

## Eika Gruppen, December 2021

### 18 months reporting on Principles for Responsible Banking

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

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<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>Eika Gruppen is a financial services group operating solely in Norway. The Eika Alliance comprises more than 50 local banks, Eika Gruppen and Eika Boligkreditt. Eika Gruppen's core business is delivering products and services to the local banks in the alliance and their customers. Our operations are split between the delivery of shared services, operational support and development to the banks and other companies in the alliance on the one hand, and the insurance, financing and payments, saving and investment, and estate agency business areas on the other.</p> <p>Eika Gruppen's vision is to strengthen the local bank by being Norway's most attractive partner for independent local banks. This is founded on a commitment to securing strong and caring local banks which serve as a driving force for the growth and development of customers and of the local community and provides</p>	<p>See Annual report 2020 page 4 «Om Eika Alliansen» and «Visjon, mål og strategi» page 6 (Norwegian) <a href="https://eika.no/eika-alliansen/arsrapporter">https://eika.no/eika-alliansen/arsrapporter</a> or Annual report 2019 page 61-65 (English).</p>

	<p>guidelines for Eika Gruppen’s core business. Eika Gruppen will facilitate a modern and cost-effective ecosystem which give the alliance banks access to a competitive and forward-looking technology platform, expertise, products, and services able to strengthen their competitiveness.</p> <p>Eika Gruppen comprises parent company Eika Gruppen AS and wholly owned subsidiaries Eika Forsikring AS, Eika Kredittbank AS, Eika Kapitalforvalting AS and Aktiv Eiendomsmegling AS.</p> <p>Retail lending constitutes approx. 81 % and business lending constitutes approx. 19 % of the Alliance banks total lending. The business customer segment consists mainly of small and mediums sized enterprises (SME). The main sectors are real estate, construction and agriculture, which together constitute approx. 78 % of the alliance banks total business lending.</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>Our corporate sustainability strategy, reviewed 2021, is aligned with our overall strategy. It is put in place as a securement that the necessary considerations for social responsibility and sustainability are being maintained throughout the organisation.</p> <p>Eika Gruppen’s sustainability strategy is based on, among others, the Sustainable Development Goals and the Paris Climate Agreement. We have recognized that there are especially six of the SDGs where our impact may be significant. These are:</p> <ul style="list-style-type: none"> <li>- 5 Gender Equality</li> <li>- 8 Decent Work and Economic Growth</li> <li>- 11 Sustainable Cities and</li> </ul>	<p>See our webpage: <a href="https://eika.no/eika-alliansen/eikagruppern/baerekraft/baerekraftsmaal">https://eika.no/eika-alliansen/eikagruppern/baerekraft/baerekraftsmaal</a> (Norwegian)</p>

	<p>Communities</p> <ul style="list-style-type: none"> <li>- 12 Responsible Consumption and Production</li> <li>- 13 Climate Action and</li> <li>- 17 Partnerships for the Goals.</li> </ul> <p>Our Policy for social responsibility and sustainability also refers specifically to:</p> <ul style="list-style-type: none"> <li>- The Roadmap for Green Competitiveness in the Financial Sector, developed by Finance Norway</li> <li>- Eco- lighthouse, Norway’s most widely used certification scheme for enterprises, recognised by the European Commission and holding the standard and quality on a par with international eco-labelling schemes such as EMAS and ISO 14001</li> <li>- The Norwegian initiative Guide against Greenwashing (“Grønnvaskingsplakaten”)</li> <li>- Task Force on Climate-related Financial Disclosure (TCFD)</li> </ul> <p>In addition to be a signatory of the Principles for Responsible Banking (UNEP FI), Eika Gruppen has also signed the Principles for Responsible Investments (UN PRI).</p>	<p>Roadmap for green competitiveness in the financial sector: <a href="https://www.finansnorge.no/contentassets/6e938f41d8a44a4984f87444a18ce320/roadmap/roadmap-for-green-competitiveness-in-norwegian-financial-sector_digital.pdf">https://www.finansnorge.no/contentassets/6e938f41d8a44a4984f87444a18ce320/roadmap/roadmap-for-green-competitiveness-in-norwegian-financial-sector_digital.pdf</a></p> <p>Eco-lighthouse: <a href="http://www.eco-lighthouse.org/">http://www.eco-lighthouse.org/</a> (English) or <a href="https://www.miljofyrtarn.no/">https://www.miljofyrtarn.no/</a> (Norwegian)</p> <p>Guide against Greenwashing: <a href="https://gronnvasking.no/en/home/">https://gronnvasking.no/en/home/</a> (English) or <a href="https://gronnvasking.no/no/hjem">https://gronnvasking.no/no/hjem</a> (Norwegian)</p> <p>UNPRI: <a href="https://www.unpri.org/">https://www.unpri.org/</a></p>
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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.**

<p>2.1 Impact Analysis: <i>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:</i></p> <p>a) <u>Scope</u>: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</p> <p>b) <u>Scale of Exposure</u>: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</p> <p>c) <u>Context &amp; Relevance</u>: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p>d) <u>Scale and intensity/salience of impact</u>: In identifying its areas of most significant impact, the bank has considered</p>	<p>Eika Gruppen has conducted an impact analysis with regards to the methodology developed by UNEP FI. December 2021, we published a report presenting the procedures and findings. By the virtue of our business, we chose to conduct the analyses on behalf of both Eika Gruppen and the alliance banks, since a significant part of our impact is through the banks.</p> <p>In the analysis, we applied information about all relevant products in Eika Gruppen and through the alliance banks for all relevant customers (Eika Gruppen solely operates in Norway).</p> <p>We assessed the 22 impact areas as outlined in the analysis tool and found that five of them should be seen as critical in the Norwegian context. These are Resource efficiency, Waste, Climate, Food and Housing. The reasons for the two latter, which were perceived as less obvious findings, are respectively housing overcrowding among low-income families and share of population with high BMI.</p> <p>The analysis tool generated an overview of our potential positive and negative effects on the society based on our portfolio. These were then prioritized regarding whether we are market leader and the level of country need, before a new prioritization regarding whether the suggested impact is relevant in our context and whether we already have good reason to assume good control. The latter prioritization is not quite the same process as the analyse tool outlines. The reason for the deviation, is that</p>	<p>See our attached impact analysis, also to be found at <a href="https://eika.no/eika-alliansen/eikagruppen/bae-rekraft">https://eika.no/eika-alliansen/eikagruppen/bae-rekraft</a> (Norwegian, English summary)</p>
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<p>the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.</p> <p>(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> <li>• Identified and disclosed its areas of most significant (potential) positive and negative impact</li> <li>• Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts</li> </ul>	<p>the acquired indicators and baselines in this step is perceived to be too immature at this point.</p> <p>The impact areas that according to our analysis should be prioritized in further sustainability work are:</p> <ul style="list-style-type: none"> <li>- Resource efficiency</li> <li>- Waste</li> <li>- Climate</li> </ul> <p>These are all areas which are already acknowledged and are working with.</p> <p>Exemplified, we:</p> <ul style="list-style-type: none"> <li>- Have created an ESG-module in the alliance banks credit system where already over 2000 business customers have been evaluated</li> <li>- Have created new products such as Green mortgage and Renovation loans, in addition to already existing Green Car loans</li> <li>- Recycled plastic in debit and credit cards + digital cards</li> <li>- Participated in UNEP FI working group on Resource efficiency in 2021</li> <li>- Certified as Miljøfyrtårn (Eco Lighthouse) mars 2021</li> <li>- Starting 2022, we will participate in an industry specific assessment group on calculating carbon emissions in the portfolio (lending and investments), initiated and run by Finance Norway.</li> </ul> <p>Eika Gruppen has strong traditions for interacting with our stakeholders, which has also been done during this analysis, especially with alliance banks and special sustainability surveys to customers and employees. In 2022, we plan to work further in our search for business opportunities</p>	
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	<p>to help reduce the negative impact resulting from lack of resource efficiency, excessive waste and the general problem with poor climate management.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p>		
<p>By the 18 months reporting, Eika Gruppen has fulfilled the requirements regarding Impact Analysis.</p>		

<p>2.2 Target Setting</p> <p><i>Show that the bank has set and published a minimum of two <b>Specific, Measurable</b> (can be qualitative or quantitative), <b>Achievable, Relevant and Time-bound</b> (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 are in a process to outline new target where the findings from the impact analysis will be strongly reflected, together with other internal analysis such as stakeholder analysis.</p> <p>The targets we per now follow up on regarding sustainability, with quarterly internal reporting, are:</p> <ul style="list-style-type: none"> <li>- Stakeholder interaction with regards to ESG (all meetings with partners within savings and credit, all contractors for insurance)</li> <li>- Per centage of Green Car loans</li> <li>- Sustainable claims settlement: Per centage of recircled parts</li> <li>- Damage prevention: Number of ongoing projects</li> <li>- ESG ranking of our investment fund Eika Global</li> <li>- Percentage of companies invested in by Eika Gruppen with available and adequate ESG information</li> <li>- Percentage of significant partners with Eco-lighthouse certification or similar</li> </ul>	<p>This is work in progress.</p>
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Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.

Eika Gruppen has not fulfilled the requirements regarding Target Setting.		
<p>2.3 Plans for Target Implementation and Monitoring</p> <p><i>Show that your bank has defined actions and milestones to meet the set targets.</i></p> <p><i>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</i></p>	<p>The plan for implementation of the targets will be worked out together with the target setting.</p> <p>We already have a process in place for target monitoring regarding sustainability, with quarterly internal reporting and monthly follow-up conversations with the product companies.</p>	<p>This is work in progress.</p>
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.		
By the 18 months reporting, Eika Gruppen has not fulfilled the requirements regarding Plans for Target Implementation and Monitoring.		
<p>2.4 Progress on Implementing Targets</p> <p><u>For each target separately:</u></p> <p><i>Show that your bank has implemented the actions it had previously defined to meet the set target.</i></p> <p><i>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</i></p> <p><i>Report on your bank's progress over the last 12 months (up to 18 months in</i></p>	<p>This awaits fulfilment of the previous steps.</p>	<p>This is work in progress.</p>



<p>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>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p>		
<p>By the 18 months reporting, Eika Gruppen has not yet fulfilled the requirements regarding Progress on Implementing Targets.</p>		
<p><b>Principle 3: Clients and Customers</b>  <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.</b></p>		
<p>3.1 <i>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.</i></p>	<p>We have several policies and guidelines in place to promote responsible relationships with our customers.</p> <p>On behalf of Eika Gruppen:</p> <ul style="list-style-type: none"> <li>- Policy for social responsibility and sustainability</li> <li>- Strategy for sustainability</li> <li>- Credit Policy</li> <li>- Anti-money laundering policy</li> <li>- Data Protection Policy</li> </ul> <p>In addition, Eika Gruppen provides templates to the Alliance banks on, among others:</p> <ul style="list-style-type: none"> <li>- Risk policies, including credit policy</li> <li>- Anti-money laundering policy</li> <li>- Guidelines for identification of and handling conflicts of interests</li> <li>- Ethical Guidelines</li> <li>- Guidelines for social responsibility and sustainability</li> </ul> <p>Eika Gruppen also offers mandatory and voluntary courses for alliance</p>	<p>Policy for Social Responsibility and Sustainability  <a href="https://eika.no/eika-alliansen/eikagruppen/bae-rekraft">https://eika.no/eika-alliansen/eikagruppen/bae-rekraft</a> (Norwegian)</p>

	<p>employees with active customer care in focus.</p>	
<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>The local banks in the Eika Alliance possess a strong advisory platform. During the last year, the strengthening of customer advisors' knowledge to sustainability has been done through internal platforms, courses, practical tools for the advisers and our yearly internal sustainability week, among others. We will continue and strengthen this work moving forwards.</p> <p>Products that Eika Gruppen has put in place to encourage sustainable practices and sustainable economic activities include:</p> <ul style="list-style-type: none"> <li>- Green Car loans</li> <li>- Green Mortgages</li> <li>- Renovation loans</li> </ul> <p>Services that Eika Gruppen has put in place to encourage sustainable practices and sustainable economic activities include:</p> <ul style="list-style-type: none"> <li>- A tool for ESG-assessment in credit proceedings for the corporate market</li> <li>- Policy for ESG for our liquidity portfolios owned by the alliance banks, which is included by 80 % of the alliance banks.</li> </ul> <p>Important strategic choices we have done to encourage sustainable practices and sustainable economic activities through our products:</p> <ul style="list-style-type: none"> <li>- Responsible credit: We aim to not encourage increase in consumption, and we</li> </ul>	

	<p>prioritize customers within refinancing and renovation</p> <ul style="list-style-type: none"> <li>- Damage prevention: Continuous work with new ways of preventing damages</li> <li>- Sustainable claims settlement: By 2021, all new contractors through insurance must be – or must plan to be – certified Eco-lighthouse or similar. We also work on increasing the rate of recycled parts in reconstruction.</li> <li>- Sustainable funds: We have strict ethical guidelines for investments, and our fund Eika Global is among the 15 % most sustainable funds in the world. This is achieved both through exclusion of companies based on their products or industry, and through ranking of ESG-scores.</li> </ul>	
<p><b>Principle 4: Stakeholders</b> <b>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.</b></p>		
<p>4.1 <i>Describe</i> which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>Eika Gruppen has worked out a thoroughly stakeholder analysis in the 4<sup>th</sup> quarter of 2021, which will be presented in the Annual report for 2021. We have strong traditions for interacting with our stakeholders, and we plan to do this even more systematically in the future.</p> <p>During 2021, we have consulted both employees and customers through surveys regarding sustainability. We have participated in several discussions regarding sustainability with alliance banks, authorities, partners, suppliers and industry associations, and have also had a cooperation in the Alliance and with a cluster of Norwegian banks regarding how to report on the Principles.</p>	

**Principle 5: Governance & Culture**

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

<p>5.1 <i>Describe</i> the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>Eika Gruppen has made several adjustments in relevant governance structure in 2020 and 2021 in order to have resources for sustainability in all relevant fields.</p> <p>Within our established governance structure, the EVP for Sustainability is responsible for overseeing the implementation of the Principles, and reporting progress to the CEO and the Corporate Board.</p> <p>Sustainability is incorporated in the Corporate Strategy. Defined targets are put in place, which are reported on to the Corporate Board on a quarterly basis.</p>	<p>See Annual report 2020 page 16 «Konsernelnelsen» (Norwegian)  <a href="https://eika.no/eika-alliansen/arsrapporter">https://eika.no/eika-alliansen/arsrapporter</a></p>
<p>5.2 <i>Describe</i> the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>Initiatives put in place to foster a culture of responsible banking among our employees:</p> <ul style="list-style-type: none"> <li>- Executive Vice President for Sustainability with associated employees</li> <li>- Employees with sustainability focus in all product areas (insurance, financing and payments, saving and investment, and estate agency business)</li> <li>- Yearly sustainability week</li> <li>- Eco-lighthouse certification</li> <li>- Free courses for all employees within sustainability through Eika Skolen</li> <li>- Internal workshops</li> </ul>	

<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show 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>Eika Gruppen’s sustainability strategy has been approved by the corporate board, and the board also reviews the progress of the sustainability team in Eika Gruppen on a regular basis.</p>	<p>This is work in progress.</p>
<p>Please provide your bank’s conclusion/ statement has partially fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		
<p>By the 18 months reporting, we have partly fulfilled the requirements regarding Governance Structure for Implementation of the Principles for Responsible banking.</p>		
<p><b>Principle 6: Transparency &amp; Accountability</b>  <b>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.</b></p>		
<p>1.1 Progress on Implementing the Principles for Responsible Banking</p> <p>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).</p> <p>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six</p>	<p>During the 18 months after signing the Principles, we have</p> <ul style="list-style-type: none"> <li>- Conducted an impact analysis, see. 2.1</li> <li>- Conducted a stakeholder analysis, see 4.1</li> <li>- We plan to work with target setting 1<sup>st</sup> quarter of 2022</li> </ul> <p>We have considered existing international and regional good practices relevant for the implementation of the Principles, including:</p> <ul style="list-style-type: none"> <li>- Signing the Principles for Responsible Investments (UN PRI)</li> <li>- Signing the Norwegian initiative Guide against Greenwashing (“Grønnvaskingsplakaten”)</li> <li>- Signing the Women in Finance</li> </ul>	

<p>Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p>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.</p>	<p>Charter</p> <ul style="list-style-type: none"> <li>- Becoming certified Eco-lighthouse</li> </ul> <p>We are working on implementing changes in existing practices to reflect and be in line with existing and emerging good practices:</p> <ul style="list-style-type: none"> <li>- We plan to report according to Taskforce on Climate-related Financial Disclosures (TCFD) recommendations and Global Reporting Initiative (GRI) in the Annual report for 2021</li> <li>- We are now revising our policy for procurement in regards to, among others, the OECD guidelines for multinational companies</li> </ul>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking</p>		
<p>Eika Gruppen has made good progress over the first 18 months of implementing the Principles.</p>		

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".