

TOGETHER  
for a better future



# Sustainability

BN Bank's vision "Together for a better future" aims to serve as a binding guideline for the bank's work regarding sustainability. Contributing, during the course of time, to the bank achieving value creation by undertaking responsible banking operations that warrants trust from all of the bank's stakeholders. Our common future depends on a thriving environment, sustainable climate and people with secure employment who interact with each other based on sound morals and ethical choices.

Together with all the associates we interact with, BN Bank contributes to sustainable development. Be it suppliers, clients, public-opinion or organisations with whom we co-operate. Of course, our main focus is the bank's core business i.e. loans and deposits, however, we are actively working to ensure that our attitude to sustainability becomes a natural part of all the bank's operations. We therefore place great emphasis on training and cultural change. In order for us to succeed in including everyone in our quest for sustainability, it is imperative that all of our stakeholders are familiar with our principles.

## Working sustainably is our commitment







BN Bank aspires to contribute to the global effort of sustainable development. As an organisation, we contribute to realising the UN's sustainability targets and the Paris Agreement's aims to ensure that global temperature does not exceed the two degree increase limit, and preferably not surpass one and a half degrees. To achieve this, we must commit and cooperate - simply contribute to global voluntary work. Consequently, we support several initiatives that contribute to working sustainably within the financial sector.

### Initiatives we support:

#### UNEP FI's "Principles for Responsible Banking"

BN Bank was approved as a "Signatory to the Principles for Responsible Banking" in January 2020. During 2020, the bank has worked on the six principles of this UN programme for a sustainable banking sector. This work will ensure that we contribute to achieving the goals set out in the UN's sustainability targets.

The bank will submit its first milestone report to UNEP FI during the first quarter of 2021 and has during 2020 actively participated in UNEP FI's education courses and has had a representative in the working group «Portfolio Impact Analysis for Banks».

 <p><b>PRINCIPLE 01 ALIGNMENT</b></p> <p>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><b>PRINCIPLE 02 IMPACT &amp; TARGET SETTING</b></p> <p>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>	 <p><b>PRINCIPLE 03 CLIENTS &amp; CUSTOMERS</b></p> <p>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>
 <p><b>PRINCIPLE 04 STAKEHOLDERS</b></p> <p>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p>	 <p><b>PRINCIPLE 05 GOVERNANCE &amp; CULTURE</b></p> <p>We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</p>	 <p><b>PRINCIPLE 06 TRANSPARENCY &amp; ACCOUNTABILITY</b></p> <p>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>



In addition, during the first half of 2020, BN Bank signed up to the UN Global Compact's ten principles for responsible business, which provides guidelines for how the bank complies to responsible operations within human rights, employment, anti-corruption and the environment.

By incorporating the UN Global Compact's ten principles into our own strategy, policy, and practice, we at BN Bank can be held accountable to people, society - and together with other like-minded companies, will contribute to sustainable development.

## Reporting

BN Bank is continuously working to improve its reporting and introducing new standards in sustainability. Reporting is incorporated as a separate entity of the bank's annual report and is approved by management and the bank's board of directors.

In order to summarise the bank's position and requirements within sustainability, both for our own organisation and our suppliers, the bank has in 2020 prepared a self-evaluation form based on the principles laid down in Fair Financial Guide. The form can be downloaded from the sustainability library on the bank's website ([bnbank.no/about us](http://bnbank.no/about-us)).

The bank reports its work in conjunction with sustainability and corporate social responsibility, in accordance with the core requirements (Core) of the Global Reporting Initiative (GRI). Attempts have been made to render the content of the report as balanced and correct as possible. Where relevant, the report refers to internal management documents which enable further information to be found.

Our GRI index may be downloaded from the sustainability library on our website [bnbank.no](http://bnbank.no).

## What does sustainability mean for our business

When we say that we are working actively to ensure that sustainability is a natural part of all the bank's processes, we mean:

- we do not provide loans and decline to establish, as far as the law allows us, client relationships where the purpose of the client's activity is contrary to our sustainability strategy
- we do not enter into any new agreements with our suppliers that do not satisfy our requirements for sustainability
- all internal events must satisfy our requirements for sustainability

In our business, sustainability is also ensured through a strategy that excludes exposure other than that which derives from:

- mortgage loans in Norway
- financing commercial real estate and development projects in and around the central region of Oslo
- providing deposit and payment services and
- the bank's own investments derived from
  - liquidity management and
  - strategic ownership

Consequently, our clients are private individuals and companies regulated by Norwegian law. Exceptions to the restrictions regarding strategy, presuppose fulfillment of our requirements for sustainability, which in all manners comply with, or are stricter than, Norwegian law and ratified agreements.

Consequently, our strategy functions to determine and align the business in accordance with several types of risk. We only provide mortgages, finance commercial real estate and construction projects in Norway, nor do we undertake any financing or invest in international business in other industries and sectors. The bank itself does not own any shares for investment purposes and does not undertake investments in other countries and industries. All shares we hold for strategic reasons must meet our requirements for sustainability. What we own is always made public. When we invest the necessary funds needed to conduct our operations, we invest first and foremost in the state and municipalities. In addition, the bank's liquidity portfolio consists of AAA-rated covered bonds issued by Norwegian or Nordic mortgage institutes, consisting of mortgage loans, finance, and real estate financing through other like-minded banks in Norway and the Nordic countries.

The bank is contemplating establishing a green framework for its own borrowings, but is for the time being participating in green housing bond issues through our ownership in SpareBank 1 Boligkreditt AS.

The bank does not promote investment products, other than deposit saving. The bank does not support trading in shares or financial products, be it directly or indirectly. Money deposited in an account in BN Bank goes solely to financing real estate and construction in Norway that meets Norwegian requirements for environmental standards, and our own requirements for sustainable adaptability, with a focus on an environmental footprint and responsible employment.

## How do we employ sustainability in our company

To ensure anchoring of the bank's endeavours in sustainability and corporate social responsibility, the bank has adopted a sustainability strategy encompassing the period 2020 to 2022. The strategy is based on the bank's values and areas of business. It is cemented by group management and approved by the board.

The strategy applies to the entire bank and the individual managers will be responsible for ensuring that their business areas develop in accordance with the direction pointed out in the master plan. This involves, among other things, the establishment of specific, measurable, relevant, and time-bound measures that contribute to fulfilling the goals in the strategy. The bank's CEO has the overall responsibility for ensuring that prepared plans and measures are followed up and implemented.

The strategy in particular indicates the direction in which the bank should work with:

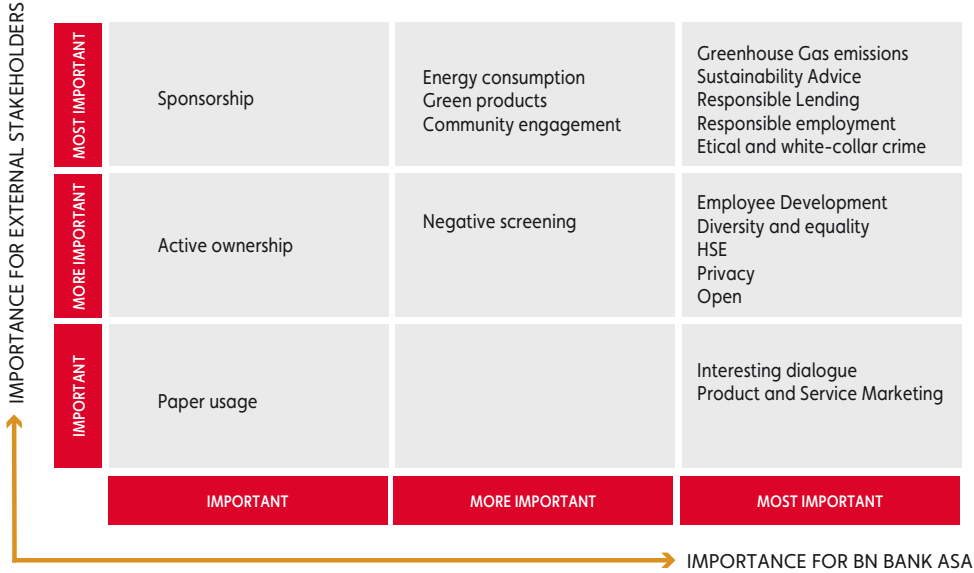
- Business management
- Credit and client initiation
- Prudent investments
- Sustainability requirements for suppliers and partners

Through its strategy, BN Bank wishes to shed light on topics that are significant to the bank's external and internal stakeholders alike.

BN Bank ASA is a medium-sized bank in Norwegian context. The bank's activities are nevertheless dependent on and affect a broad group of stakeholders. The bank has defined its activities and which stakeholders the bank interacts with, including our clients, clients' clients, and suppliers. This is illustrated in our stakeholder diagram below.



As a result of the survey, the bank has identified the risk areas for sustainability in relation to the bank’s activities. This is evident from the graphical representation of the significance analysis in the figure below.



Through the survey, objectives have been established for how we can ensure compliance with the bank’s sustainability goals for the entire bank’s value chain. For our own business, and for the financial choices we make regarding our investments, our goals will be direct and enforced according to our own routines and decisions. In regard to clients’ business, clients’ clients and suppliers, the bank will actively use information and offer guidance to ensure common aims are achieved together.

In accordance with the survey above and through our adherence to UNEP FI, we have identified two sustainability goals that we wish to have a special thematic focus on, and which are particularly relevant to our business. This is sustainability goal 8 – Good jobs and economic growth, and sustainability goal 13 – Protect the planet. These have been chosen because this is where our bank has greatest influence, and not least because these are the sustainability goals that are defined as major challenges in the sector in which we provide financing.



## Sustainability goal 13. PROTECT THE PLANET

### Why is this topic important for BN Bank:

Our climate accounts are based on the standards and protocols of the Greenhouse Gas Protocol (GHG Protocol) and the Task Force for Climate-Related Financial Disclosure (TCFD). We report our emissions in accordance with Scope 1, Scope 2, and Scope 3. We divide our scope 3 emissions into upstream activities and downstream activities. We can greatly influence which suppliers we use and which choices we make in the bank's daily operations. On the other hand, we have limited impact on our mortgage customers' dwellings, which is largely a consequence of the general development in the standard of Norwegian homes. Our business loan clients are professional players, allowing us to implement stricter requirements for them than for our personal market customers. This in turn means that we can apply stricter requirements for the business community thus making them work actively to cut their own emissions. It is an explicit requirement that our business clients must cut their building emissions. The division of Scope 3 emissions is such that upstream activities are emissions from activities that we have a direct impact on, whereas downstream activities are emissions that we only have an indirect impact on, and it is a policy requirement that we, as a bank document how we seek to influence emission reduction in all fields where we do not have a direct impact, as with clients' clients and homeowners in our portfolio.

We monitor our business market customers' value chain. The bank wishes to make them aware of climate risk in general, and the risk of having industries with a high restructuring risk specifically among their own customers. In addition, we especially follow up on our clients where we see that among their sub-clients there are particularly controversial clients who violate the requirements and objectives in conventions and principles, we as a bank are backing. When assessing credit applications, we will take special measures and avoid basing loans on clients' clients in cases where these sub-clients are involved in activities which we in principle are opposed to, such as deforestation, destruction of wetlands and croplands, coal industry, oil sands or oil extraction in the Arctic, production of pornography, and the production of weapons of mass destruction.

### What have we accomplished in 2020:

We have developed a calculation method for greenhouse gas emissions for our own business, clients and clients' clients. Objectives have been established for reducing greenhouse gas emissions, and measures have been brought into force on how to guide corporate clients to reduce greenhouse gas emissions. For private customers, a digital solution has been developed to ensure that our customers utilise green electricity, simultaneously saving energy and money.



## Sustainability goal 8. GOOD JOBS AND ECONOMIC GROWTH

### Why this topic is important for BN Bank:

The bank acknowledges a special responsibility for following up, guiding, and detecting matters relating to money laundering and social dumping in the fields of construction and real estate. The bank will always clarify the origin of the funds, and all employees will immediately notify the bank's anti-money laundering (AHV) department should there be any suspicion of funds originating from activities in violation of Norwegian law. Nor will we finance activities that are contrary to the bank's sustainability policy. The bank provides guidance to customers when choosing suppliers for construction and renovation work. We expect all our customers to meet these requirements, and have measures of monitoring:

- the Working Environment Act and HSE
- attitude towards, and measures to prevent economic crime
- measures to ensure transparency and avoid corruption

The customer and the bank have a common interest in the work to ensure sound social conditions, and avoid breaches of sustainability requirements for responsible working life by ensuring that only legitimate companies renovate the customer's properties. We will further inform the customer of their responsibility and risk should they choose to use companies, which do not safeguard employees' rights and quality requirements in accordance with industrial standards. We have established detailed guidelines to identify risk, and ensure guidance and tracking of customers.

### What we have accomplished in 2020:

During 2020, in addition to the work of developing measures to thwart money laundering and financial crime, we have established routines for identifying breaches of requirements in the Working Environment Act when financing construction projects. The bank has also implemented further education regarding the bank's sustainability goals relevant to financial purpose for all the employees in the Personal Market department, thus allowing us to better be able to identify purposes that are contrary to the bank's policy.

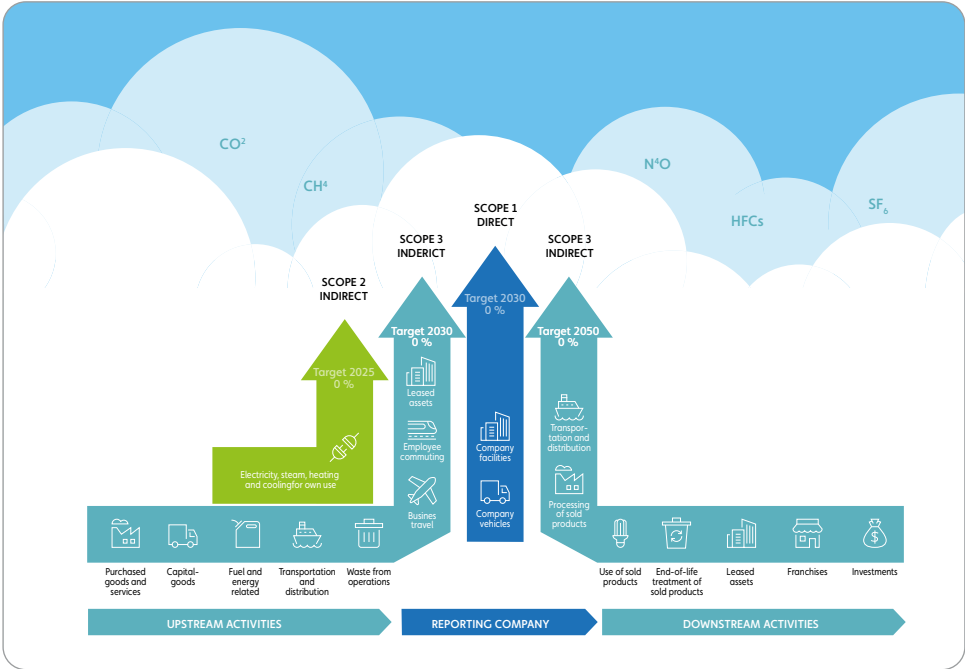
# Climate targets and climate emissions

The loan portfolio of the Business Market department in BN Bank consists of construction loans and loans for commercial buildings. It also includes some mortgage loans, albeit of modest size.

During 2020, BN Bank will prepare its own climate accounts. As an introduction to this work, we have calculated emissions related to loans for commercial properties. In our calculations, we have studied the energy emissions from the operation of the buildings and have studied the emissions that result from the activities of the tenants' businesses.

Our calculations of emissions from commercial buildings are based on figures from Enova building statistics (Enova SF is owned by the Ministry of Climate and Environment and contributes to reduced greenhouse gas emissions, development of energy and climate technology and a strengthened security of supply). According to Enova, emissions from office buildings in 2017 are 179 kWh per square metre. We have added up the leased area and made assumptions that our buildings on average have the same emissions as other commercial buildings in Norway. It renders us an emissions equivalent of 0.15 Twh. This amounts to just under 0.5 percent of emissions from service industries in Norway. Office buildings mainly use electricity for heating and general operations, however, approx. 20 percent of consumption is covered by district heating. Based on figures for emissions from various energy sources, the bank finds that greenhouse gas emissions related to the heating and operation of the buildings amount to 18.6 tonnes of CO2 equivalents.

In the personal market, the bank has a portfolio with an energy rating close to the national average, nevertheless, we have a strategic aim of increasing this share of Norwegian energy class A-C from 16% to over 20% by 2024.



Schematic distribution of CO2 emissions according to the varying extent of emissions. Source: GHG protocol

## Scope 1 - Direct emissions

BN Bank has no significant direct emissions of CO2 or other greenhouse gases. Our aim is to not have any direct emissions of greenhouse gases at all.

## Scope 2 - Emissions related to energy consumption and heating

BN Bank is located in two cities, the head office being in Trondheim and the branch office is in Oslo where we serve our business market customers. Our server farm is located in a basement of one of our neighbouring buildings. Both office premises and the server farm are rented. We have partial operational control over the building and thus define the emissions in scope 2. In addition, we own two apartments, one in Oslo and one in Spain.

Our calculations, based on the location-based method, show that our emissions correspond to 37 tonnes of CO<sub>2</sub> equivalents. The emissions stem mainly from our head office in Trondheim. The Oslo office staff will be moving to smaller premises during 2021, this will most likely show a reduction in energy requirement. We are currently working on an IT architecture project that will reduce our usage of a local server farm. Relocating to a server farm with a lower cooling requirement will help reduce the energy needed for data storage and data processing. Our headquarters in Trondheim will be expanding slightly in 2021 due to an increase in the number of employees. To reduce our electricity consumption, dialogue with the lessor and the other tenants in the building will be initiated. The building has recently been renovated, acquiring an energy label B. The office building is a listed Graded II building which limits the possibility of further improvement of the building's energy consumption. However, measures may be taken in connection with ventilation and smarter control of heating and cooling.

We aim to work actively in further reducing our energy consumption. Our target for scope 2 is net zero emissions by 2025.

## Scope 3 - Upstream

BN Bank procures goods and services from many companies. These purchases create greenhouse gas emissions. We are working actively with our suppliers to raise their awareness of this issue. From 2021 onwards, our purchasing policy will presuppose that the companies we purchase services and goods from comply to the Paris Agreement, and by 2025 have net zero emissions (scope 1 and 2). We do not currently measure all our emissions related to scope 3. We currently measure emissions related to business travel, commuting and waste but, only from the head office in Trondheim. Our goal is for our scope 3 emissions to be reduced to net zero by 2030. Our emissions in scope 3 arise mainly from flight trips. To achieve our goals, we must reduce our business journeys in compared to our activity before the strict pandemic control measures were implemented and turn our attention away from the use of aircraft flights and over to trains journeys, to a greater extent than we do today.

### Business travels

Our emissions from business travelling stem mainly from travel by air. Like most companies, we significantly reduced travelling in 2020 compared to 2019. Being a company based in Trondheim, there is a constant need for journeys to Oslo to meet partners and governing authorities in the capital. A majority of our business trips are to Oslo. Several of these journeys have been made by train, but with limited capacity, the night train route requires careful planning, when travelling to Oslo.

We use the "distance-based-method" to calculate emissions related to business travel, with the exception of driving, where we can gather information as to whether it has been undertaken by an electric or fossil-fueled vehicle.

### Commuting

All told, we are approximately 130 employees in BN Bank. We conducted a travel-routine survey in the spring of 2020, which is the basis for our calculations of emissions related to business trips. Our calculations have not taken into consideration that we have had a much higher proportion of employees working from home in 2020 than usual, partly because we simply do not have the data, and also because it would not be representative of the activity we have periodically maintained in our premises. Employees of BN Bank predominantly use public transport and cycle / walk to work. Only 11 percent of employees drive to work by car, of whom 60 percent drive an electric car. This helps to keep emissions related to business travel low. Nevertheless, emissions when driving a car are much higher than when using public transport. The emissions associated with commuting by car amount to approximately 40 percent of the total emissions associated with commuting.

The "Distance-based" method for calculating emissions is also used here.

### Waste

BN Bank neither owns nor operates our office premises. We share a building with a real estate agent, an art museum, a literature abode and a small sized restaurant / cafe. Our share of the operating costs of the building is 36.79 percent. The tenants in the building share waste containers, with the exception of EE waste and office stationery. A distribution key is therefore used to divide the use of waste among the tenants. In line with the GHG protocol we use the "Waste-type-specific method" for calculating emissions. Residual waste for incineration and paper waste for recycling are our main sources of waste. We have only calculated the greenhouse gas emissions from residual waste. The amount of waste from other types of waste has been reported, but these are modest amounts and have thus been omitted in the calculations of greenhouse gas emissions.

There are 15 employees working in our office in Oslo. There are no canteen facilities and few other operating resources, thus limiting the amount of residual waste. This entails significantly less residual waste from this office. The amount of stationery used is also much less due to the tasks performed by this branch. The amount of waste from the Oslo branch has therefore not been calculated.



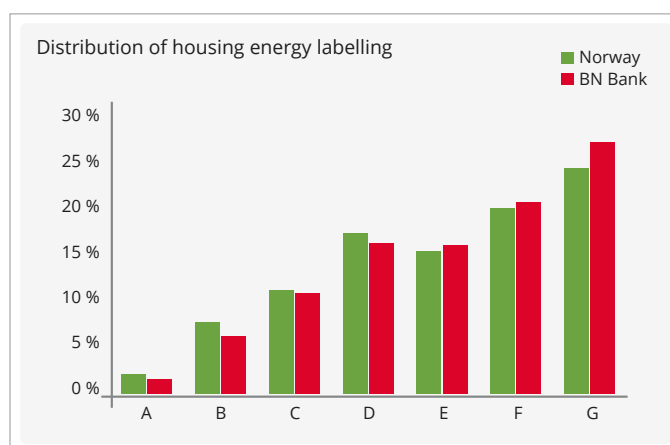
### Scope 3 - Downstream

In our analysis of emissions related to our downstream business, we have calculated emissions related to our business market involvement (BM) in real estate management and to our mortgage loans to households (PM). We have not studied emissions related to deposits from households or small and medium-sized enterprises (SMEs), the use of payment services or the financing of construction projects. The emissions from the downstream activity are calculated on the basis of financial control. In other words, the emissions are based on emission sources we own or finance. To limit global warming to 1.5 degrees centigrade, world emissions must be net zero by 2050. Therefore as our target in fulfilling this, we have set ourselves a goal that by 2040 our emission intensity related to downstream activity will be reduced by at least 40 percent compared with 2016.

Emission intensity is CO2 emissions compared to production revenues. This is a relative goal that simplifies comparisons between companies and during the course of time as, among other things, market shares change.

#### Personal Market

We base our analyses of energy consumption from our customers on data from energimerking.no. Energy grading of buildings provides an indication of energy needs to ensure heating and other use. In addition, the buildings have a heating grade that is affected by which heating sources are utilized. We have knowledge of the customer's energy label if the dwellings have been sold recently, or if the customer has had their home energy graded themselves. In our analyses of energy consumption, we combine insight into the type of home our customers have - apartment or house, and house size, with the energy label applied to the building. This enables us to calculate the expected power consumption. We take into consideration the loan-to-value ratio of customers when we calculate our "share" of energy consumption. The diagram below shows how mortgaged homes are distributed by energy labelling. A has the lowest energy consumption and G the highest. We observe that just under half of the homes are energy labelled F or G. These are homes with relatively high energy consumption due to poor construction quality. The combination of this covers just over 60 percent of the emissions that arise from this segment of housing.



Distribution of homes in Norway by energy labelling and BN Bank's mortgage portfolio by energy grading.

#### Business Market

In order to calculate energy consumption and emissions related to our operational commitments in commercial real estate, we take, as our starting point, the types of tenants that commercial buildings house, the buildings size, the standard of the buildings, loan-to-value ratio, year of construction, and heating grade. We divide the tenants into groups making it possible to identify how the various commercial properties are used. Construction dates make it possible to find out which technical building regulations were applied. Together with energy consumption data from, among others, Enova, we are then able to calculate energy consumption from commercial buildings.

## Energy and climate accounting

SCOPE	CATEGORY	CONSUPTION	UNIT OF MEASURE	ENERGY (MWH)	EMISSION (tCO2E)	SHARE
<b>Scope 1</b>						
	Own vehicles	6000	pkm		1,0	
<b>Total</b>	<b>Scope 1</b>				<b>1,0</b>	<b>0 %</b>
<b>Scope 2</b>						
	Electricity consumption, Nordic mix	833489	kWh	833,5	32,5	
	Electricity consumption, Spanish	538	kWh	0,5	0,1	
	District heating, Trondheim	83928	kWh	83,9	4,3	
<b>Total</b>	<b>Scope 2</b>	<b>917955</b>		<b>918,0</b>	<b>37,0</b>	<b>0.3 %</b>
<b>Scope 3</b>						
<b>Upstream</b>						
<b>Business travels</b>						
	Train	10977	pkm		0,1	
	Car/bus	14089	pkm		1,4	
	Aeroplane	215788	pkm		104,7	
<b>Commuting</b>						
	Car	21652	pkm		3,1	
	Bus	287433	pkm		4,6	
<b>Waste</b>						
	Residual waste for incineration	3399	kg		1,7	
	Stationery for incineration	870	kg			
	Stationery for recycling	612	kg			
	EE-waste for recycling	80	kg			
	Metals for recycling	33	kg			
	Glass for recycling	515	kg			
	Plastic for recycling	46	kg			
	Food waste for recycling	114	kg			
	Timber for recycling	217	kg			
	Cardboard packing for recycling	1045	kg			
	Hazardous waste for recycling	46	kg			
<b>Total upstream</b>					<b>115.6</b>	
<b>Downstream</b>						
	<b>Personal Market</b>	<b>213</b>	<b>GWh</b>	<b>213030</b>	<b>8308,2</b>	
	<b>Business Market</b>	<b>136</b>	<b>GWh</b>	<b>136486</b>	<b>5323,0</b>	
<b>Total Downstream</b>		<b>350</b>		<b>349516</b>	<b>1363,1</b>	
<b>Total</b>	<b>Scope 3</b>				<b>13746,7</b>	<b>99.7 %</b>
<b>Total</b>	<b>Emissions</b>				<b>13785,2</b>	

## Target for emissions compared to 2016

Scope	Target 2025	Target 2030	Target 2040	Target 2050
Scope 1	0 %	0 %	0 %	0 %
Scope 2	0 %	0 %	0 %	0 %
Scope 3				
Upstream		0 %	0 %	0 %
Downstream			60 %	0 %

## Responsible Credit

### Personal Market

BN Bank aspires to be a pioneer bank in responsible loans in the personal market.

BN Bank realised that the bank's participation in consumer loans, despite checks on applications and prudent credit models, contributed to an unsustainable, unhealthy debt growth. Although the investment in the long run would have been profitable, the bank chose to cease to offer an increase on existing consumer loans, and has thus shown that a sustainability strategy also has consequences. In 2020, the bank's stance regarding consumer protection and the safe-guarding of vulnerable groups has frequently figured in the media.

BN Bank regularly reviews its portfolio, ensuring that there is no age discrimination or other forms of discrimination that entail unfair terms for groups that maintain a passive relationship with the bank. A review of pricing in the portfolio reveals whether indicative prices are representative of the actual current prices. The review also ensures that customers sharing the same product and risk profile have the same price regardless of age, customer seniority or other conditions. If significant discrepancies in prices are discovered between a new and an existing customer, this difference must be justified by differences in product properties, risk or the customer's relationship in general.

Financial equality among our customers is of great important to us. Financial equality encompasses both income level and competence. Traditionally, we have had more men than women as active counterparties with mortgages. In households with two participants, it is important that we involve both to ensure equal financial competence and insight into their own finances. We do this by facilitating the process to allow both parties to be involved in the loan agreements, and moreover, to talk to both participants.

BN bank strives to work perseveringly with financial inclusion in Norway, and has, among other things, invested time in the elderly, and in capital-freeing credits that provide opportunities for loans to customer groups who are not normally granted loans from other banks. An example of such a product is Senior Loans, where BN Bank is the market leader, which provides access to loans for elderly customers with large intrinsic property wealth.

Products such as property overdrafts / flexi loans and senior loans have elements of flexibility that provide customers with financial freedom, yet, have a higher price based on the costs the bank incurs in providing this flexibility. At BN Bank, we will always provide advice on product choices that are most suitable based on the financial situation in which the customers find themselves, and always offer clients the most affordable product alternative that covers their current stated needs.

We, at BN Bank, will not calculate manual services, or offer inferior terms on products to customer groups who rarely change banks. If we, for example, introduce fees on products, older customers must be offered the same terms as younger customers, and they must not actively have to contact the bank to achieve equal terms in relation to fee exemptions or other benefits.

Based on the bank's ambition to offer fair banking services, and our focus on customers' rights, we have established an independent customer ombudsman. This is an external adviser paid for by the bank who will be able to guide customers should they, for example, encounter payment problems. The whole purpose is to have an independent party with knowledge of customer rights, that can assist clients, uncover weaknesses in the bank's procedures, and seek out opportunities to find solutions. The aim of this ombudsman is to lower the threshold of challenging the bank and to ensure a more equal balance between bank and customer in difficult situations. In recent years, the ombudsman has assisted several of our customers, the vast majority having had financial problems as a result of a combination of life events and large borrowings. In 2020, redundancies and furloughs as a result of Covid-19 have been a recurring issue in most cases.



FINANSWATCH

### BN Bank vil bort fra «bransjesnusket» innen usikret kreditt og forbrukslån

Banken kutter ut usikret kreditt og forbrukslån. – Vi ser at det er mye arbeid med dette, og avdekket også at det var mye snusk i denne delen av vår bransje. Når vi gikk så hardt ut mot bransjestandarden måtte vi avslutte med dette selv, sier administrerende direktør Svein Tore Samdal til FinansWatch.



Administrerende direktør i BN Bank, Svein Tore Samdal, mener banken beveger seg i riktig retning. | Foto: BN Bank

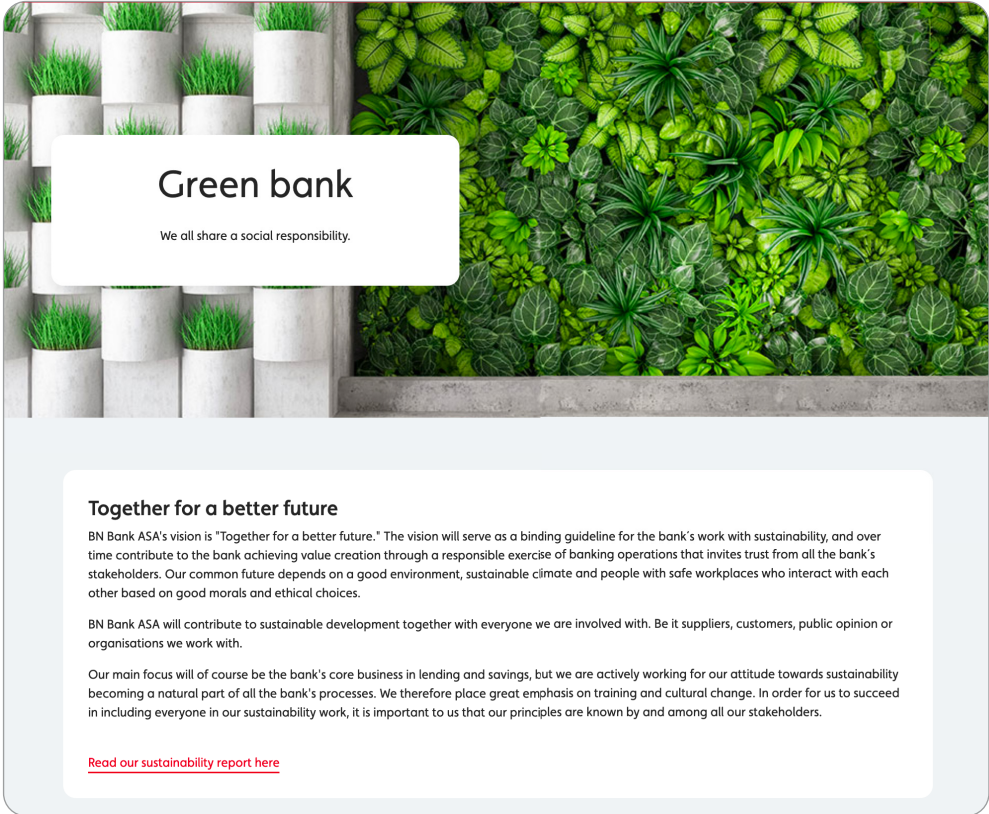
AV CHRISTINA GULDSTAD  
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### The Business Market

In the business market, BN Bank only provides financing for commercial real estate and property projects in Norway, focusing on the central eastern region, in and around Oslo. We provide both construction credit for real estate buildings and long-term loans.

Our ambition is, in dialogue with our customers, to contribute to improve the climate profiles of the properties we finance, and to highlight the benefits of climate certification of buildings and investments in measures of improvement.

In 2020, BN Bank has worked on integrating sustainability criteria in to the credit policy for the business market, and to facilitate a webinar series on sustainability specially adapted for our corporate market clients.



We also have a special focus on work-related crime and the black economy. This is an area where the construction and property industry is particularly vulnerable. Through guidance from our customers in follow-up meetings and assessment of the legitimacy of subcontractors, we seek to advise our customers to make wise choices, and not expose themselves to unnecessary risk.

Our strategic ambition is that property we finance should have a climate footprint without significant deviation from the national average. We will work together with our partners and suppliers to establish sound and transparent goals for status and development in relation to this ambition.

### Marketing and privacy

BN Bank is committed to paying attention to people, the environment and society in all of its activities. This entails an obligation to exercise responsible and sound banking skills beyond what is stipulated in financial market legislation.

## Responsible marketing of products and services

BN Bank offers a wide range of uncomplicated banking products to meet the consumer's need for banking services in everyday life. Several of these products are marketed on digital platforms, as well as in printed publications. As a responsible market participater, we are concerned that there is consistency between the communication and end-product delivery in marketing. In short, we will provide and present information the consumer can trust.

As a participater that markets credit we have to comply to guidelines. The ethical guidelines can be as strict as the formal legislation, which is an issue we at BN Bank always bear in mind, when preparing communication. This means that we must constantly assess how our marketing is perceived by customers and society in general.

Concerning legislation the bank complies to § 46 of the Financial Contracts Act regarding requirements for disclosure when marketing loans and credit. All advertising of credit is done with clearly visible price examples that contain total cost, maturity, nominal and effective interest rates, as well as total amounts - and is within the requirements of prudent marketing practice.

At BN Bank, we have on-going digital communication with our customers. We ensure a responsible dialogue where customers give their consent to this form of communication. This is undertaken regularly in the on-line banking services, where consent may also be withdrawn. Through the use of consent, we take into account the client's interest in digital direct communication. No customer under the age of 18 receives targeted market communication from BN Bank.

When promoting products on our own platforms, we take the user's security and privacy seriously. On [bnbank.no](http://bnbank.no), we inform clients and potential customers how we safeguard privacy and confidentiality. In addition, we also provide information on how we use cookies and analysis tools related to marketing. When visiting [bnbank.no](http://bnbank.no), the user must consent to the use of cookies every 90th day, and the user can choose which cookies they accept. Consent can be changed or withdrawn at any time on [bnbank.no](http://bnbank.no). Through such consent, the [bnbank.no](http://bnbank.no) visitor will at any given time know what data we store related to their traffic on our website.

Should the customer object to / or complain about a product or service, we have a complaint system readily available as a shortcut on our website. The bank has of yet, not received any complaints about the labeling of products and services in 2020.

## Privacy and information security

BN Bank is dependent on trust, characterised by the fact that privacy and information security are taken seriously. We endeavour to do our utmost to ensure that customers, suppliers, employees and owners can trust us to safeguard privacy and information security.

Information security entails protecting data in a satisfactory manner against unwanted actions or events. The requirements for confidentiality, integrity and accessibility must be met. The bank must have sound and appropriate management and control of the personal data that it administrates, and the risk of a breach of external and internal rules must be at a minimum. The work of preventing personal data from going astray is a prioritised area within information security. In 2020, the bank has launched a project to ensure improved information classification of documents and e-mails, which will further strengthen security in this area.

In 2020, one non-conformance has been reported to the Norwegian Data Protection Authority in connection with a breach of personal data security.

In connection with the implementation of the Privacy Regulation (GDPR) in 2019, the bank's policy for the processing of personal data was revised and adopted by the bank's board. The bank has established a set of templates to assist the bank in complying with these requirements. The work of training employees and establishing and maintaining good management and deletion routines of personal data is an on-going priority in the bank. In 2020, general training relating to privacy has been completed with weekly updates posted on the bank's intranet. These constitute a larger presentation that will be used for annual training in matters of privacy, as well as the training of new employees in connection with on-boarding.

The bank's Privacy Ombudsman checks that privacy legislation and internal guidelines for privacy are complied with and are reported to the bank's management and board. The Privacy ombudsman acts as a professional adviser. The ombudsman is responsible for, among other things, checking compliance, handling nonconformities, risk assessment and notifications to the Norwegian Data Protection Authority in the event of any unauthorised disclosure of personal data.

In addition to its own control routines, frameworks and compliance with privacy and information security are included in the audits that are carried out annually by the bank's internal and external auditors.

Existing technology and technological innovations must meet strict requirements for safety and operational continuity in order to provide secure services and safeguard values for customers, employees and the bank. At the same time, the services and architecture must be adequately sustainable. Large amounts of valuable and sensitive information are handled in the bank. The bank's policy for information security is the document of management for ensuring confidentiality, integrity and accessibility. In the bank's information security handbook, instructions and guidelines for handling information security have been incorporated.

It is imperative that both customers and employees are familiar with the security measures within the field of information security and measures that must be followed in accordance with ICT regulations. It is also important that the individual end-user of the services shows caution, sound judgment and feels secure when using the services. The bank provides advice on its website regarding online security and the use of cards. Employees undertake mandatory participation in courses that address awareness, training and attitude-building behaviour.

As regards information security, it is the ICT regulations that are the basis for work that is done.

## This is how we work with employees, gender equality and diversity

BN Bank aspires to be a workplace that safeguards gender equality, diversity and employee's rights.

The main mantra of the bank's HR strategy is the following:

- we continually develop the competence of our employees in a strength-based perspective
- we train our leaders to become strategic change campaigners
- together we will attract, develop, and retain the best employees
- the bank ensures a safe and sound working environment for all, through close employee follow-up and meaningful dialogue

The HR strategy is the very foundation of the work to ensure that BN Bank maintains motivated and committed employees who are driven by the bank's success in achieving its goals. BN Bank's overall strategy is completely broken down to the individual level, and is intended to ensure individual training, purposeful follow-up, and personal development.

BN Bank deploys the employee survey "KulturStyrk" developed by BDO. An interdisciplinary core group has been appointed and prepared an overall action plan for the whole bank. In the action plan, the three focus areas feedback culture, competence and customer experiences / work processes are especially highlighted by the employees as important. Jottings are accumulated providing us with feedback from the employees on whether we are working with the right measures and succeeding with our three focus areas.

In 2018, the bank established the BN Bank College - an internal competence programme for all employees. The basic course in the BN Bank College ensures that new employees obtain the basic insight they need to quickly feel part of the fraternity and gain insight into their new work tasks. Mentor schemes for new employees have been established together with a completely new start-up program. Vg1 in the BN Bank college will ensure more department-specific competence development and be arranged in collaboration with the department manager. In this programme, courses and seminars are tailored to the level that is desirable for us to achieve our strategic objectives. Vg2 consists of external educational courses that awards credits or certifications.

All employees are covered by a collective agreement and 74 percent of the bank's employees are union members. BN Bank is a member of Finance Norway (Finansnæringens Arbeidsgiverforening) and follows the Main Agreement and the Central Agreement entered into with The Finance Sector Union of Norway (Finansforbundet). The employees' pay and working conditions further to this are regulated in a Company Agreement. BN Bank has, in close collaboration with The Finance Sector Union of Norway representatives in BN Bank, prepared a personnel handbook, management handbook and HSE handbook.

The HSE work contributes to work processes in addition to responsibilities and collaborative relationships, creating well-being and efficiency. The guidelines place special emphasis on achieving the following sub-goals:

- further develop a sound physical and psychosocial working environment
- reduce health burdens due to home office work and computer equipment
- reduce sick leave with special focus on absence caused by the working environment and long-term sickness absence

The bank has a working environment and co-operation committee, which consists of representatives from the bank's management and employees' shop stewards. The cooperation committee meets at least quarterly, and everyone may report matters to this committee.

BN Bank has an external occupational health service which, among other things, assists us with the monitoring of sickness absence, management support, performance development and safety checks.

Long-term sickness absence in the bank was 3.8 percent in 2020. In 2019, long-term sickness absence was 3.9 percent. The bank follows up those on sick leave in line with statutory guidelines. There have been no significant injuries or accidents in 2020.

The bank aspires to be a workplace with equality between women and men. Of the company's 124 employees, 66 are women and 58 men. A balance is sought between women and men at all levels of employment. The proportion of women in the bank's management team is 20 percent, the same as in 2020. 37 per cent of the top management team (even level 3). At the yearend 2020, BN Bank's board consists of four men and four women, one of whom is an employee representative.

The bank is committed to providing women and men equal opportunities regarding development, salaries, and careers however, the bank's size does place certain restraints on internal career opportunities. The bank is fully aware of its responsibility that parental leave should not affect the opportunities for either career or salary development and gives all employees one salary level step-up upon returning from parental leave of more than 6 months.

In accordance with the bank's remuneration policy, the bank follows the principle of equal pay, i.e., women and men are paid equally for the same workload or work of equal value. The bank uses the digital tool Factor-Based Analysis of Competence in Position (Faktorbasert Analyse av Kompetanse I Stilling.) (FAKIS), to ensure that the bank places positions of equal value in the same salary framework. Every year, the bank's internal auditor reviews the bank's report on compliance with the remuneration policy. The equal pay principle is also discussed with shop stewards in connection with the annual local wage settlement. At the end of 2020, women's salaries amounted to 81.5 percent of men's salaries in BN Bank, if one disregards the management team. This is in line with the average in the financial industry in Norway, nevertheless, we will endeavour to improve, and you will find that women will get a larger proportion of the wage settlements in the future. Progress on this will be available from 2021 in our annual report. We will, of course, be following up on this with measures to compensate for pay inequalities that may arise as a result of women in Norway traditionally taking a larger share of care tasks and care leave related to childbirth.

The bank's salary differences between women and men are distributed as follows by employment category:

JOB CATEGORY	WOMEN'S PERCENTAGE OF MEN'S SALARIES 2020	WOMEN'S PERCENTAGE OF MEN'S SALARIES 2019
Senior Management	59 %	57 %
Middle Management	74 %	74 %
Advisor BM	89 %	88 %
Advisor PM	89 %	89 %
Specialist advisor PM	No women	No women
Customer call centre	100 %	105 %
Specialist support functions	95 %	86 %

Discrimination on the basis of gender is not permitted and is clarified in the bank's ethical guidelines. The bank has no registered cases of such discrimination in 2020.

## Ethics and the fight against corruption

BN Bank is characterised by a high ethical standard and acts accordingly and competently. The bank's ethical rules form a framework for what BN Bank considers responsible conduct. The bank has established the following anti-corruption principles:

- the bank strives for a culture of openness around all matters regarding customer service, relationship building, sponsorship, gifts, representation, travel, etc.
- all travel expenses must be accounted for correctly and openly
- the level of service given to customers at events and other forms of customer service must clearly be within what is considered legal
- customers should not be invited to events or given customer services in any situation where there have recently been or will be special negotiations such as contracts, deliveries, agreements, loans, investments, etc.
- a special duty of caution applies when dealing with public officials

Annual ethics meetings are conducted with all the departments in the bank. Updated ethical guidelines can be downloaded from the sustainability library found on the bank's website.

A uniform sanction system has been established in the bank for handling unlawful acts, breaches of ethical guidelines, authorisations or other significant breaches of internal routines and guidelines.

## Internal notification routine

In connection with the ethical guidelines, the bank has established a separate notification routine. Notification routines meet the requirements of the Working Environment Act for notification of matters worthy of criticism in the company, and the routine facilitates the employee's ability to notify an external party anonymously, if desired. By facilitating an external notification routine, the bank wishes to reduce the barriers concerning the reporting of internal fraud, as well as safeguarding the employee's right and duty to submit a report of concern / notification of matters worthy of criticism.

In addition, employees can report harassment and bullying through the bank's employee surveys and the frequent jotting surveys that are carried out in connection with this.

## Monitoring quality deviations

All governing documents, incident reporting, follow-up of action plans and documentation of various workflow reports are followed up in the bank's quality management system (EQS). The system has version control, and all documents must be reviewed and approved periodically. The purpose being to ensure that the framework is updated and readily available according to official needs, as well as to be able to better document changes, action plans, consultations, and decision-makers.

All governing documents are assessed annually. All overall strategy documents, contingency plans for liquidity and solvency, as well as recovery plans are submitted to the bank's board for annual approval.

The bank's incident reporting (deviations) is classified according to the Basel Committee's seven main categories. Deviation registration has been in operation since 2010.

The number of registered deviations has increased after the deviation registration was made available to everyone in 2018 through EQS. Deviation registration and follow-up is considered to be an important tool for increasing risk awareness in the organisation and garnering experience. The bank seeks as far as possible to use these incidents for organisational learning, so that mistakes are not merely corrected without routines and training etc. being considered. The reporting and follow-up in general, show a clear understanding of transparency regarding deviations, and of the importance of documenting and using these incidents for educating the entire bank.

The bank has not had any significant financial losses as a result of deviations in 2020

## White collar crime

BN Bank works systematically and purposefully to detect and combat white collar crime, and individuals' attempts at financial gain through criminal acts. Measures in this area are considered essential in protecting BN Bank's finances, reputation, and the bank's employees. The bank's general guidelines for anti-money laundering provide clear guidelines for how the bank deals with this topic, with defined roles and responsibilities.

The term white collar crime includes the following:

- money laundering and terrorist financing
- external fraud
- internal fraud

BN Bank's policy Combating money laundering and terrorist financing, and Anti-corruption and bribery, includes measures against money laundering and terrorist financing, fraud, internal fraud, and corruption. All criminal offences are reported. All employees must regularly complete mandatory training regarding money laundering and terrorist financing.

The guidelines related to money laundering regulations include the bank's obligation to:

- risk-based customer control
- investigate suspicious transactions and report to the Norwegian authorities (Økokrim)
- establish formal internal control and communication routines, implement training programmes and appoint a money laundering officer

Insight into the bank's and customers' activities is important to ensure a risk-based approach to financial crime and comply with the requirements of legislation. The bank must know which transactions it is common for the customer to make so that we can effectively detect unusual or suspicious transactions. Documentation and control measures must be adapted to match the relevant risk. Authorities, clients and competitors must have confidence in the bank's professionalism and sincerity.

The bank is particularly aware that the threat scenario has changed with an increased volume of more cross-border transactions and an increased number of foreign customers. The bank is experiencing an increased number of fraud attempts and that these fraud attempts, targeting the bank and the bank's customers, are becoming increasingly advanced.

The bank aims to prevent the bank's products and services from being used in any manner of criminal activity. The bank has a collaboration agreement on automatic transaction monitoring with the SpareBank1 group. The bank is also participating in a joint project with the same group, where artificial intelligence (AI) is used to further improve transaction monitoring.

In 2020, a total of 10051 transactions related to 3431 cases were registered on the bank's transaction monitoring systems. All these flagged transactions were assessed by the bank's own anti-money laundering staff, who reported 78 of the suspicious transactions to the Norwegian authorities (Økokrim).

In 2020, the bank has strengthened its organisation and clarified the founding roles and responsibilities related to money laundering.

In accordance with the requirements of the CRD IV Directive, the bank has its own Compliance Officer with the right to report directly to the bank's board if necessary.



## BN Bank's impact on the environment and responsible procurement

### Environment at home

BN Bank works actively to reduce its own energy consumption, which is mainly related to banking operations and representation. The bank carries out its operations from only two leased properties, both of which are located in renovated buildings with a good environmental standard. Meeting activities that require travel activities can now be carried out via technological solutions such as video conferencing and other communication platforms. Moreover, the bank encourages active use of bicycles for travelling to and from the workplace and has facilitated such use through excellent wardrobe facilities and a free towel service for its employees. The bank strives to reduce its consumption of paper and other consumables as far as possible, and all waste is delivered either for recycling or treated as special waste.

### Responsible procurement and suppliers

All our regular suppliers, from which we purchase in excess of NOK 500 000 during a calendar year, must submit a declaration of sustainability and document knowledge of the bank's requirements for sustainability. We assume that public offices and our owners have guidelines for sustainability and are thus consequently excluded from this survey. We emphasise sustainability and involvement in contentious activities and controversial industries and will refrain in the future to purchase goods and services from those who do not have sustainability goals showing progress. BN Bank's suppliers and contractual partners must respect basic requirements for the environment, social conditions, and ethical activities. Goods and services delivered to BN Bank must be manufactured under conditions that are compatible with the requirements specified in our «Guidelines for sustainability in procurement». The requirements are based on central UN conventions, ILO conventions and national labour legislation at the place of production. Where national laws and regulations cover the same subject matter as these guidelines, the highest standards apply. We will always prefer suppliers who can document that they not only meet legal requirements, but also strive to exceed these.

BN Bank expects suppliers to convey these guidelines to their subcontractors and contribute to their compliance with them, in addition to striving to comply with the requirements on their own behalf. Suppliers and their subcontractors must keep themselves informed of and follow the requirements in force at any given time by law, regulations, or other public orders that apply to the supplier's activities and respective fields of responsibility. The supplier is responsible for obtaining the necessary licenses and permits to carry out its business.

In addition to these general guidelines, consideration will be given when procuring, as to whether industry-specific criteria for sustainability should be applied.

Upon request, BN Bank may require suppliers to produce documentation of their environmental performance / environmental management system. When evaluating tenders in connection with tender requests, BN Bank will give prominence as to whether the supplier has an environmental management system (equivalent to ISO 14001, Eco-Lighthouse, EMAS).

## Collaboration, friendship and culture building

BN Bank is concerned that everybody should have the opportunity to experience a sense of belonging and community, regardless of age, life situation or skills. We hope that our contribution will give more people a feeling of inclusion.



FIRE – Stiftelsen Ett skritt videre/ Foundation One step further

BN Bank is proud to support and collaborate with the FIRE foundation. FIRE is an activity for people who for various reasons need a safe and inclusive environment. They get a sense of belonging and unity through both physical and creative activities and have the chance to work purposefully with their own challenges - to always be able to take that one step further.

FIRE's aim is to contribute to a positive development for members by strengthening their social, mental, and physical skills - it is all about mastery and a positive, drug-free community.

At BN Bank, we have employees who volunteer as coaches / instructors during FIRE's activities. In addition, financial guidance is provided when needed.



### Bortekamp – Kampen mot spilleavhengighet/ The match against addiction

The away match is a voluntary organisation that aims to help sportspersons in their fight against gambling addiction. Gambling addiction is a subject surrounded by taboo and knowledge in society is generally low.

The away match aims to prevent gambling problems by transferring knowledge to sports, including the use of an ambassador programme for sports clubs. The offer is free of charge for the sports clubs and can be regarded as an attitude-creating environmental campaign where you are challenged to recognise "the whole person" in your sports team. In collaboration with Addiction Norway (Spillavhengighet Norge), The away match also provides various services for those who are addicted to gambling or have gambling associated problems.

As a collaborating partner, BN Bank aims to contribute in the fight against an ever-increasing and somewhat invisible problem in society.



### Team Midgard – E-sport som toppidrett/ E-sport an elite sport

At Tiller high school in Trondheim, a top sports class has been established with the main focus on E-sports. In connection with this, BN Bank has entered into a partnership for talent development in E-sports for Team Midgard.

E-sport is all about collaboration, finding solutions, being focused, and dealing with unpredictable situations. In addition, the group has a strong focus on physical exercise, a healthy diet and rest. The labour market is increasingly in demand for people with gaming skills.

We are proud to be part of the development of future talent and look forward with excitement to working with Team Midgard.

### The summer-project in BN Bank

To assist students in their search for relevant summer-projects and increase knowledge of our bank in an attractive and relevant study environment, the bank has for the past 4 years carried out the «Summer-project in BN Bank». Through this project, the bank has offered project assignments to talented students. The purpose of the project is threefold:

1. connect with the student communities around the country in order to get to know students from different academic environments in Trondheim and other large cities
2. provide relevant summer jobs to the student community thus enabling them to get to know us and the industry
3. the project must be relevant so that the students experience contributes to the improvement of the bank's processes and that we get to utilise the students' knowledge

One of the summer-project's goals is to become acquainted with professional environments that have not traditionally been represented in the bank. It has been important to assemble students with different academic backgrounds so that the students complemented one another, learned from each other, and contributed to new working methods and knowledge in the bank. The project has been managed by the bank's analysis department. Analytical skills have been a necessity and have provided guidelines for which projects and students it is natural to take onboard. The bank in particular has greatly enjoyed combining economics and science / technology students.

In the summer of 2020, the theme for the summer-project was to look into the bank's reporting to UNEP FI and start the bank's work with scenario analyses in accordance with the TCFD standard.

# Environmentally sustainable services and sponsorship

## ELEKT

In 2020, BN Bank has worked closely with the electricity suppliers Elekt and can now offer our customers information on how to save money, save electricity and choose sustainable supply of electricity through this collaboration.

Elekt is an electricity supplier which, when analysing customers' electricity invoices, can provide customers with an estimate of how big a profit margin their electricity supplier takes. Elekt initially aims to halve this profit margin. In addition, Elekt can show customers how they can save electricity, and provide customers with the opportunity to choose which sustainable sources their electricity supply should compose

**BN Bank inngår partnerskap med strømselskap – handler mer om klima enn penger**

BN Bank har sett på hvordan de kan påvirke sitt CO2-avtrykk i riktig retning. – Å sørge for garantert ren strøm til kundene er et skritt i riktig retning, sier Endre Jo Reite i BN Bank.

Endre Jo Reite, direktør for personmarked i BN Bank, ønsker å gi kundene en klimapositiv tilleggsteneste. | Foto: BN Bank

Les også

- SpareBank 1 med rekordvekst i Røros og kaprer Eika-kunder
- Bank Norwegian om kortbruken om kundene: – Viser...

## Green Sponsorship

In 2020, BN Bank has entered into a sponsorship agreement with NTNU Business School, Centre for Banking and Finance. The agreement is based on the Centre's work on climate risk in general and the work on assessing specifically the risk effect of carbon on companies' earnings.



NTNU Business School  
**Centre for Banking and Finance**

