundering and anti-corruption education that are mandatory for all employees • Good culture and working environment in general 	<p>Sustainability strategy</p>
<p>5.3 Governance Structure for Implementation of the Principles</p> <p><i>Show</i> that your bank has a governance structure in place for the implementation of the PRB, including:</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>Aurskog Sparebank's sustainability strategy has been discussed and approved by The Board of Directors.</p> <p>The management reviews the status of our sustainability work at regular intervals.</p> <p>Our sustainability manager has an overall responsibility for inviting to discussions, workshops, meeting deadlines for reporting and goals that have been set.</p>	

Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

By the 18-month reporting we are not yet finished with the requirements regarding Governance Structure.



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.

1.1 Progress on Implementing the Principles

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).

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.

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.

In the time that has passed since we signed the Principles for Responsible Banking in May 2020, we have come a long way in our sustainability work.

The signing of the principles has helped us structure the sustainability work in anticipation of the introduction of legislation and guidelines from the authorities regarding sustainability.

We have started with the impact analysis and with goalsetting. And we have planed the coming work with both the analysis, goals, activities, and measurements. In next year's annual report, we plan to merge our sustainability reporting with our financial reporting from the past year.

Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking

By the 18-month reporting we have not yet fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking.