Íslandsbanki’s
PRB Reporting and Self-Assessment for 2022

Published in February 2023
### 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**

Íslandsbanki is a universal full-service bank and a leader in the provision of financial services in Iceland. Among the products and services it offers are savings options, lending, payment services, and investment banking services. IS Funds, a subsidiary of the Bank, is also a leader in fund management in Iceland.

**Links and references**

[2022 Annual and Sustainability Report](#), page 37 – Islandsbanki’s impact analysis + response to 2.1 b below

### Strategy alignment

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

- [x] 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
- [x] 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: ____________________
- [ ] Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: ____________________
- [ ] None of the above

**Response**

The Bank’s climate objectives are presented in accordance with the guidelines from the Net-Zero Banking Alliance (NZBA), with the aim of supporting the goals of the Paris Convention and Iceland’s ambitious climate targets.

**Links and references**

[2022 Annual and Sustainability Report](#), page 52 – Sustainability targets further ahead
**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 and fulfil the following requirements/elements (a-d):

- **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**
The impact analysis covers all core business areas and products/services of the bank with a focus on lending activities and savings. In this initial impact assessment, less emphasis was placed on Investment Banking activities (brokerage, bond and equity issuance, M&A advisory, etc.) as the Bank believes bigger sustainability opportunities lie in the loan portfolio and investments at this point in time. However, the scope will likely be extended in the next review of the impact analysis to include broader set of activities.

**Links and references**
- 2022 Annual and Sustainability Report, page 37 – Islandsbanki’s impact analysis

- **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 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.

**Response**
The Bank issues loans to both businesses and individuals and holds a market share of 25-40% in the main services it offers domestically. As of Q4 2022, loans to individuals accounted for the largest share of the loan portfolio (48%), followed by the trade and services sector.

**Links and references**
- 2022 Annual and Sustainability Report, page 37 – Islandsbanki’s impact analysis

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1 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.

2 Further guidance can be found in the Interactive Guidance on impact analysis and target setting.

3 ‘Key sectors’ relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.
(15%), real estate (11%), fishing industry (9%), and industry and transport (7%). Some 89% of the Bank’s loans to individuals are residential mortgages. Furthermore, Islandsbanki holds a market share of 36% among small and medium-sized enterprises (SME) in Iceland.

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? 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.*

**Response**

The two most prominent impact areas identified in the analysis are **climate change** and **gender equality**. Other impact areas whose importance for Islandsbanki was indicated by the analysis were biodiversity and ecosystems (particularly marine and freshwater biospheres, given how large a share of the loan portfolio is linked to the fishing industry) and resource utilisation/security.

Official reports were consulted and interviews were taken with important stakeholders such as Festa – Center for Sustainability, the National Energy Authority, Green Building Council Iceland, Grænvangur and UN Women in Iceland. Key references used include the Sustainable Development Report, a dashboard showing Iceland’s progress in implementing the UN Global Goals, Iceland’s Climate Action Plan, the Business Climate Guide; the Action Plan on Steps Towards a Circular Economy and the Parliamentary Resolution on a Gender Equality Action Plan.

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)? Please disclose.

**Response**

Climate change and gender equality.

**Links and references**

2022 Annual and Sustainability Report, page 37 – Islandsbanki’s impact analysis

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| 4 | Global priorities might alternatively be considered for banks with highly diversified and international portfolios. |
| 5 | 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. |
you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the **Annex**.

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.

*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.*

<table>
<thead>
<tr>
<th>Response</th>
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</thead>
<tbody>
<tr>
<td>The foundation of mapping the path to net-zero is the PCAF assessment of financed greenhouse gas emissions. Initial sector-specific emission reduction targets (in accordance with the NZBA Guidelines for Climate Target Setting for Banks published in April 2021) cover 61% of total lending and 71% of total emissions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Links and references</th>
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</thead>
<tbody>
<tr>
<td><strong>2022 Annual and Sustainability Report</strong>, page 40 and 41</td>
</tr>
<tr>
<td>For more details <a href="#">Road to net-zero</a> (Oct 2022)</td>
</tr>
</tbody>
</table>

### 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?⁶

<table>
<thead>
<tr>
<th>Component</th>
<th>Yes</th>
<th>In progress</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>☒</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Portfolio composition</td>
<td>☒</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Context</td>
<td>☒</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Performance measurement</td>
<td>□</td>
<td>☒</td>
<td>□</td>
</tr>
</tbody>
</table>

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?

<table>
<thead>
<tr>
<th>Timeframe</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Up to 6 months prior to publication</td>
<td></td>
</tr>
<tr>
<td>☒ Up to 12 months prior to publication</td>
<td></td>
</tr>
<tr>
<td>☐ Up to 18 months prior to publication</td>
<td></td>
</tr>
<tr>
<td>☐ Longer than 18 months prior to publication</td>
<td></td>
</tr>
</tbody>
</table>

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

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⁶ 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\(^7\) 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\(^8\) 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.*

<table>
<thead>
<tr>
<th>Response</th>
<th>Links and references</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Bank’s climate objectives are presented in accordance with the guidelines from the Net-Zero Banking Alliance (NZBA), with the aim of supporting the goals of the Paris Convention and Iceland’s ambitious climate targets.</td>
<td>2022 Annual and Sustainability Report, page 52 – Sustainability targets further ahead and Road to net-zero (Oct 2022)</td>
</tr>
</tbody>
</table>

**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:

<table>
<thead>
<tr>
<th>Impact area</th>
<th>Indicator code</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change mitigation</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td></td>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>

**Notes:**

\(^7\) 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.

\(^8\) 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.
c) SMART targets (incl. key performance indicators (KPIs)\(^9\)): 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.

**Response**

Climate change targets include:

1. Increase the portion of sustainable corporate loans in the loan portfolio to 15% by year-end 2023
2. Emissions from balance sheet activities should fall by 60% by 2030 and by 85% by 2040.
3. ESG risk assess all larger corporates (liabilities >150 m.ISK) and make ESG risk assessment mandatory for new LC loans before year end 2023

Gender diversity targets are still being worked on.

**d) Action plan:** which actions including milestones have you defined to meet the set targets? Please describe.

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.

**Response**

An initial climate action plan was published in Íslandsbanki’s carbon neutrality report, On the Road to Net-Zero, released in Oct 2022. Encouraging, educating and supporting our customers on their sustainability journey is the most important and impactful way we can contribute to action on climate change.

Regarding the requirement to analyse and acknowledge significant (potential) indirect impacts of the set targets this is discussed as part of the goal setting process although the results are not formally documented as of yet. One of the goals for 2023 is to perform and report on an initial assessment of risks and opportunities related to biodiversity as the Bank.

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\(^9\) Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.
recognizes that loans that can be classified as green according to the ICMA green bond principles can have adverse impact on biodiversity and other sustainability aspects

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…

<table>
<thead>
<tr>
<th>Component</th>
<th>Yes</th>
<th>In progress</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alignment</td>
<td>☒</td>
<td>☒</td>
<td></td>
</tr>
<tr>
<td>Baseline</td>
<td>☒</td>
<td>☒</td>
<td></td>
</tr>
<tr>
<td>SMART targets</td>
<td>☒</td>
<td>☒</td>
<td></td>
</tr>
<tr>
<td>Action plan</td>
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<td></td>
</tr>
</tbody>
</table>

(If you are setting targets in more impact areas) …your third (and subsequent) area(s) of impact:

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 2nd 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.

Response
One of Islandsbanki’s sustainability goals for 2022 was to present officially validated science-based targets for short- and medium term financed emissions. The targets were set out in accordance with the Guidelines for Climate Target Setting for Banks published by the NZBA. Formal SBTi validation of the targets was put on hold since the SBTi methodology only covers a minority of Islandsbanki’s sector exposures and only a handful of banks in the world have SBTi validated targets at the time of publication of the Road to net-zero report in Oct 2022.

Links and references
2022 Annual and Sustainability Report, page 41
Page 10 in Road to net-zero (Oct 2022)
### 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 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. 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

Sustainability comes up more and more often in dialogue with the Bank’s corporate customers and interest in sustainable financing options has grown. In line with this trend, Islandsbanki has broadened the scope of its educational material on sustainability, including by publishing sector guidelines and holding events on sustainable business practices. The Bank is determined to create positive incentives to expedite investment in the transition needed to combat climate change. During the year, Islandsbanki published sector guidelines, the first bank in Iceland to do so. The Bank has published three sets of sector guidelines prepared for the construction-, fishing- and tourism industries. At the end of 2022, 75% of all credit risk had been assessed from the perspective of ESG risk factors, up from 34% a year earlier and above the year’s target of 70% or higher. This has provided a better overview of where in the loan portfolio the key sustainability-related risks lie. The Bank is committed to taking account of ESG criteria when assessing risk and determining the pricing of its loans.

#### Links and references

- 2022 Annual and Sustainability Report, page 43 – Active cooperation and dialogue with customers
- Page 10 in Road to net-zero (Oct 2022)

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10 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.

11 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) 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**

Íslandsbanki continuously engages with various stakeholders such as employees, customers, investors and other partners on sustainability topics. In 2023 the objective is to perform an initial double ‘materiality assessment’ based on the CSRD requirements. During that process as more formal stakeholder consultation process will be introduced.

**Links and references**

2022 Annual and Sustainability Report, page 38 and 52

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12 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.

Response

Clearly defined sustainability-related roles and responsibilities ensure regular follow-up and strengthen the Bank’s capacity to respond to challenges and opportunities associated with sustainability. The Board of Islandsbanki approves the Bank’s sustainability policy and targets and determines the Bank’s sustainability-related risk appetite. The Board Corporate Governance and Human Resources Committee, a sub-committee of the Board, assists the Board in monitoring, discussing, and implementing the sustainability policy, including the implementation of the Sustainable Financing Framework and the formulation of sustainability targets, as well as monitoring compliance with the policy and making recommendations to the Board on improvements as needed. The Board is updated regularly on the sustainability developments, and key sustainability metrics are a part of its monthly risk dashboard. The CEO is the owner of the sustainability policy, but the Executive Committee is responsible for the implementation of sustainability targets and for ensuring that the relevant rules and procedures within their departments are in compliance with the policy. The Sustainability Committee (chaired by the CEO) is the Bank’s official forum for scrutiny and discussion of issues pertaining to sustainability risk (including ESG risk), sustainable purchasing, and business opportunities.

Links and references

2022 Annual and Sustainability Report, page 50 – Sustainability-related governance structure

2022 Annual and Sustainability Report, page 50 – Sustainability-related governance structure
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**
Employee participation is key to achieving the Bank’s sustainability objectives and creating a corporate culture that supports the process. Each quarter, Íslandsbanki employees were invited to participate in educational events and workshops in connection with the UN Global Goal for that quarter. In particular, a number of events were held in connection with environmental issues; for instance, employees were invited to hear lectures given by the Minister of the Environment, Energy, and Climate; UN Women; the Icelandic environment association; and the Director-General of the National Energy Authority.

**Links and references**
2022 Annual and Sustainability Report, page 51 – Employee participation and sustainability culture

5.3 Policies and due diligence processes
Does your bank have policies in place that address environmental and social risks within your portfolio? 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 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**
During the year, emphasis was placed on creating a clearer ESG risk assessment process and on educating and training a larger group of employees to carry out the risk assessment. In this way, sustainability has been interwoven even more fully into the Bank’s key lending-related processes. The initiative was successful, drawing employees’ attention to issues relating to sustainability and deepening their knowledge of customers’ business activities. As a result the share of ESG risk-assessed credit risk rose from 34% at the end of 2021 to 76% at the end of 2022. The Bank has a separate chapter on possible future sustainability risk as part of the bank’s ICAAP process.

**Links and references**
2022 Annual and Sustainability Report, page 43 – Active cooperation and dialogue with customers Islandsbanki’s Pillar 3 report for 2022

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

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13 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.
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**

This year, all of the sustainability disclosures in the Bank’s Annual and Sustainability Report have been reviewed and received a limited assurance by EY. The assurance also covers this publicly disclosed information on Íslandsbanki’s PRB commitments.

**Links and references**

Auditor’s Limited Assurance Report for Íslandsbanki’s sustainability disclosures 2022

#### 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**

Íslandsbanki submitted measurements of the carbon footprint from the Bank’s operations and loan portfolio to the Climate Disclosure Project for 2021. Íslandsbanki’s Pillar 3 report for

**Links and references**

2022 Annual and Sustainability Report, page
6.3 Outlook
What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis\textsuperscript{14}, target setting\textsuperscript{15} and governance structure for implementing the PRB)? Please describe briefly.

\textit{Response}

In 2023 the objective is to perform an initial double ‘materiality assessment’ based on the CSRD requirements. During that process as more formal stakeholder consultation process will be introduced. By end of year 2023 the objective is to have set targets for the impact area of gender equality.

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).

\begin{itemize}
  \item Embedding PRB oversight into governance
  \item Gaining or maintaining momentum in the bank
  \item Getting started: where to start and what to focus on in the beginning
  \item Conducting an impact analysis
  \item Assessing negative environmental and social impacts
  \item Choosing the right performance measurement methodology/ies
  \item Setting targets
\end{itemize}

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

\textsuperscript{14} 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

\textsuperscript{15} For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.