

## Principles for Responsible Banking

### Reporting and Self-Assessment Template

### Sparbanken Västra Mälardalen 2022-10

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

#### How to use this template:

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

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

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

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

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

#### Accommodating different starting points:

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

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
 <p><b>Principle 1: Alignment</b>  <b>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.</b></p>		
<p>1.1 <i>Describe</i> (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Our business model is built on <b>the idea of the local Savings Bank</b>. Our mission is to help our customers to economic freedom and security. Our main customer segments are private customers and small and medium sized business customers.</p>	<p>Sustainability report 2021, page 2 and 4.</p>
<p>1.2 <i>Describe</i> how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>We have held workshops with our boardmembers and decision makers, as well as with our employees and agreed on a sustainability definition and on four focus areas closely connected to seven of the 17 SDGs. In the autumn of 2021</p>	<p>Sustainability report 2021, page 4-5.</p> <p>Green bond framework – “Grönt ramverk oktober 2021”  <a href="https://internetbank.swedbank.se/ConditionsEarchive/download?bankid=1111&amp;id=WEBDOC-PRODE103850711">https://internetbank.swedbank.se/ConditionsEarchive/download?bankid=1111&amp;id=WEBDOC-PRODE103850711</a></p>

	the green bond framework of Sparbanken Västra Mälardalen was approved.	
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**Principle 2: Impact and Target Setting**

**We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.**

**2.1 Impact Analysis:**

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

- a) Scope: The bank’s core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- d) Scale and intensity/salience of impact: 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.

(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has

- 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

Our bank has a total of 42 500 customers. 40 000 of them are within consumer banking and 2 500 within business banking. Our business volume is 30 billion. Our total lending volume is 12,5 billion (8,6 billion within consumer banking, 3,9 billion within business banking)

The most dominant sectors within business lending are real estate and agriculture. These sectors together represent 78 % of lending within business banking.

The Impact Analysis shows this positive and negative impact for our bank:

**Consumer banking**

Positive impact:

- Employment
- Inclusive, healthy economies
- Housing
- Mobility
- Health and sanitation
- Education
- Justice

	<p><b>Negative impact:</b>          Inclusive, healthy economies          Resources efficiency/security          Climate</p> <p><b>Business banking</b>  <u>Positive impact:</u>          Culture and heritage          Housing          Health and sanitation          Climate          Mobility          Availability – water          Air          Employment</p> <p><u>Negative impact:</u>          Culture and heritage          Biodiversity and ecosystem          Integrity and security of person          Strong institutions, peace and stability          Waste</p> <p>With the results of the impact analysis in mind, and also our four focus areas for sustainability, our work within the field of sustainability will proceed.</p>	
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p>		

<p><b>2.2 Target Setting</b></p> <p><i>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.</i></p> <p><i>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</i></p> <p><i>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</i></p>	<p>We have not yet set targets. So far we have a few suggestions ready.</p> <p>We are planning to put this in our next report.</p>	
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p><b>2.3 Plans for Target Implementation and Monitoring</b></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>See the answer above, question 2.2</p>	
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		

<p><b>2.4 Progress on Implementing Targets</b></p> <p><u>For each target separately:</u></p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p><b>Or explain</b> why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>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)</p>	<p>See the answer above, question 2.2</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p>		
<div style="display: flex; align-items: center;">  <p><b>Principle 3: Clients and Customers</b> 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> </div>		
<p>3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>Hållbarhetsstrategi – Sustainability strategy</p> <p>Hållbarhetspolicy – Sustainability policy</p> <p>Hållbarhetsriskpolicy – Sustainability risk policy</p> <p>Beaktande av negativa konsekvenser utifrån disclosureförfordningen – Consideration of negative consequences regarding the disclosure regulation</p>	<p><a href="https://www.sparbankenvm.se/om-oss/hallbar-utveckling-hallbarhet.html">https://www.sparbankenvm.se/om-oss/hallbar-utveckling-hallbarhet.html</a></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>	<p>Business clients must answer sustainability questions and deeply look into its business according to sustainability focus when discussing loans with us.</p> <p>We have implemented green products, for example Sun loan and Sustainability loan for our private customers.</p> <p>We sponsor many associations – all of which must show how they work with sustainability. We aim to take sustainability to discussion in all our meetings – with clients as well as partners and other relationships.</p>	<p>Sustainability loan - <a href="https://www.sparbankenvm.se/privat/privatlantlan-och-krediter/hallbarhetslan.html">https://www.sparbankenvm.se/privat/privatlantlan-och-krediter/hallbarhetslan.html</a></p> <p>Sun loan - <a href="https://www.sparbankenvm.se/privat/privatlantlan-och-krediter/hallbarhetslan/sollan.html">https://www.sparbankenvm.se/privat/privatlantlan-och-krediter/hallbarhetslan/sollan.html</a></p>
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**Principle 4: Stakeholders**

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

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

So far, we have consulted our own board, decision makers and employees, and associations, and have started discussions/surveys with our customers during 2022. We are planning to extend this work during 2023.



**Principle 5: Governance & Culture**

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

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

The decision to implement the Principles is taken by our board. We train our employees to become well-equipped to explain our take on sustainability as an organization, as well as analyzing the impact our corporate customers make on our society. Our governance structures and policies continually changes within the development process.

<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>	<p>We are forming a Sustainability group within our organization.</p> <p>We plan to continue with our workshops – involving our employees in discussing how we work with sustainability daily, and how we can improve this work. In our monthly employee information meetings, we aim to discuss Sustainability every time and remind our employees of our sustainability definition as well as our four focus areas.</p>	
<p><b>5.3 Governance Structure for Implementation of the Principles</b></p> <p><i>Show</i> that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> <li>a) target-setting and actions to achieve targets set</li> <li>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</li> </ul>	<p>This is something for us to work more with during 2023 and put in the next report, when we have set targets.</p>	
<p>Please provide your bank’s conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		



**Principle 6: Transparency & Accountability**

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

**6.1 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.*

We have started by involving our board, decisionmakers and employees – and forming a sustainability definition and focus areas connected to the SDGs. This is the platform from which we will work forward, together.

Associations and organizations that wants us to sponsor them need to show how they work with sustainability. We aim to discuss sustainability in every meeting; with clients, partners and others.

Sustainability report 2021, page 4 and 5.

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

Annex: Definitions

- a. Impact: An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the

environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.

- b. Significant Impact: Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of *significant* impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of “materiality”.