

# SUSTAINABILITY STRATEGY

for the period 2020 - 2022

Sustainability and  
social responsibility.



**BN Bank**

# Innhold

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Date	Change	Undertaken by:	Approved by:	New version
05.02.2020	First version of strategy	Trond Søråas	BoD	

# 1. Background and governance

This sustainability strategy explains and provides governance for BN Bank ASA's work concerning sustainable development<sup>1</sup> and elaborates on the bank's vision - «BN Bank - together for a better future». The strategy is intended to support the bank's employees in decisions of operational and strategic nature. At the same time, the strategy is a clear signal to the bank's stakeholders showing how sustainability will be incorporated into the bank's future operations. The strategy should be viewed in conjunction with the bank's other governing documents and included in the bank's overall strategy. Sustainability as a concept and topic must therefore overtime be included in routines and documentation related to credit, investments, the bank's ownership and HSE.

Although BN Bank ASA mainly maintains a national focus, the bank acknowledges that challenges related to sustainability are of a global nature. The bank will therefore in all contexts act responsibly and in accordance with its own and internationally accepted principles for corporate social responsibility and sustainability.

BN Bank's work on sustainability is based on the UN's sustainability goals and the UN's Environmental Programme (UNEP FI)'s «Principles for Responsible Banking». During the planning period, the bank will intensify its focus on climate risk in credit assessments and investments, while simultaneously considering whether to use the global framework «Task Force on Climate-related Financial Disclosures».

Our approach to sustainability work entails focused efforts in the areas where the bank has the greatest impact and are necessary to ensure measurable change. Upon reviewing the bank's operations, we have concluded that the two main areas where our value chain has the greatest positive effect on our sustainability aims, are in construction project's carbon footprint, commercial buildings and homes, as well as the carbon footprint in conjunction with our operations and our choice of suppliers, in addition to focusing on influencing our clients' choice of suppliers, thus minimizing the risk of involvement in the black economy and exploitation of workers. We believe that without a stern focus on the work to eradicate the black economy and to enforce a decent working life, rogue employers will easily be able to circumvent regulations and seek profit by misusing or exploiting workers and the environment.

Concerning the UN's sustainability goals, the bank has chosen to particularly concentrate its efforts in the first part of the strategy period on goal no. 8 “Decent work and economic growth” and goal no. 13 “Climate action”.



Decent work and economic growth. Promote lasting, inclusive and sustainable economic growth, full employment and decent work for all.

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<sup>1</sup> «Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs» (Ref. Brundtland Commission from 1987). In order to create such sustainable social development, we are required to focus our efforts on the following three areas: Environment, social conditions and management/economy (ESG).



Stop climate change. Take immediate action to combat climate change and its consequences.

In total, this sustainability strategy will ensure that BN Bank has established, as soon as possible and no later than the end of the strategy period, an unambiguous and distinct sustainability profile.

## 2. Prominent objectives and principles for the bank's sustainability goals

Through its new vision "BN Bank ASA - together for a better future", BN Bank ASA expresses a strong ambition to contribute to positive changes in the work of achieving sustainable development. The bank will work actively with, and take responsibility for, the challenges in sustainability that society faces.

During the strategy period, the bank's contribution to sustainable development will be first and foremost linked to two main objectives with associated sub-objectives;

1. Actively monitor and reduce the carbon footprint of our loan portfolios.
  - 1.1. We will actively assist and provide our customers with advice concerning sustainable development and support our customers with their work on sustainability.
  - 1.2. In due course, we will develop and offer sustainable products and services to our customers.
  - 1.3. We will on our own initiative, and together with others implement sustainable activities.
  
2. Sustainability will be incorporated as part of our corporate governance.
  - 2.1. Our sustainability strategy will be made known to, and understood by, our employees, both through meetings and educational measures.
  - 2.2. Sustainability will be included as a natural part of our work and we will annually select a specific area of focus, which, together with continuous monitoring of our loan portfolios, will serve as an annual segment of focus within sustainability. For the strategy period's initial year, our focus area will be employee rights and responsible working life.
  - 2.3. We will strive for openness and transparency in our sustainability work and thus show our stakeholders how we will gradually be developing the bank's sustainability profile.

The main focus for BN Bank ASA's sustainability work takes root in the bank's core business in the retail and corporate markets and financing, however, all business areas in the bank will contribute.

The Bank will not, in the course of its activities, either directly or indirectly, contribute to the violation of human and employee rights, white-collar crime, corruption, environmental crime or unethical and dubious activities. The bank's activities will in principle, contribute to high scores in accordance with our rating agency's<sup>2</sup> ESG framework and the bank achieving a satisfactory rating from a sustainability agency. The bank assumes that achieving such an important rating during the coming strategy period will be imperative in ensuring the bank's access to a variety of markets in line with competing financial institutions.

### 3. Corporate Governance

BN Bank ASA's operations depend on the trust of a wide range of stakeholders, including clients, investors, shareholders and public authorities. The bank will provide factual, accurate and consistent information regarding the bank's activities and services. Overall, this will contribute to prudent management and excellent corporate governance.

The bank's employees must concurrently display behaviour that is perceived as trustworthy and honest. The bank's employees must act in accordance with both the bank's ethical guidelines and "Code of Conduct" and norms, rules and regulations applicable to society in general.

Employees in BN Bank ASA;

- have and display a high degree of ethical standards
- communicate openly to, and honestly with all stakeholders
- have zero tolerance for corruption and financial crime
- contribute to forwarding all relevant feedback from customers and contribute to the bank's appropriate departments dealing with complaints in the best possible manner
- contribute to the bank maintaining a strong focus on all forms of action that may affect the environment and society in general

### 4. Sustainability principles in credit and customer acquisitions

Granting credit is the bank's foremost important area of business, and as such, the area where the bank has the greatest opportunity to contribute to sustainable development. This is especially true in the corporate market, where the bank only finances commercial buildings and construction projects. The bank continuously aims to work for an ever-increasingly sustainable loan portfolio. This is an ambition that we aspire to achieve in collaboration with our clients and have recently started work on assessing how sustainability risk can negatively affect our credit policy. The market's increasing focus on sustainability in the provision of loans, and an inherently special focus on climate risk, means that the bank must position itself in line with other providers of credit when considering sustainable credit.

The bank will manage this by:

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<sup>2</sup> Scope Rating

- starting to assess all relevant ESG risks in our credit policies and when acquiring new clients
- discussing sustainable development with our customers. Thereby contributing to our portfolio of clients with loans becoming increasingly aware of sustainability and climate risk. This, in turn, will contribute to a greater understanding of how these conditions affect the value of their assets and our collateral
- ultimately setting climate requirements for our clients
- collaborating with other participators, arrive at, and use relevant and accurate target figures for carbon emissions from our loan portfolios.
- implementing reasonable measures to ensure that we do not contribute to financing the purchase of goods and services from questionable suppliers.

Principally, our customers must operate in accordance with applicable laws and regulations and comply with internationally recognised conventions and agreements that include sustainable development. These are set out in the bank's general guidelines.<sup>3</sup> These will be incorporated into our credit strategies and policies in due time.

## 5. Responsible investments and the exercise of ownership

As of now, the bank has few direct investments beyond what follows from the necessity of steering a liquidity portfolio and ownership in joint ventures in the SpareBank 1 alliance. Despite a somewhat modest scope of investment, the bank aspires to conduct itself as a prudent investor and aims to achieve this by:

- normally not investing in companies outside of Norway, and never investing in companies operating in industries and sectors that have known challenges related to the impact on the environment, nature, biodiversity, workers' rights or are involved in conflict areas
- including ESG analyses in our investment analyses and decision making
- investing in companies and organisations that have an active focus on sustainability
- surveying the sustainability work of those we invest in, and actively participating in supporting shareholder initiatives to increase the focus on sustainability
- duly, allocating a certain proportion of our liquidity portfolio over to green bonds.

## 6. Climate and the environment

Utilising this strategy, BN Bank ASA pledges to work actively to reduce climate emissions and aims to become a climate-neutral organisation. Applying certain measures, the bank will reduce the environmental impact of its own operations by:

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<sup>3</sup> View our guidelines concerning human rights and labour rights. [www.bnbank.no/om-oss/gronn-bank/medarbeidere/](http://www.bnbank.no/om-oss/gronn-bank/medarbeidere/)

- establishing its own climate strategy
- progressively adapting our loan portfolios to the ever-increasing climate risk
- helping to facilitate the bank's employees in reducing their environmental emissions and making environmentally friendly choices
- increasing competence among its employees through active information work and annual sustainability meetings

## 7. Sustainability requirements for suppliers and partners

BN Bank ASA is in the process of mapping our suppliers' and partners' relationship to sustainability. In order to contribute to an increased focus on this area, the bank will during the present strategy period make demands that our suppliers have a conscious relationship to sustainable development and make unambiguous demands that human rights, working conditions and environmental rules and regulations are followed. Generally, this implies:

- that the bank will impose clear requirements and monitor suppliers and partners
- actively demand and follow up stated commitments from suppliers and partners

## 8. Responsibility and organisation

BN Bank ASA's strategy for sustainability is approved and adopted by the bank's board. The strategy continuously takes into account and incorporates the bank's other governing documents.

The Director of Finance (CFO) has overall responsibility for managing and further developing the sustainability strategy.

To ensure that the strategy is complied with, the individual line manager has a responsibility of ensuring that the principles and guidelines from the strategy are made known in their division of the organisation and are systematically followed up within their area of responsibility.

## 9. Reporting

BN Bank ASA's sustainability work will be reported annually and included in the bank's annual report.

The bank's climate accounts will, when available, be reported accordingly. At the same time, the bank will provide ongoing information concerning its sustainability work on its websites.<sup>4</sup>

The bank will strive to report its work on sustainability in accordance with the international reporting standard GRI

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<sup>4</sup> [www.bnbank.no/om-oss/gronn-bank](http://www.bnbank.no/om-oss/gronn-bank)