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Principles for  
Responsible Banking

# Reporting and Self-Assessment Template

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Principles for Responsible Banking



Reviewed version (V2) from September 2022



## Reporting and Self-Assessment Template

The following template sets out the reporting and self-assessment requirements for Signatories of the Principles for Responsible Banking (PRB). Your bank discloses which actions it has undertaken to implement the PRB by self-assessing its progress on each of the 6 Principles. This template is therefore structured in accordance with the 6 Principles that signatories have committed to.

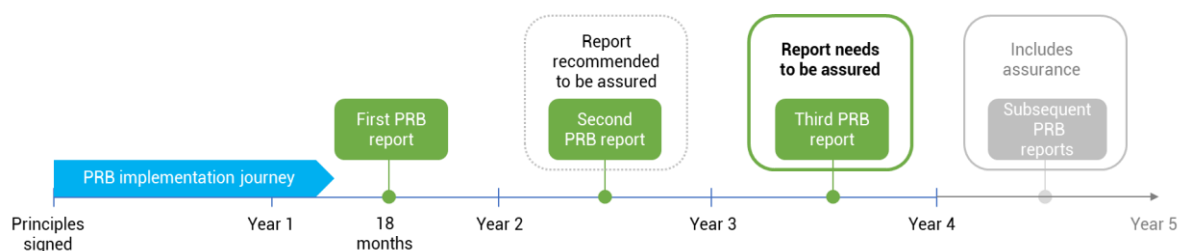
Three [Key Steps](#) are critical to showing that your bank is fulfilling its commitments as a signatory of the PRB, i.e. Impact Analysis, Target Setting & Implementation and Assured Reporting/Accountability. The sections in the Reporting and Self-Assessment Template that relate to the 3 Key Steps also require a self-assessment summary to demonstrate the extent to which the bank has fulfilled the respective requirements of the Key Steps.

### Accommodating different starting points

Your bank has an initial four-year period from signing to implement the 6 Principles including to bring its reporting fully in line with the requirements. Your bank may not be able to provide all information required in this template in the first report. You should build on your implementation progress annually. Feedback, support, capacity building, training and peer learning are available to all signatory banks to help them progress with both implementation and reporting.

### Timeline for reporting and assurance

Signatory banks need to report on their implementation of the Principles on an annual basis. The first PRB report has to be published within 18 months of signing the Principles, to give the bank some flexibility to align the PRB reporting with its reporting cycle. Publishing the first PRB report at any point earlier than 18 months after signing the Principles is therefore an option. After the first PRB reporting has been published, subsequent reports have to be published annually thereafter, i.e. within 12 months at the latest after the prior report<sup>1</sup>.



### Assurance

The last report within the initial 4 year implementation period (and subsequent reports thereafter) needs to be assured, which means that at least the third PRB report needs to be assured. Banks are encouraged to put the assurance process in place well before that and have earlier PRB reports already assured.

<sup>1</sup> Early reporting is permitted, although sufficient time to show progress from one year to the other should be taken into account.

All items that relate to the three [Key Steps](#) (highlighted in yellow) require limited assurance by year four of signing the PRB, undertaken by an independent third party with relevant expertise in the field. These are:

- 2.1 Impact Analysis
- 2.2 Target Setting
- 2.3 Target Implementation and Monitoring
- 5.1 Governance Structure for Implementation of the Principles

An assurer provides limited assurance of your self-assessment in these listed areas. 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. Assurance requirements are described in more detail in the [Guidance for Assurance providers: Providing limited assurance for reporting](#).

## Purpose of the template

The purpose of this template is to assist signatories in disclosing their progress on implementing the PRB. The disclosed information is used by the UNEP FI Secretariat as the basis for the individual review of each bank's progress, as well as for reporting the collective progress made by the PRB Signatory Group. To measure collective progress in a consistent manner, some standardized questions to be completed by the banks are integrated into the template. The open questions give banks the flexibility to disclose the progress they make, considering the diverse business models and various contextual differences in which banks operate.

# How to use this template

This template gives banks the chance to provide summaries of the annual progress made in implementing each Principle. It is designed for your bank to provide references/links to where in your existing reporting/public domains (websites) the required information can be found to support your answers. The aim is to keep any additional reporting burden to a minimum while ensuring transparency and accountability as set out in Principle 6. When referring to other documents, please specify the pages where the exact information appears.

The Reporting and Self-Assessment Template shall not be amended structurally and content-wise. The content and text of the template can be applied to corporate layout and designed accordingly, without omitting parts of the texts. The Reporting and Self-Assessment Template can be integrated into your bank's reports (annual report, sustainability report or relevant reporting formats) or can be published as a stand-alone document. It needs to be publicly available and will be listed on the UNEP FI Signatories page.

The reporting needs to be published in English. Information that is referenced to within the Reporting and Self-Assessment Template should also be available in English. Where that is not possible, it is recommended to include the summary of relevant information as text in the Template, so that all necessary information can be taken into account when the UNEP FI Secretariat reviews the bank's performance.

# Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

## Business model

Describe (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 across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

### Response

SBAB is a state-owned financial institution in Sweden. SBAB specializes in providing loans and savings products and services for better housing and household finance. SBAB's customer base includes private individuals, tenant-owner associations, and construction & property companies in Sweden. SBAB finances housing with the geography of the products and services entirely concentrated in Sweden.

### Links and references

For a full description of SBAB's business model, products and services and customer segments, please see the SBAB Annual Report, p 17.

## Strategy alignment

**Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?**

- Yes  
 No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

**Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?**

- UN Guiding Principles on Business and Human Rights  
 International Labour Organization fundamental conventions  
 UN Global Compact  
 UN Declaration on the Rights of Indigenous Peoples  
 Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: TCFD  
 Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----  
 None of the above

*Response*

SBAB's role and responsibility when it comes to achieving the SDGs is based on the mission – to contribute to better housing and household finances. To ensure that the full force of SBAB's business is utilized to contribute to better housing and household finances, four of the UN's 17 SDGs are prioritised (SDG 8: Decent work and economic growth, SDG 11: Sustainable cities and communities, SDG 12: Responsible consumption and production and SDG 13: Climate action). The prioritised goals are integrated into our steering model for sustainable development.

SBAB set a science based climate target, as one of our five central business goals, and the goal is set in accordance to national and international climate goals and in accordance to the Paris Agreement 1.5 degree pathway.

SBAB works and reports on climate risk in accordance to the Task Force for Climate Related Financial Disclosures (TCFD).

*Links and references*

A full description of what each prioritised SDG means for SBAB and examples of how SBAB contributes to each of the goals is summarized in our Annual Report 2022, p18 and 179.

Please see SBAB's Annual Report 2022, p170 for an explanation of our 5 new business goals from 2023 to 2030, which include the climate target as one of the five central business goals.

For a description of our climate target, please see SBAB's Climate Report 2022 at [sbab.se](http://sbab.se).

For SBAB's TCFD reporting, please see our Annual Report 2022, p 177-178.

## 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 (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly<sup>2</sup> and fulfil the following requirements/elements (a-d)<sup>3</sup>:

**a) Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

#### Response

During the fall of 2022, SBAB carried out an updated impact analysis to increase understanding of where SBAB, through products and services, provided the most positive and negative impact in order to prioritize our sustainability work. SBAB finances loans to private, tenant owner institutions, and corporate clients. All the financed real estate is in Sweden. 100% of our lending secured by immovable assets was considered for our climate portfolio analysis. In setting our climate target and measuring our financed emissions, we have not yet included emissions from lending to commercial clients for construction. However, during 2023, SBAB will measure emissions from our lending for construction (byggnadskreditiv) using proxies to estimate emissions from the building process for our corporate clients.

#### Links and references

Please see SBAB's Climate Report 2022 at sbab.se.

**b) Portfolio composition:** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

- i) by sectors & industries<sup>4</sup> for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

<sup>2</sup> That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

<sup>3</sup> Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

<sup>4</sup> 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

*Response*

SBAB is a state-owned financial institution that finances loans to private, tenant owner institutions, and corporate clients. SBAB solely finances real estate, and all the real estate is located in Sweden.

100% of lending secured by immovable assets was considered for our analysis. Single family homes and holiday homes accounted for 36.7% of our lending portfolio, multifamily dwellings accounted for 62.1% of our lending portfolio and commercial real estate accounted for 1.7% of our lending portfolio.

*Links and references*

See details about our portfolio composition and corresponding climate impact (CO<sub>2</sub>e emissions) and boundaries in SBAB's Climate Report 2022 at [sbab.se](http://sbab.se), p 6-7.



**c) Context:** What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?<sup>5</sup> Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

*This step aims to put your bank's portfolio impacts into the context of society's needs.*

<i>Response</i>	<i>Links and references</i>
<p>The emissions from the building and real estate sector that SBAB finances represent 21% of Sweden's GHG emissions. Therefore, working actively with measuring and target-setting our portfolio would be a significant contribution to Sweden's national goal to have net zero emissions by 2045 in the real estate sector. SBAB has the possibility to influence the energy effectiveness and GHG emissions of our 292,000 private clients and 2,942 corporate and tenant owner association clients.</p> <p>By setting requirements on our customers on transparency through our Sustainable Construction Industry project (together with other banks), SBAB can influence decent work and ethics in the construction industry. The construction industry often involves informal employment and salary dumping, as well as human rights violations in the supply chain. WSP research from 2021 indicates that 10-30% of the construction industry is involved in tax evasion and 15-30% of employees in the construction industry lack collective agreements in Sweden.</p>	<p><a href="#">Boverket</a>, Emissions from Real Estate and Construction.</p> <p><a href="#">Sweden's Environmental targets</a></p> <p>SBAB Annual Report 2022, p14 summarizes our client composition and market shares to indicate scale and context of our climate impact.</p> <p>Please see SBAB's Annual Report 2022, p31 for a description of our work with Sustainable Construction Industry project.</p> <p><a href="#">WSP report in Swedish</a></p>

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)<sup>6</sup>? Please disclose.

<i>Response</i>	<i>Links and references</i>
<p>SBAB built on our impact analysis from 2021 using UNEPFI's Portfolio Impact Analysis Tool. We continue to find <b>Climate Change Mitigation</b> and <b>Decent Work</b> to be our most significant impact areas. Under the Natural Environment Context module, Climate stability scored 2, which is a moderate need. However, since the real estate sector contributes to a material percentage of Sweden's total emissions, we see this as a key impact area for SBAB.</p> <p>Under the Social Context module: Livelihood scored 2, which is a moderate need. However, since we provide loans for real estate in</p>	<p><a href="#">Boverket</a>, Emissions from Real Estate and Construction.</p> <p><a href="#">Sweden's Environmental targets</a></p> <p><a href="#">WSP report in Swedish</a></p>

<sup>5</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

<sup>6</sup> To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

<p>Sweden, where there are high levels of informal employment among construction companies and their suppliers, we evaluate the need as being significantly higher.</p>	
<p><b>d) For these (min. two prioritized impact areas): <u>Performance measurement.</u></b> Has your bank identified which sectors &amp; industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&amp;inclusion as your most significant impact areas, please also refer to the applicable indicators in the <a href="#">Annex</a>.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.</p> <p><i>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.</i></p>	
<p><b>Response</b></p> <p>SBAB's impact analysis has been cross-checked with the UNEP FI Portfolio Impact Analysis tool. Since Climate is one of our significant impact areas, we sought to develop indicators, including several indicators from the Annex (A2.4). The bank has analyzed 100% of our lending portfolio secured by immovable property in Sweden in terms of financed emissions. 100% of the financed emissions from the lending portfolio secured by imovable property in Sweden is also covered by a decarbonization target.</p> <p>SBAB have not been able to do a portfolio analysis and set targets yet for our work with Decent Work, but it is a priority in the coming year. Currently, the Sustainable Construction Industry project is still working on an agreement on the requirements set (between all the member banks) to corporate clients for monitoring their suppliers. However, if the current requirement is agreed upon, the potential Smart target could include a measure of the percentage that monitors, among other factors, suppliers meeting Swedish tax requirements (registered for Swedish F skatt) and decent work standards such as formally registering as an employer and paying employer fees.</p>	<p><b>Links and references</b></p> <p>Please see SBAB's Climate Report 2022 on sbab.se for a full summary of our financed emissions, carbon intensity and decarbonization targets.</p> <p>Please see SBAB's Annual Report 2022, p31 for a description of our work with Sustainable Construction Industry project.</p>

### Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?<sup>7</sup>

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

*Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify*

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: *(the portfolio analysis presented in our climate report is from the most recently available energy declarations as of 31<sup>st</sup> December 2022. However, other sources used in the impact analysis such as the Swedish environmental goals and WSP analysis are older)*

<sup>7</sup> You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

## 2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets<sup>8</sup> have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

**a) Alignment:** which international, regional or national policy frameworks to align your bank's portfolio with<sup>9</sup> have you identified as relevant? Show that the selected indicators and 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.

*You can build upon the context items under 2.1.*

### Response

SBAB measured emissions from our lending portfolio secured by immovable property in Sweden, using the Partnership for Carbon Accounting Financials (PCAF) methodology.

SBAB uses a decarbonization pathway to set our decarbonization targets (1.5 degree pathway) that is science based and specific to the Swedish real estate sector (CRREM).

SBAB will validate our target with Science Based Target initiative during 2023 to ensure alignment with the goals set out in the Paris Agreement and Sweden's national environmental goals.

SBAB believes our target is the best way for SBAB to contribute to national and international frameworks because of the large percentage of emissions that come from Swedish real estate, and our role in financing Swedish real estate.

SBAB has not yet set a target connected to our Sustainable Construction Industry project. Please see explanation in section 2.1.

### Links and references

Please read SBAB's Climate Report 2022 at [sbab.se](http://sbab.se).

[Sweden's Environmental targets](#)

Please see SBAB's Annual Report 2022, p31 for a description of our work with Sustainable Construction Industry project.

**b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

*You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.*

*A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.*

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Climate change mitigation</i>	...	
	...	
	...	

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Financial health &amp; inclusion</i>	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

<i>Response</i>			<i>Links and references</i>
<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>	
<i>Climate change mitigation</i>	<i>A.4.1 Reduction of GHG emissions: how much have the GHG emissions financed been reduced?</i>	SBAB set an intensity based decarbonization target of 50% reduction of our GHG emissions (kg CO <sub>2</sub> e) from lending to our private, tenant-owner and corporate clients until 2038, with 2022 serving as our baseline year.	Please read SBAB's Climate Report 2022 and Green Bonds Impact Report 2022 at sbab.se.
	<i>A1.2 Absolute financed emissions: What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or investment portfolio?</i>	SBAB reports our absolute financed emissions in our lending portfolio in tonnes, CO <sub>2</sub> e. The total financed emissions in 2022 is 124,098 tonnes CO <sub>2</sub> e.  For now, we have not yet included emissions from lending to commercial clients for construction. Under 2023, SBAB will measure emissions from our lending for construction (byggnadskreditiv) using proxies to estimate emissions from the building process for our corporate clients.	
	<i>A.3.1 Financial volume of green assets/low-carbon technologies: How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies?</i>	SBAB reports on the amount of lending to green housing loans (58 billion SEK) and green bonds (36 billion SEK) in our Green Bonds Impact Report.	

<sup>8</sup> Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

<sup>9</sup> Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

<p><b>c) <u>SMART targets</u></b> (incl. key performance indicators (KPIs)<sup>10</sup>): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.</p>	
<p><i>Response</i></p> <p>SBAB set an intensity based decarbonization target of 50% reduction of our GHG emissions (kg CO<sub>2</sub>e) from lending to our private, tenant-owner and corporate clients until 2038, with 2022 serving as our baseline year.</p>	<p><i>Links and references</i></p> <p>Please read SBAB's Climate Report 2022 at sbab.se.</p>
<p><b>d) <u>Action plan:</u></b> which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p>	
<p><i>Response</i></p> <p>SBAB goal is to steer our clients towards a 1.5-degree scenario world and continue to develop products and services that facilitate the transition towards our 2038 target decarbonization target.</p> <p>Due to the inclusion of the climate target as one of our five central business goals, additional focus will be on our sustainable product and service offering and green bond framework.</p> <p>Our goal is to improve internal systems to store and access the relevant data to enable efficient steering and to further integrate the financed emissions calculation, climate risk data and EU taxonomy classification into our business strategies and risk evaluations.</p> <p>SBAB is also committed to improving our data quality and calculations for our financed emissions, given that the target-setting methodology, as well as climate science will evolve over time.</p>	<p><i>Links and references</i></p> <p>Please read SBAB's Climate Report 2022 at sbab.se.</p> <p>Please see SBAB's Annual Report 2022, p170 for an explanation of our 5 new business goals from 2023 to 2030, which include the climate target as one of the five central business goals.</p>

<sup>10</sup> Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

## Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... <i>(please name it)</i>	... second area of most significant impact: ... <i>(please name it)</i>	<i>(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)</i>
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

## 2.3 Target implementation and monitoring (Key Step 2)

**For each target separately:**

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

**Or, in case of changes to implementation plans (relevant for 2<sup>nd</sup> and subsequent reports only):** describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

<p><i>Response</i></p> <p>SBAB measured emissions from our lending portfolio secured by immovable property in Sweden, using the Partnership for Carbon Accounting Financials (PCAF) methodology. SBAB also developed a method for calculating financed emissions for tenant-owner</p>	<p><i>Links and references</i></p> <p>Please read SBAB's Climate Report at <a href="http://sbab.se">sbab.se</a>.</p>
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<p>associations and tenant-owner apartments together with other Swedish banks.</p> <p>SBAB increased our transparency by publishing our Climate Report 2022 and Green Bonds Impact Report 2022 with a full description of our emissions calculation methodology, portfolio breakdown of our GHG emissions and decarbonization targets.</p> <p>An intensity based decarbonization target of 50% reduction of our GHG emissions (kg CO<sub>2</sub>e) from lending to our private, tenant-owner and corporate clients until 2038 was set, with 2022 serving as our baseline year.</p> <p>With the our decarbonization target now set as one of our five central business goals, we will be able to further develop our green product offering. During 2023, through our climate data project, we will be able to better plan our climate strategy and track the impact of our work.</p>	<p>Please see SBAB's Annual Report 2022, p170 for an explanation of our 5 new business goals from 2023 to 2030, which include the climate target as one of the five central business goals.</p>
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## Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

### 3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers<sup>11</sup> in place to encourage sustainable practices?

Yes       In progress       No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes       In progress       No

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<sup>12</sup>). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

*This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).*

#### Response

SBAB actively communicates on and encourages clients to take advantage of our Green Housing Loans (mortgages), Green Bonds and our green products and services to promote energy efficiency upgrades in their homes. During 2022, we launched a service called "Kilowattjakten" to guide our clients in understanding how they could best energy effectivize their homes, a service our clients highly appreciated in this high energy price period. Moreover, with our climate target as one of our five central business targets, we are able to prioritize even more highly the development of our green product offering and use our climate data to integrate key information on our clients' energy situation into our customer segment analyses to prioritize the right segments for decarbonization.

SBAB dedicated significant resources to get banks in Sweden to agree to partner to put requirements on the Construction Industry to ensure ethical, transparent, and decent work practices, and this was also communicated widely to customers in the Real Estate and Construction Industry bracket.

#### Links and references

Please see SBAB's Climate Report 2022 at sbab.se.

[Kilowattjakten](#). For more information on Kilowattjakten, please see SBAB's Annual Report 2022, p 33.

Please see SBAB's Annual Report 2022, p170 for an explanation of our 5 new business goals from 2023 to 2030, which include the climate target as one

	<p>of the five central business goals</p> <p>Please see SBAB's Annual Report 2022, p31 for a description of our work with Sustainable Construction Industry project.</p>
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### 3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

<i>Response</i>	<i>Links and references</i>
<p>The amount of outstanding Green Bonds and eligible Green Loans are delineated in our Green Bonds Impact Report. Our goal in 2023 is to update our Green housing loan (green mortgage) and our Green Bond framework, and also further develop and promote, in a targeted way, our Green investment loans to private, tenant owner and corporate clients. The focus now is beyond creating incentives through our Green housing loans to also helping our customers with the worst emission intensity and energy effectiveness to do the renovations needed.</p> <p>Under 2023, we will make an offering to our 100 highest emissions tenant- owner association clients to get a specific Green investment loan.</p> <p>Partnerships are also important. SBAB partners with Hemma on providing Kilowattjakten, a digital guide for our customer's on exactly which renovations they need to do to energy effectivize based on the details of their specific homes.</p>	<p>Please see SBAB's Green Bonds Impact Report 2022 on sbab.se.</p> <p>For more information on Kilowattjakten, please see SBAB's Annual Report 2022, p 33.</p>

<sup>11</sup> A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>12</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

## Principle 4: Stakeholders



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

### 4.1 Stakeholder identification and consultation

*Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups<sup>13</sup>) you have identified as relevant in relation to the impact analysis and target setting process?*

Yes       In progress       No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

#### *Response*

In 2020, a new materiality assessment was conducted in line with GRI guidelines. This included a new stakeholder dialogue comprising 24 interviews of key stakeholders such as Board members, Executive Management, corporate customers, the owner, collaboration partners, business partners, investors, and trade organisations. Moreover, surveys were conducted with 482 of SBAB's employees, 384 retail customers and 23 tenant-owners' association customers. The stakeholder dialogue captured the stakeholders' perspectives as to which sustainability topics are most important for SBAB. In addition to input from the stakeholder dialogue, a new analysis was conducted of the operating environment, including key factors and relevant sustainability risks, trends, and legislation to form the basis for identifying the areas where SBAB has the greatest impact. The stakeholder dialogue was a key input to our prioritization of our sustainability work done in collaboration with the Board and Executive Management. The Executive Management also used this prioritisation for our goal and ambition setting until 2025.

#### *Links and references*

Please see SBAB's Annual Report 2022, p. 168-169.

<sup>13</sup> Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

## Principle 5: Governance & Culture



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

### 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes       In progress       No

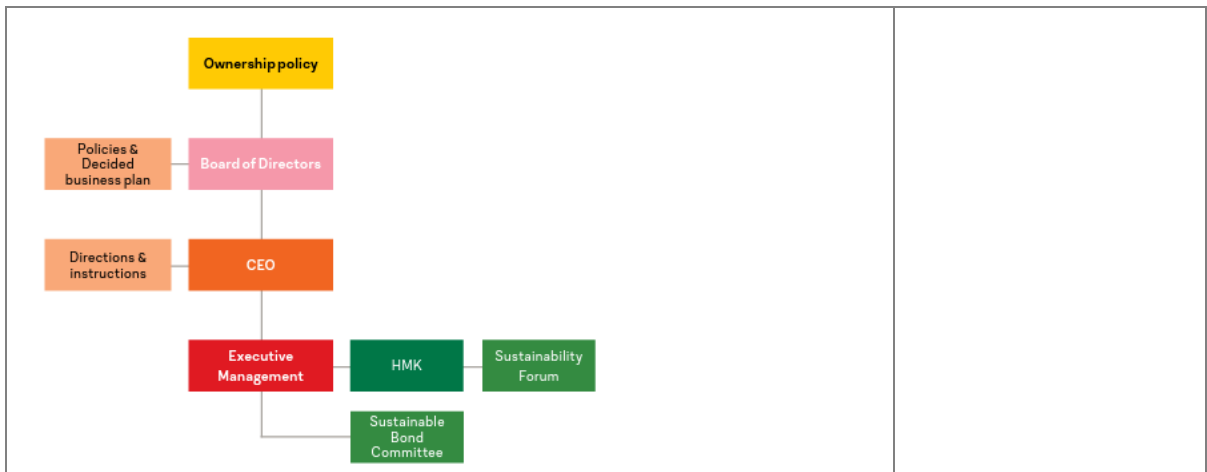
Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

SBAB has key functions for the governance, follow-up, and management of our significant positive and negative (potential) impacts and that will support effective implementation of the Principles. Within SBAB, the Board is ultimately responsible for ensuring that active, long-term efforts to achieve sustainable development and addressing our risks within the bank. The Board also adopts strategy, objectives, and a policy for sustainable enterprise. Furthermore, the Board monitors and assesses SBAB's sustainability efforts. The Executive Management develops the bank's strategic business plan, including aims, direction, and objectives for sustainability efforts. SBAB's sustainability efforts are fully integrated in SBAB's business plan. The Sustainability unit, headed by the Sustainability manager and four strategists, is tasked with coordinating sustainability efforts at SBAB on an overall level, as well as in relation to the prioritized sustainability areas and their measurable goals, together with the operational leads. SBAB has a Sustainability Forum comprising of all the operational leads of our prioritised sustainability areas that meet two times per year. SBAB has a Sustainable Bond Committee (SBC) that meets four times a year. The aim of the SBC is to secure the process whereby green and sustainable bonds can be issued, managed, and discontinued. The SBC is comprised of seven individuals from different parts of the operations. The Chairman of the SBC is SBAB's CFO, who is also CEO of SBC. The Board and Executive Management receive quarterly reports on progress on our sustainability efforts, where the PRB targets are built in, however, to remedial action or remuneration practices are linked to sustainability targets.

#### *Links and references*

Please see the SBAB's Annual Report 2022, p 170.



## 5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

### Response

The integration of sustainability into SBAB’s steering model and with our business goals is the key to fostering a culture of responsible banking among employees. Sustainability training is a part of all new employee training and capacity building on key sustainability areas are a part of our obligatory trainings that all staff must undergo.

As highlighted above the Board, Executive Management, sustainability team, our sustainability forum, and sustainable bond committee are all actively involved in achieving our common business and sustainability goals. These groups are also responsible for the wider communication and involvement of all employees on sustainability work.

One of our highlights of 2022 was setting our decarbonization target connecting to lending to private, corporate and tenant owner association clients. This will help further steer and prioritize our work with responsible banking, especially since it is one of our five central business goals until 2030.

### Links and references

Please see the SBAB’s Annual Report 2022, p 16, 18, 20-23 and 170.

Please see SBAB’s Annual Report 2022, p170 for an explanation of our 5 new business goals from 2023 to 2030, which include the climate target as one of the five central business goals

## 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>14</sup> Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition

<sup>14</sup> Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

*Response*

SBAB works and report in accordance with the TCFD framework, which highlights our steering, strategy, risk management and targets and goals with regard to climate risk. During 2022 to 2023, we have a highly prioritized climate data project that will also building on our risk management strategies where it relates to SBAB’s overall risk sensitivity of our portfolio with flooding and rising energy prices, and also help us on a micro-level to integrate flooding and rising energy price risks into our credit processes.

*Links and references*

Please see SBAB’s Annual Report 2022, p 177-78.

**Self-assessment summary**

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank’s governance system?

Yes  No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes  No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes  In progress  No

## 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 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes       Partially       No

If applicable, please include the link or description of the assurance statement.

#### *Response*

Our PRB disclosures is a part of our limited assurance report, that has been assured by an independent assurer.

#### *Links and references*

Please see SBAB's Annual Report 2022, p 187

### 6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other: ....

#### *Response*

We disclose our sustainability information in our Annual Report. We have a full list of the standards and frameworks we use in the Sustainability Notes of our Annual Report, and these includes GRI and TCFD Reporting.

#### *Links and references*

Please see the SBAB's Annual Report 2022 p181-182 for GRI reporting and p 177-178 for TCFD reporting.

### 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>15</sup>, target setting<sup>16</sup> and governance structure for implementing the PRB)? Please describe briefly.

<sup>15</sup> For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

<sup>16</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.



<i>Response</i>	<i>Links and references</i>
<p>Our goal is to continue working on implementing actions connected to our climate target (decarbonization target) highlighted as our first SMART target. Key actions include the reporting of progress towards the target to the Board and Executive Management biannually.</p> <p>The increased prioritization of the climate target, being one of our five central business goals to 2030 going forward, and the external and internal reporting of our climate target, will improve the steering and impact of our climate work.</p> <p>Key actions under 2023 will include a climate data project and the development and updating of our green product and service offering.</p> <p>SBAB also needs to develop our social SMART target connected to our Sustainable Construction Industry project. We are close to agreeing on the requirements set on our clients to monitor their suppliers in the construction industry. This can provide the basis for our social SMART target.</p>	<p>Please see SBAB's Annual Report 2022, p170 for an explanation of our 5 new business goals from 2023 to 2030, which include the climate target as one of the five central business goals</p>



## 6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- |  |  |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance                               | <input checked="" type="checkbox"/> Customer engagement  |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank                           | <input type="checkbox"/> Stakeholder engagement          |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability    |
| <input type="checkbox"/> Conducting an impact analysis   | <input checked="" type="checkbox"/> Data quality         |
| <input type="checkbox"/> Assessing negative environmental and social impacts                   | <input type="checkbox"/> Access to resources             |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies            | <input type="checkbox"/> Reporting                       |
| <input type="checkbox"/> Setting targets   | <input type="checkbox"/> Assurance                       |
| <input type="checkbox"/> Other: ...  | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

# Annex

A set of indicators has been produced for the impact areas of climate mitigation and financial health & inclusion. These indicators will support you in your reporting and in showing progress against PRB implementation. Banks are expected to set targets that address minimum two areas of most significant impact within the first four years after signing the PRB. That means that Banks should ultimately set targets using impact indicators. Acknowledging the fact that banks are in different stages of implementation and on different levels of maturity and therefore might not be able to report on impact from the beginning, a Theory of Change approach has been used to develop the set of indicators below.<sup>17</sup> The Theory of Change shows the **pathway to impact** and considers the relationship between inputs, actions, outputs, and outcomes in order to achieve impact. The Theory of Change for climate mitigation can be found [here](#), the Theory of Change for financial health & inclusion can be found [here](#).

**How to use:** Both practice (action, outcome and output) and impact performance need to be understood because practice is the conduit for achieving desired impacts (including targets). The Theory of Change allows to identify metrics and set targets which align with a bank's maturity. The indicators below are all connected to a bank's impact and can be considered as steps towards measuring impact. Some of the practice indicators (on the action, output, and outcome levels respectively) are connected to portfolio composition and financial targets<sup>18</sup> (highlighted in **green**) or to client engagement<sup>19</sup> targets (highlighted in **blue**), which enable your overall target. If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex to measure your performance and baseline.<sup>20</sup> Once you have set the target, you can use the indicators as guidance for your action plan as well as defining Key Performance Indicators (KPIs) which you can then use to measure progress against the set targets.

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<sup>17</sup> It is not required from banks to work with the Theory of Change concept internally. In fact, the Theory of Change has been used to structure the requirements of setting SMART targets using relevant indicators.

<sup>18</sup> Financial targets also aim for real economy outcomes but are not directly expressed as such. Instead, they are expressed with financial indicators and metrics, e.g., to redirect flows of lending and investments to sectors, activities or projects aligned with SDGs and/or related to the selected impact area. Banks can also set financial targets related to specific types of customers e.g., low-income customers or female entrepreneurs.

<sup>19</sup> Client engagement targets involve engaging relevant clients and customers to enable your overall target. The purpose of client engagement is to support clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>20</sup> You might not be able to report on all indicators and/or or levels of practice (i.e. from left to right), in which case you should report on all applicable indicators on the respective level of practice no matter if it is an action, output or outcome indicator.

- **For Signatories of the Net-Zero Banking Alliance:** please report on the climate targets set as required in the [Guidelines for Climate Target Setting](#). As a member of the Alliance, you are required to publish first 2030 targets for priority sectors within 18 months and further sectoral targets within 36 months after signing. You can use the PRB template to disclose the required climate target information if its publication date is in line with the committed NZBA timeframe.
- **For Signatories of the Collective Commitment to Financial Health & Inclusion:** please report on financial health and/or financial inclusion targets set as required in the [Financial Health and Inclusion Commitment Statement](#). As a signatory to the Commitment, you have agreed to set a SMART ambitious target within 18 months after signing. To facilitate your process, please refer to the [Guidance on Target Setting for Financial Health and Inclusion](#) and the [Core Indicators](#) to measure financial health and inclusion. Keep in mind that signatories of the Commitment are encouraged to measure as many indicators as possible from the Core Set or their equivalent to be able to set a SMART impact driven target.

Impact area	Practice <sup>21</sup> (pathway to impact)									Impact <sup>22</sup>		
	1. Action indicators			2. Output indicators			3. Outcome indicators			4. Impact indicators		
	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics
A. Climate change mitigation	A.1.1	<b>Climate strategy:</b> Does your bank have a climate strategy in place?	Yes / In progress / No	A.2.1	<b>Client engagement process:</b> Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model (for business clients), or towards low(er)-carbon practices (for retail clients)?	Yes / Setting it up / No;  If yes: Please specify for which clients (types of clients, sectors, geography, number of clients etc.)	A.3.1	<b>Financial volume of green assets/low-carbon technologies:</b> How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies?	bln/mn USD or local currency, and/or % of portfolio; please specify the definition of green assets and low-carbon technologies used	A.4.1	<b>Reduction of GHG emissions:</b> how much have the GHG emissions financed been reduced?	% over time; baseline and tracking GHG emissions in kg of CO <sub>2</sub> e (or applicable metrics) <sup>23</sup>
	A.1.2	<b>Paris alignment target:</b> Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	Yes / In progress / No;  If yes: - please specify: to become <b>net zero by when?</b> - <b>Emissions baseline / base year:</b> What is the emissions baseline / base	A.2.2	<b>Absolute financed emissions:</b> What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or	Total GHG emissions or CO <sub>2</sub> e (please also disclose what is excluded for now and why)	A.3.2	<b>Financial volume lent to / invested in carbon intensive sectors and activities and transition finance:</b> How much does your bank lend to / invest in carbon-intensive	bln/mn USD or local currency, and/or % of portfolio	A.4.2	<b>Portfolio alignment:</b> How much of your bank's portfolio is aligned with Paris (depending on the target set [A.1.2] either 1.5 or 2 degrees)?	% of portfolio (please specify which portfolio; for corporate and business clients: % of sectors financed)

<sup>21</sup> Practice: the bank's portfolio composition in terms of key sectors, its client engagement, and its relevant policies and processes, and, if applicable, its advocacy practices

<sup>22</sup> Impact: the actual impact of the bank's portfolio

<sup>23</sup> If possible and/or necessary, please contextualize the progress: Greenhouse gas emissions might even increase initially because the scope of measurements is extended and financed emissions from a growing proportion of the portfolio are measured, emission factors are updated etc. Emission reductions made by the clients should over time lead to a decrease in GHG emissions financed.

		year for your target? - <b>Climate scenario used:</b> What climate scenario(s) aligned with the Paris climate goals has your bank used?		investment portfolio?			sectors and activities <sup>24</sup> ? How much does your bank invest in transition finance <sup>25</sup> ?			
<b>A.1.3</b>	<b>Policy and process for client relationships:</b> has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model?	Yes / In progress / No	<b>A.2.3</b>	<b>Sector-specific emission intensity</b> (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector?	Please specify which sector ( <i>depending on the sector and/or chosen metric</i> ): kg of CO <sub>2</sub> e/ kWh, CO <sub>2</sub> e / m <sup>2</sup> ; kg of CO <sub>2</sub> e/USD invested, or kg of CO <sub>2</sub> e/revenue or profit					
<b>A.1.4</b>	<b>Portfolio analysis:</b> Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?	Yes / In progress / No;  <i>If yes:</i> please specify which parts of the lending and investment portfolio you have analyzed	<b>A.2.4</b>	<b>Proportion of financed emissions covered by a decarbonization target:</b> What proportion of your bank's financed emissions is covered by a decarbonization target, i.e. stem from clients with	% <i>(denominator: financed emissions in scope of the target set)</i>					

<sup>24</sup> A list of carbon-intensive sectors can be found in the [Guidelines for Climate Target Setting](#).

<sup>25</sup> Transition finance is defined as financing the transition towards a low-carbon future in alignment with the Paris climate goals. It entails any form of financial support for non-pure play green activities to become greener and reduce emissions.

	<b>A.1.5</b>	<b>Business opportunities and financial products:</b> Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?	Yes / In progress / No; Please specify which ones, and what financial volume and/or % of the portfolio they account for		a transition plan in place?							
<b>B. Financial health</b>	<b>B.1.1</b>	# of products and services in the portfolio with a focus on financial health	Internal data based. Measures how many of the products and services in the portfolio have a financial health focus. We deem a product or service to have this focus when it facilitates decision making and supports financial health increase based on our definition of financial health. This covers products and services embedded with nudges to simplify decision making, round-up, high yield savings accounts, easy investment tools, etc.	<b>B.2.1</b>	# of individuals supported with dedicated and effective financial and/or digital education initiatives	Based on internal data. Measures the number of users (customers and non customers) of financial and/or digital skills-building initiatives offered by the bank. An initiative encompasses courses, programs, training videos, articles, SMS education campaigns, etc. Dedicated means that the initiative was specially created for a defined group of individuals (in many cases a prioritized group). Effective	<b>B.3.1</b>	% of individuals with a good and/or very good level of financial skills	Assessment based. Measures the percentage of individuals with a good and/or very good level of financial skills according to the assessment chosen by the financial institution. Should be measured on individuals benefitting from the bank's financial education initiatives.	<b>B.4.1</b>	% of customers with a high level of financial health	Survey and/or transactional data based. Measures the percentage of customers with a high level of financial health according to the score chosen by the financial institution.

						means that the bank has measured if the initiative is successful in generating the desired results of stronger financial skills, and thus, any individual that is supported with the initiative will achieve the desired results. A bank can't count a click as an individual so we encourage that the data is presented as # of individuals for deanonymized users and # of interactions for anonymized users.						
	B.1.2	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Based on internal data. Measures the percentage of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health. Including training to attend the needs of prioritized groups. Effective means that the bank has measured if the initiative is successful in generating the desired results of	B.2.2*	% of customers actively using the online/mobile banking platform/tools	Transactional data based. Measures the percentage of customers logging in, at least once a month, to one of the following digital platforms (measure those applicable for your bank): Online internet banking and/or mobile phone banking and/or digital tools (including	B.3.2	% of customers who use the bank's services to create a financial action plan with the bank	Transactional and/or survey data based. Measures the percentage of customers who create a financial action plan with the bank using the bank's services. A financial action plan is anything that helps the customer build financial resilience. It is done "with the bank" if the bank can visualize,	B.4.2	% of customers for which spending exceeded 90% of inflows for more than 6 months last year	Survey and/or transactional data based. Measures the percentage of customers with a transaction account and/or savings/investment accounts for which spending exceeded 90% of inflows for more than 6 months in the year within the reporting period compared to the total of customers within PRB scope. Focus on main

			stronger skills, and thus, any individual that is supported with the initiative will achieve the desired results. Relevant employees are those the bank prioritizes in the training program due to their direct impact on the customers' financial health			financial health tools)			through the transactions of the customer, the results of the plan.			financial institution customers.
	B.1.3	# of partnerships active to achieve financial health and inclusion targets	Based on internal data. Measures the number of partnerships currently active to achieve financial health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports.				B.3.3	% of customers using overdraft regularly	Transactional data based. Measures the percentage of customers using the overdraft option in their accounts or credit cards, regularly. Overdraft can be used to handle unexpected emergencies but more than 1/3 of the year (banks may deviate if proper reasons are provided) denotes regularity and a precursor to lower financial health	B.4.3	% of customers that feel confident about their financial situation in the next 12 months	Survey based data. Measures the percentage of customers that answered positively to feeling confident about their financial situation in the next 12 months compared to the total number of customers surveyed. By confident we mean not feeling worried about their financial situation.
							B.3.4	% of customers with a non-performing loan	Transactional data based. Measures the percentage of customers with past-due loans ("past due"	B.4.4	% of customers with products connected to long-term saving and investment plans	Transactional and/or survey data based. Measures the percentage of customers with products



								defined by policies at each bank) compared to the total amount of customers with loans in the bank's lending portfolio.			connected to long-term saving and investment plans. "Long-term" will depend on each bank's definition.	
							B.3.5	% of customers showing an increase or stable amounts in savings, deposit and/or investment account balances, quarter on quarter.	Transactional data based. Measures the percentage of customers showing an increase or stable amounts in savings and/or deposit AND/OR investment accounts balances, quarter on quarter.	B.4.5	% of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense	Survey based data. Measures the percentage of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense. We consider a major unexpected expense, one that the customer hadn't planned for and would require them to spend more than what they have available for secondary expenses in their monthly budget or 1/20th of the country's Gross National Income (banks may deviate if proper reasons are provided). A good example is: unforeseen medical bills, large appliance malfunctioning, car repair, etc. Survey based

												using the question: "If a major unexpected expense arises, how can you cover it right now?" and give the multiple choice options of insurance, emergency funds, loan, credit card, family/friends, etc.
<b>C. Financial Inclusion</b>	<b>C.1.1</b>	# of products and services in the portfolio with a focus on financial inclusion	Internal data based. Measures how many of the products and services in the portfolio have a financial inclusion focus. We deem a product or service to have this focus when its design facilitates the access and usage by the prioritized customer. For example, no-fee savings account, low interest microloan, offline access or sim-based banking apps, etc	<b>C.2.1</b>	# of individuals supported with dedicated and effective financial and/or digital education initiatives	Based on internal data. Measures the number of users (customers and non customers) of financial and/or digital skills-building initiatives offered by the bank. An initiative encompasses courses, programs, training videos, articles, SMS education campaigns, etc. Dedicated means that the initiative was specially created for a defined group of individuals (in many cases a prioritized group). Effective means that the bank has measured if the initiative is	<b>C.3.1</b>	% of individuals with a good and/or very good level of financial skills	Assessment based. Measures the percentage of individuals with a good and/or very good level of financial skills according to the assessment chosen by the financial institution. Should be measured on individuals benefitting from the bank's financial education initiatives.	<b>C.4.1</b>	% of customers with 2 or more active financial products, from different categories, with the bank	Transactional data based. Measures the percentage of customers with 2 or more active financial products, from different categories, with the bank. By active we mean there's at least one usage per month. By category we mean credit/debt, savings/deposit/payment, insurance, investment, etc. Once a target has been set for this indicator, we encourage banks to ensure responsible selling policies or other initiatives so that the target doesn't become a toxic incentive.

					successful in generating the desired results of stronger financial skills, and thus, any individual that is supported with the initiative will achieve the desired results. A bank can't count a click as an individual so we encourage that the data is presented as # of individuals for deanonymized users and # of interactions for anonymized users.					
	C.1.2	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Based on internal data. Measures the percentage of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health. Including training to attend the needs of prioritized groups. Effective means that the bank has measured if the initiative is successful in generating the desired results of stronger skills, and thus, any individual that is supported with the initiative	C.2.2	% of customers with effective access to a basic banking product	Transactional data based. Measures the percentage of customers with effective access to a basic banking product. By effective we mean the usage beyond first access. Basic banking products vary by bank. Good examples are: checking accounts, payment accounts, credit cards, saving accounts, deposit accounts, e-	C.3.2	% of customers supported with dedicated customer journey/advisory services	"Transactional data based. Where dedicated customer journey/advisory services are in place for prioritized groups, this indicator measures the percentage of customers using such services. Depending on size of bank, either number or percentage can be the unit of measure.	

			will achieve the desired results. Relevant employees are those the bank prioritizes in the training program due to their direct impact on the customers' financial health			money accounts, etc.						
	C.1.3	# of partnerships active to achieve financial health and inclusion targets	Based on internal data. Measures the number of partnerships currently active to achieve financial health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports.	C.2.3	# of new customers per month	Transactional data based. Measures the number of new customers per month. Once the bank sets a target, this indicator can become a KPI to measure the percentage of new customers from the prioritized groups, per month.	C.3.3*	% of customers actively using the online/mobile banking platform/tools	Transactional data based. Measures the percentage of customers logging in, at least once a month, to one of the following digital platforms (measure those applicable for your bank): Online internet banking and/or mobile phone banking and/or digital tools (including financial health tools, if applicable)			