

**UN**  
environment  
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finance  
initiative

Principles for  
Responsible Banking

# Reporting and Self-Assessment Template

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Principles for Responsible Banking



Reviewed version (V2) from September 2022



Banque SOCREDO

UNEP-FI Principles for Responsible Banking

December 2023



BANQUE SOCREDO

# 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.

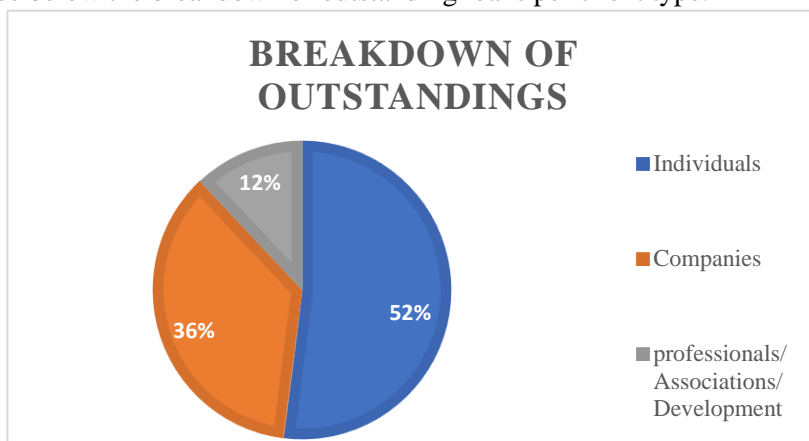
### Response

Banque SOCREDO is French Polynesia's leading universal/retail bank with an estimated 40%-to-50% market share. The bank's MEMARTS specifically include a development mandate. Our shareholders are 50% French Polynesia, 35% Agence Française de Développement (AFD), France's official development aid (ODA) arm and 15% COFIBRED, a member of BPCE banking group.

Banque SOCREDO predominantly operates in French Polynesia where it serves a clientele of individuals (retail banking unit), MSMEs, corporates, associations/societies and public bodies and public-owned entities, through dedicated loans, financial products and services.

This includes inter alia loans to individuals (mortgage, car loans, consumer loans, student loans etc...) (56% of outstanding loans), companies and local public entities (44% of outstanding loans).

See below the breakdown of outstanding loans per client type.



Individuals (52%)

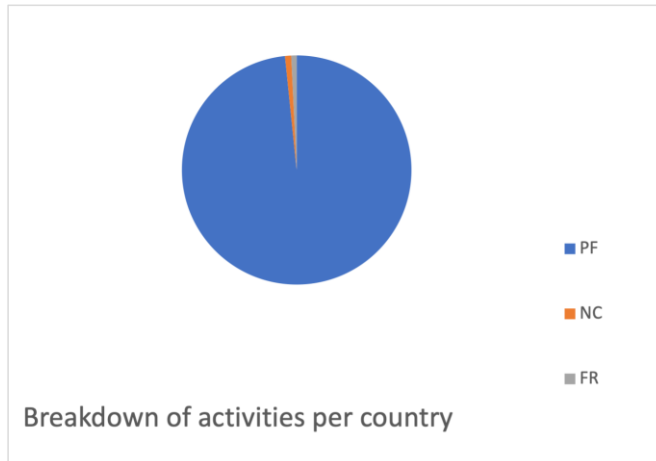
### Links and references

[See our activity report](#)

**Companies (36%)**

Professionals/ Associations/ Development

While the vast majority of our operations are implemented in French Polynesia, our geographic footprint also marginally encompasses New Caledonia, Wallis and Futuna, Fiji Islands and mainland France. See below the breakdown of outstanding loans (excluding off balance sheet commitments) per country.



PF = French Polynesia  
NC= New Caledonia  
FR= France

Given the marginal portion of commitments outside French Polynesia, our impact analysis report will exclusively focus on French Polynesia.

**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: -----

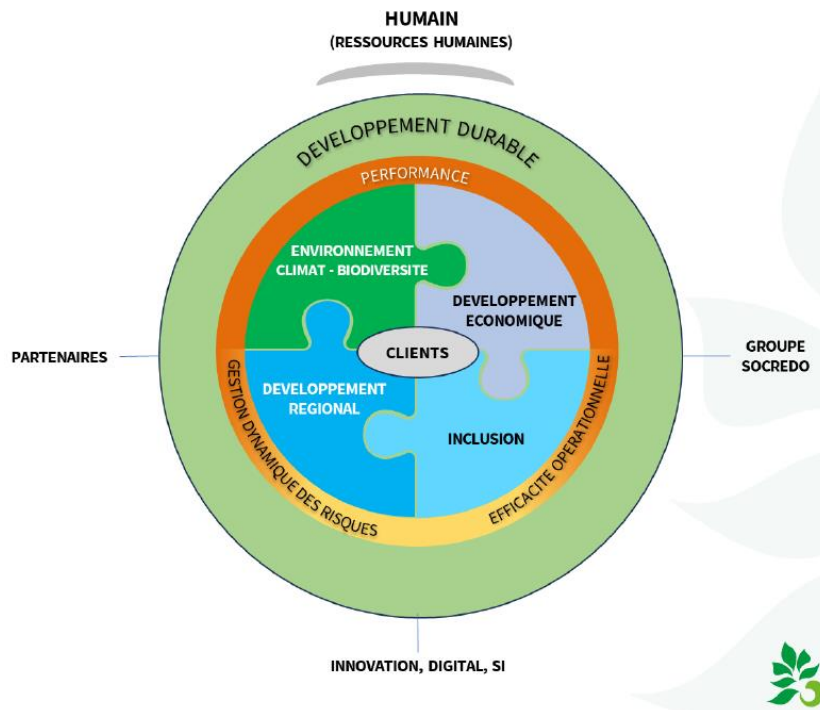
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----
- None of the above

**Response**

As a commercial bank with a development mandate, Banque SOCREDO's 5-year strategy (2019-2023), relied on 3 pillars :

- Pillar #1 : be a committed player in sustainable development
- Pillar #2: place innovation and digital at the heart of improvement of our customer satisfaction
- Pillar #3 : improve operational efficiency to accompany the bank's transformation

The upcoming 5-year strategy covering 2024-2028 will further put the impetus on sustainable development as shown in the diagram below:



This strategy aims at several objectives, all of which place customers and service quality at the heart of our concerns. In order to achieve this, the bank will optimize its operational efficiency and adopt a more dynamic risk management approach, while strengthening its ties with all its stakeholders. These overriding objectives are encompassed by sustainable development, since it is the essence of this strategy.

In the context of the new strategy and its 4 strategic components (Environment – climate – biodiversity, Economic growth , Inclusion and Regional footprint,) which are interconnected, all contribute to sustainable

**Links and references**

- [See our activity report](#)
- [See our sustainable development policy and our exclusion list.](#)
- [See our commitments](#)

development, the bank has short listed 6 “priority” SDGs, i.e. SDGs on which the bank can act and generate an impact :

- Environment- Climate – Biodiversity: SDG 13 (fight against climate change), SDG 7 (affordable and clean energy), SDG 14 (marine life), SDG 15 (life on land)
- Economic growth: SDG 8 (decent work and economic growth)
- Inclusion: SDG 10 (reduced inequalities)
- Regional footprint: covering the 6 priority SDGs.

More generally, as a commercial bank with a development mandate, Banque SOCREDO use its best efforts contribute to designing sectoral public policies in collaboration with the government of French Polynesia.

Concerning climate change, the government of French Polynesia has recently published a draft-Climate Plan for 2030 which is in line with the Paris Agreement. We will strive to align our actions and operations on the latter to be a key contributor.

The Bank SOCREDO took part in the French Polynesian government's workshops aimed at producing an initial version of its climate plan for 2030 whose objective is to reduce GHG emissions by 50% for 2030.

Over the past 5 years we've been screening our largest loan applications (loans over 420k€) through a dedicated tool/approach: SDAA (Sustainable Development Analysis & Assessment) which constituted a first milestone as part of a sustainable development journey. The SDAA took the name of “MATIE sheet” throughout 2023. (“Matie” meaning “green” in Tahitian language).

In a nutshell, this sheet enables to analyse every loan application through an estimated impact in terms of job creation and contribution to economic growth, reduced inequalities, impact on climate, impact on biodiversity. It also enables to initiate a dialogue / advice with our clients in terms of DD or include extra financial covenants in the loan documentation.

More specifically, prior to the MATIE analysis we have implemented a summary ESG risk analysis tool which cross-references the purpose of the financing (sector of activity) and the amount of credit requested, to assign a low/medium/high risk level in order to determine how deep should be the Sustainable development analysis to be carried out on the credit file. All this has been automated since 2023 and the arriving of the new name “MATIE sheet” tool.

However, an enhanced ESG risk analysis is planned for 2025-2026.

## 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>1</sup> and fulfil the following requirements/elements (a-d)<sup>2</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

As a primarily retail bank, the impact, both positive and negative on sustainable development of Banque SOCREDO activities can be deemed low. However, considering our market share(42.7%)we can have real impacts at our scale.

As aforementioned, 99% of our activities are focused on French Polynesia, worldwide and compared with the commercial banking giants, our impacts may seem significantless. In French Polynesia our impacts matter and are important considering our market share.

In our capacity as a typical bank, we present an array of products and services. To gauge our impact, we assess all products and services connected to consumer banking and corporate banking loans, as these constitute our central business domains.

To summarize the scope of our impact analysis will focus on credit activities in all our markets (consumer and corporate banking), in Polynesia.

#### Links and references

[See our activity report](#)

**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

<sup>1</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>2</sup> Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

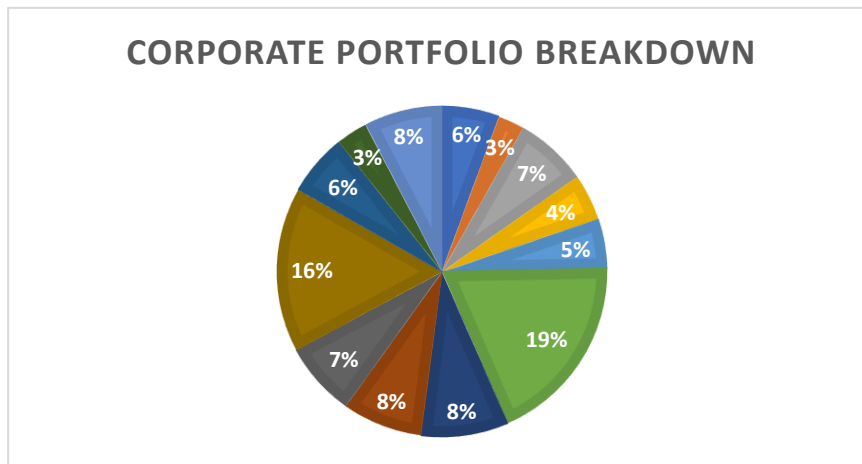
i) by sectors & industries<sup>3</sup> for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or  
ii) by products & services and by types of customers for consumer and retail banking portfolios.

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.

*Response*

Portfolio composition:

**For the corporate banking:**



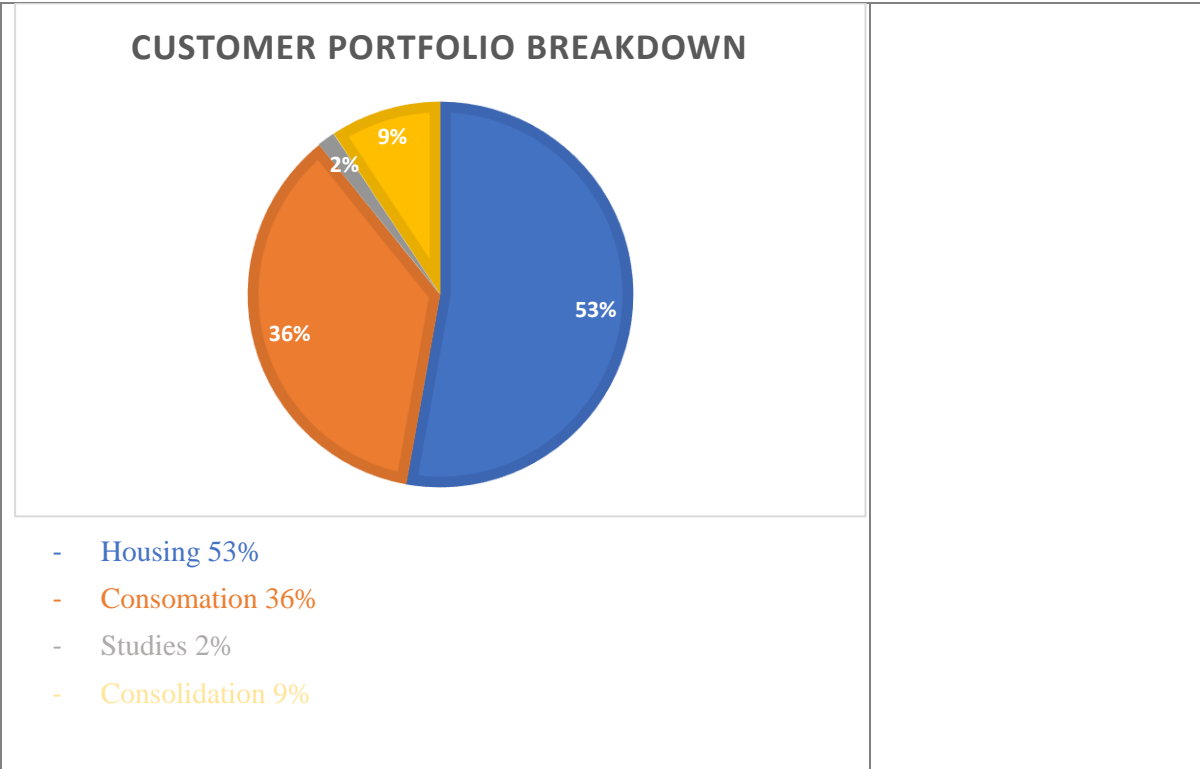
- Retail trade (19%)
- Real Estate-Promotion (16%)
- Wholesale trade (8%)
- Maritime transport (8%)
- Car dealership (8%)
- Other private services (7%)
- Real estate-rental (7%)
- Public administration (6%)
- Food industry (6%)
- Building (5%)
- Banks and credit institutions (4%)
- Other manufacturing (3%)
- Air transport (3%)

**For the consumer banking:**

*Links and references*

<sup>3</sup> 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.





**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>4</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.*

*Response*

In our operating environment (French Polynesia), climate change, reducing inequalities, preservation of both aquatic and land biodiversity, guaranteeing access for all to clean, reliable, and affordable energies and decent work and economic growth are relevant.

- Securing access for all to clean, reliable, and affordable energies – SDG 7

Country challenges: Fossil fuels still dominate the Polynesian energy mix (94%). Moreover, French Polynesia is heavily dependent on imported hydrocarbons (in 2019, petroleum derivatives accounted for 93.8% of the energy consumed in the 5 archipelagos)

The SOCREDO bank intends to contribute to the objectives of energy transition and decarbonization of the energy sector in French Polynesia.

- Climate change – SDG 13

Country challenges: A rise in average temperature leads to an increase in numerous climatic risks, such as natural disasters, rising water levels and acidification.

In line with the Climate Plan of the country, we will contribute to the low-carbon trajectory and to the resilience of French Polynesia against the climate change.

- Preservation of both aquatic and land biodiversity – SDG 14 & 15

Country challenges: the country's main economic sectors, based on its natural resources and landscapes.

We aim not to harm the biodiversity and at the contrary, support preservation and restoration positive impact projects.

- Reducing inequalities – SDG 10

Country challenges: Poverty, unemployment inequalities based on income, gender, diploma, and territorial inequalities, are major issues in Polynesia.

The bank contributes to a more inclusive society by serving the entire spectrum of clients (from low income customers to high net worth individuals). The bank also thrive to create economic opportunities by

*Links and references*

<sup>4</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

|   |                                    |
|---|------------------------------------|
| <p>financing microentrepreneurs in emerging economic sectors, including in remote islands.</p> <ul style="list-style-type: none"> <li>- Decent work and economic growth – SDG 8</li> </ul> <p>Country challenges: One of the priorities is to promote and protect local employment. Key figures: Unemployment rate in 2022 : 9% ; Employment rate in 2022 : 53,8%</p> <p>In 2017, a survey had shown that 63.4% of young people (between the ages of 15 and 24) were neither in education, employment, nor training. The inactivity among these young individuals poses a considerable challenge in improving economic growth and ensuring access to quality employment.</p> <p>In line with the region's economic development objectives, SOCREDO Bank aims to promote sustained, shared and sustainable economic growth, full employment and decent work for all.</p>   |                                    |
| <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)5? Please disclose.</p>  |                                    |
| <p><i>Response</i></p> <p>The strongest impacts the bank can generate through its business banking and consumer banking divisions are:</p> <ul style="list-style-type: none"> <li>- SDG 7 by contributing to the development of renewable energies.</li> <li>- SDG 13 by contributing to “mitigation” and “adaptation” through inter alia the development of "green" projects compatible with climate issues; SDG 13 by financing projects that emit GHG</li> <li>-</li> <li>- SDG 14-15 by contributing to environmentally friendly projects; by financing which might have an impact on the biodiversity (rubbish production, resources consumption, ecosystem impacts)</li> <li>- SDG 8 by the setting up of student loans and by contributing to the economic growth of the country.</li> <li>- SDG 10 by the implementation of services and products for the most disadvantaged</li> </ul> <p>As aforementioned, our 2024-2028 strategy will delve around 6 priority SDGs. Among our priority SDGs we decided to put a special impetus on climate change (SDG 13) and financial inclusion (reducing inequalities: SDG10) to pursue our target setting strategy because they are the two SDGs we have and will have the biggest impact.</p> | <p><i>Links and references</i></p> |

<sup>5</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.

**d) For these (min. two prioritized impact areas): Performance measurement.** Has your bank identified which sectors & 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.

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&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.*

**Response**

Concerning climate change, we aim to have an impact in both climate segments: mitigation and adaptation,

For the mitigation part the bank has planned to carry out in 2024 a full carbon assessment of its asset portfolio in order to determine which sector have the largest impact on our carbon footprint.

For the adaptation part, we contemplate to set a qualitative target. The aim is that by 2026 we integrate climate risk into our activities. This involves the set-up of procedures and measuring risks and adaptation measures tools.

Regarding the inequality issues we aim to increase the impact that we have on the access to the banking system for minorities.

**Links and references**

### 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>6</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 type="checkbox"/> Yes            | <input checked="" 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, financial health & inclusion,*

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.:  
(optional)

<sup>6</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>7</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>8</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

#### Climate

For the climate part of our SMART targets, our bank is currently working with the local government to implement a 2030 climate plan due to be launched in 2024. The 2030 Climate Plan of French Polynesia is coherent with the Paris Agreement (limit the temperatures rise to 1.5° and for middle target reach a CO2 emission divided by two for 2030).

#### Financial inclusion

Regarding the fight against inequalities, it's worth mentioning that SOCREDO Bank has recently signed an agreement to freeze or limit banking fees in order to promote inclusive banking and protect vulnerable customers.

90% of the bank's customers are private individuals and among these customers, 60% earn less than 1,200€/ month. The bank is therefore fully committed to low-income customers, and we will keep serving this customer segment.

### Links and references

[charter on banking rates in French Polynesia](#)

[French Polynesia climate plan](#)

**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:

| Impact area | Indicator code   | Response   |
|-------------|------------------|--|
|             | to be determined | The bank will launch carbon audit in 2024 with two objectives in mind. |

|                                  |     |   |
|----------------------------------|-----|---|
| <i>Climate change mitigation</i> |     | - Determine the overall quantity of the GHG emissions that we have financed/ are financing in order to set a GHG emissions reduction target for 2030.<br>Determine which of our business segments have the biggest impact in our GHG emission for the purpose of shift the portfolio composition and/or emission. |
|                                  | ... |   |
|                                  | ... |   |

| <i>Impact area</i>                      | <i>Indicator code</i>   | <i>Response</i>  |
|---|---|--|
| <i>Financial health &amp; inclusion</i> | rate of unbanked people   | The inclusion challenges are both social and geographical in French Polynesia. As the country's leading development bank, it has always been obvious to us to work on inclusion.<br>For social inclusion: offer services tailored to the most disadvantaged segments of our customer base.<br>For the geographical inclusion: Reinforce our offers and presence on smallest island in order to enhance the banking inclusion of this population. |
|   | share of the inclusive banking portfolio in the professional market | With the aim of promoting the entrepreneurship our ambition is to increase the rate of the inclusive banking in the professional market of our portfolio.  |
|   | ...   |  |

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> |
|-----------------|-----------------------------|

**c) SMART targets** (incl. key performance indicators (KPIs)<sup>9</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.

|                 |                             |
|-----------------|-----------------------------|
| <i>Response</i> | <i>Links and references</i> |
|-----------------|-----------------------------|

<sup>7</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>8</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.

<sup>9</sup> Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

|   |                                    |
|---|------------------------------------|
| <p>2023 was for SOCREDO the last year of implementation of its 2019-2023 strategy where the targets set up in 2018 have been achieved (particularly the implementation of a sustainable development analysis tool). Following our internal strategic workshops of 2023, we have laid solid foundations for the next 5 years, seeking the maximum impact in our sectors of activity. As part of our current strategy our objectives are mainly qualitative while the definition of quantitative targets will result from a diagnostic to be carried out in 2024. At this point:</p> <p><b>Climate:</b></p> <ul style="list-style-type: none"> <li>- <b>Mitigation:</b> Align our strategy with the climate plan of French Polynesia which will be introduced in 2024. In addition, a carbon footprint will be performed by an external service provider in 2024. This analysis will provide us with figures that will enable us to determine the most emissive sectors in our portfolio, which will allow us to focus our priorities on these sectors.</li> <li>- <b>Adaptation:</b> The adaptation part of the climate change strategy will be developed at a later stage over the 2024-2028 period. The bank contemplates setting a qualitative objective in 2026 which will be with the help of a service provider to implement tools to measure and determine how to mitigate climate risks.</li> <li>- <b>Financial health &amp; inclusion:</b></li> <li>- Enhance our inclusive customer service offer.</li> </ul> |                                    |
| <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>The carbon footprint that will be determined in 2024 will serve as baseline to set up targets.</p> <p>The main target set up as part of our current strategy (2019-2023) was to design and implement a sustainable development analysis tool for eligible loans to be sanctioned by the bank. This target has been achieved and our tool has been deployed on all market segments.</p> <p>As part of our new strategy (2024-2028) we have determined 6 SDGs where we can have the biggest impact. Among these 6 we have identified our first and your second area of most significant impact (as request by UNEP-FI): we will put the impetus on climate change and inclusion) . The action plans for these 2 main targeted sectors are:</p> <ul style="list-style-type: none"> <li>- <b>Climate mitigation:</b> Carbon footprint for the first half year in order to set reduction targets.</li> </ul>   | <p><i>Links and references</i></p> |



|  |  |
|--|--|
| <ul style="list-style-type: none"> <li>- <b>Climate Adaptation:</b> creation of tools to measure the banks and customer' exposure to climate risks.</li> <li>- <b>Financial inclusion:</b> Continued initiatives undertaken on inclusive banking with two approaches, social (low-income customers) and geographical (extend our scope of action to small islands)</li> </ul> <p><b>Climate (SDG 13):</b></p> <p><b>Positive impacts (Potential):</b></p> <ul style="list-style-type: none"> <li>- Reducing the region's dependence on fossil fuels</li> <li>- Strengthen the region's resilience to climatic hazards (adaptation)</li> <li>- Contribute to national and international efforts (contribution to Polynesia's climate plan, contribution to the Paris Agreement)</li> <li>- Business creation in emerging sectors (renewable energies, innovation, etc.)</li> </ul> <p><b>Negative impacts (potential):</b></p> <ul style="list-style-type: none"> <li>- Reduced economic growth (GDP)</li> <li>- Loss of jobs</li> <li>- Increased inequality (i.e., some regions are more dependent on fossil fuels than others and may not have the resources to cope with the energy transition).</li> <li>- Loss of market share</li> <li>- Impact on landscape and biodiversity in the event of infrastructure construction (solar panel fields, tidal turbines...)</li> </ul> <p>The three first potential negative impacts that we mentioned are linked with the notion of “fair ecological transition”. We intend to be an actor in the ecological transition without causing a negative impact on the economy and at the contrary make the ecological transition contributes to economic growth. The French Environment and Energy Management Agency (ADEME / Agence de l’environnement et de maîtrise des énergies) is of the opinion that a well-managed ecological transition is, on the contrary, a source of economic development, opportunities and job creation and the SOCREDO bank's values are in line with those of ADEME.</p> <p>Also, with the aim of limiting the potential negative impacts projects that we finance can have on the biodiversity we refer to impact studies and require the implementation of preservation/protection/compensation measures.</p> <p><b>Inequality reduction (SDG 10)</b></p> <p><b>Positive impacts (potential):</b></p> <ul style="list-style-type: none"> <li>- Depolarization of society</li> </ul> |  |
|--|--|

|  |  |
|--|--|
| <ul style="list-style-type: none"> <li>- Increased social cohesion.</li> <li>- Increased inclusion</li> <li>- Increased growth/GDP</li> <li>- Increased opportunities</li> <li>- Improved overall standard of living across the territory.</li> <li>- Easier access to education</li> <li>- Increased level of education</li> <li>- Impact on SDG 13 (once out of precarity, it is easier to make people be more committed on environmental issues)</li> </ul> <p><b>Negative impacts (potential):</b></p> <ul style="list-style-type: none"> <li>- Financial management problems</li> <li>- Potential over-indebtedness</li> </ul> <p>The bank SOCREDO already worked in a way to combat the potential negative impacts by implementing a personalized support for the most disadvantaged customers and some guidelines in the fight of the over-indebtedness.</p> <p>All potential negative effects in terms of sustainable development are identified and handled by the MATIE tool as part of the credit assessment process.</p> <p>The real challenge is to set SMART objectives that don't adversely affect each other, given that our two most significant impact areas are closely linked.</p> |  |
|--|--|

| <b>Self-assessment summary</b>  |  |  |   |
|---|--|--|---|
| 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: Climate   | ... second area of most significant impact: reducing Inequality  | <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<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No | <input type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No                             |
| Baseline  | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> In progress<br><input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No | <input type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No                             |
| SMART targets   | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> In progress<br><input type="checkbox"/> No | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> In progress<br><input type="checkbox"/> No | <input type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No                             |
| Action plan   | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> In progress                                | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> In progress                                | <input type="checkbox"/> Yes<br><input type="checkbox"/> In progress  |

|  |                             |                             |                             |
|--|-----------------------------|-----------------------------|-----------------------------|
|  | <input type="checkbox"/> No | <input type="checkbox"/> No | <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.

#### Response

In 2019, 13% of annual credit production were analysed with our Sustainable Development Analysis & Assessment system.

In 2020, 23% of annual credit production were analysed with our SDAA system.

In 2021 (as of July 31), 43% of annual credit production was analysed with our SDAA system.

Since second half of 2023, every loan should be analysed through the MATIE tool.

We are differentiating our analysis based on the sector of the client and the amount requested.

- If the client's sector is part of our exclusion list, we will decline its request.
- If the client's sector is part of the list of sectors which requires strong vigilance and requires funding of more than € 419,000, we will conduct an in depth analysis.
- If the client's sector is part of the list of sectors which requires moderate vigilance, and its loan request is lower than € 419,000 or if the client's sector is part of the list of sectors which requires low vigilance we will use a simplified analysis.

The MATIE tool on financing requests evaluates job creation, the creation of activity in isolated rural areas, the project's contribution to strengthening the territory's own resources, improvement of access to essential services (water, food, sanitation, waste management, etc.),

#### Links and references

improvement of working conditions, gender equality, social inclusion, the fight against climate change and the preservation of biodiversity.

Being able to analyse each loan request was one of the biggest goals of the 2019-2023 strategy. Its deployment has been progressive since we are a small bank of a small country and we started from scratch. Implementing the tool required training the front office staff the drafting analysis guides, and the construction of a dedicated IT tool.

Since the deployment of this tool, we are able to precisely assess every new funding in terms of sustainable development impact.

Beyond this characterization, our objective is to provide advice to our clients and to support the Polynesian economy towards a sustainable trajectory.

Thanks to the MATIE tool and a constructive dialogue with our client, we regularly include specific extra financial covenant in our financing agreements, ensuring the sustainability of the client's project and a smooth monitoring of its implementation. For the largest projects, for example, we may require our customers to provide us on an annual basis with their CSR report and organize specific appointments to follow up on the impacts of the funded project.

Targets setting on CLIMATE and FINANCIAL INCLUSION will be identified in 2024, as part of our work on our new 2024-2028 strategy.

**-Climate:**

The basis for all these actions will be the carbon balance which will be carried out in 2024.

**-Financial inclusion:**

As part of this strategy we will SMART targets in 2024 and 2025. Our main goal will be to pursue our efforts to promote inclusive banking by further improving our service offering targeted at this customer segment.

## 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>10</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>11</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

Since 2021, the bank has introduced an exclusion list covering several sectors.

As stated previously, the MATIE tool is since the second half of 2023 applicable to all eligible loan requests which is an opportunity to discuss about sustainability with our customers.

#### Links and references

[Exclusion list](#)

### 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.).

#### Response

To contextualize, the bank operates in a small country (in terms of population) where “legal guidelines” concerning sustainable obligation for companies are low. Our initiatives towards SD are therefore voluntary and pro-active. Our competitive environment is fierce. We wish to commit to the sustainable development while increasing our market share.

#### Links and references

[French Polynesia climate plan](#)

Nevertheless, we identify opportunities arising from the country’s strategy especially on the subject of climate and energetic transition.

While we are working with the government to set up the climate plan, we have started to allocate a larger share of our portfolio to “green” projects. Case study :

- Project “Mahana O’Hiupe”, the goal of this project is to create an agro-PV solar farm: installing 23,000 photovoltaic panels (+ storage) in order to create and to store green electricity on twelve hectares of land with a herd of 150 cattle (in 2025). SOCREDO’s financial commitment exceeds € 18m and 85% of CAPEX.

**Products and services:**

- Dedicated offer to organic farmers
- CSR loans to individuals
- 2024-2028 target: Reinforce these products and services offer contributing to the achievement of the SDG 7 and 13.

Ultimately, we may envisage a margin step-down depending on how virtuous projects are and refusing the financing of projects with major negative impacts on biodiversity, climate, economic development, or social cohesion.

Our target for the next four years will be to make the part of green investment of our portfolio increase.

[Financing policy for organic farming projects](#)

## 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

<sup>10</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>11</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

*Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups<sup>12</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*

As part of its sustainable development strategy, Banque SOCREDO interacts actively with the following stakeholders:

- shareholders: French Polynesia, Agence Francaise de Développement and BRED. Each is committed to sustainable development and promoting a proactive approach towards sustainable development. Sustainable Development topics are regularly discussed during board meetings, whether when reviewing credit applications or following up on the bank's global strategy.
- employees: consultation on the bank's strategy through formal workshops, awareness raising on sustainable development issues, involvement in the implementation of the internal sustainable development program via a network of Sustainable Development Ambassadors (twenty-five employees involved with a particular interest in the issue)
- clients: on dedicated meetings about Sustainable Development, or previously through the Sustainable Development Analysis & Assessment system on credit applications from companies and from the second half of 2023 under the new name of MATIE tool for every credit request whether companies or private customers. The banks ESG officer may participate in client meetings for projects showing the largest issues.

In line with our new strategy, the climate plan of French Polynesia and to facilitate sustainable development in French Polynesia we aim to consolidate our stakeholder leading position, both at a local and regional level.

#### *Links and references*

[Agence Francaise de Développement](#)

<sup>12</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.

#### Response

Sustainable development is at the centre of the bank's strategy. As such, the governance linked to sustainable development is first managed at the highest level of the bank with its board of directors. Regular progress updates on the deployment of projects and tools are carried out with the Board of Directors.

The tools, actions and methodology are presented, validated and followed-up by a Sustainable Development Committee which meets quarterly. The chief executive officer of the bank chairs the sustainable development committee in which the deputy CEOs and all the executive directors participate, as well as the front office directors, the general resources department, and the communications department.

From an operational point of view, the implementation of the sustainable development strategy is coordinated by a SD dedicated team under the supervision of the bank's leadership.

A sustainable development policy, which reflects the way in which Banque SOCREDO is committed to sustainable development, was enacted in 2021.

#### Links and references

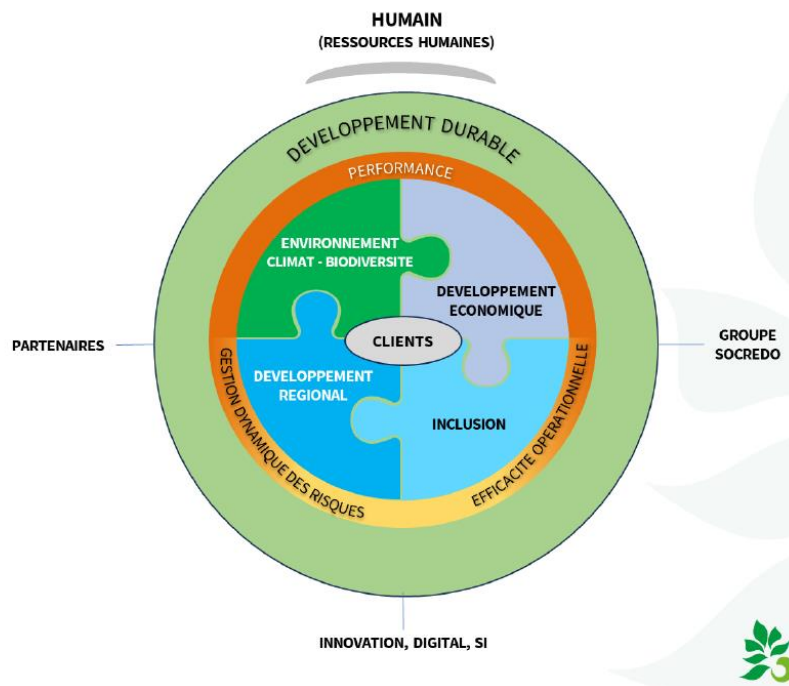


## 5.2 Promoting a culture of responsible banking:

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

Sustainable development policy of the bank:  
The 2024-2028 strategy aim to place sustainable development at the heart of our approach.



### Links and references

[Sustainable development policy](#)

The acculturation of Banque SOCREDO employees to the sustainable development strategy and policy requires first and foremost regular communication. This is ensured through a monthly internal newsletter called "The Sustainable Development Minute (In French: La Minute Development Durable) dedicated to the subject. The issues dealt with can be climate issues, the preservation of biodiversity, the reduction of plastic use, the encouragement to participate in social actions outside the bank ... About eighty newsletters were sent to all employees of the bank since 2020.

An internal network of Sustainable Development Ambassadors was set up in 2020. This group of ambassadors counts narrow days 25 members (5% of employees) and will keep growing as more employees volunteers every year. It brings together agents who are particularly sensitive to the issue of sustainable development. Their role is to disseminate the bank's sustainable development strategy within the teams, promote our internal action plan and submit ideas. The Sustainable

Development Ambassadors meet 2 to 4 monthly, depending on the needs and current projects.

In addition, the Sustainable Development Ambassadors are called upon to implement actions within the framework of emblematic events such as the European Week for Waste Reduction, the European Week for Sustainable Mobility, or the recent participation [in a local competition for the reduction of energy consumption in buildings](#).

In 2023, the bank SOCREDO and its sustainable development ambassadors introduced the #jemarchepourlaplanete initiative which aims to promote SD both internally and externally by organizing conferences and SD awareness workshops.

Banque SOCREDO also recently obtained the renewal of its gold status of the “Challenges Fenua Durable”. This local label highlights companies working for sustainable development. It is based on a repository covering 7 themes: Waste, Water, Energy, Sustainable development products and services, Transport-mobility, Local and societal development, Awareness of sustainable development. Obtaining this label contributes to the acculturation of employees to the commitment of the Banque SOCREDO in sustainable development.

[label Challenges for a sustainable Fenua](#)

Moreover, we are currently working on obtaining the label of sustainability named “Eco-Fenua Engagé” which can be compared to ISO 14001 adapted to French Polynesia. We have begun the process of obtaining and we aim to achieve it by the end of 2024 at the latest. Once we have obtained the label, we will be able to formalize an internal environmental management system.

[Eco-Fenua Label](#)

Finally, with the deployment of sustainable development analysis tools on loan applications (MATIE tool), client relationship managers are made aware of the challenges of sustainable development through dedicated sessions led by the sustainable development manager of the SOCREDO Bank. They are also supported on request in the analysis of files and for customer discussions on this subject, which led customer managers to improve their sustainable development skills.

### 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>13</sup> Please describe.

<sup>13</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.

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.

| <i>Response</i>   | <i>Links and references</i> |
|---|-----------------------------|
| <p>While the bank assesses incoming loan requests in terms of environmental and social risks, it contemplates to design a risk review of its portfolio over the 2024-2028 period.</p> |                             |

### 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

In 2023, the bank drew up its new strategy for the period 2024-2028. We have not provided any assurance in our report, as the objectives set to date are mainly qualitative. We intend to provide assurance for the next strategic horizon, based in particular on quantitative targets to be set following an action plan resulting from the work to be carried out in 2024.

### Links and references

## 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 are not disclosing sustainability information in any of the listed above standards and framework. However, information concerning our sustainable actions, commitment as well as some of our sustainable products and services can be consulted on our website.

### Links and references

[See our sustainable development policy and our exclusion list.](#)

[See our commitments](#)

## 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>14</sup>, target setting<sup>15</sup> and governance structure for implementing the PRB)? Please describe briefly.

*Response*

As stated throughout the report, this year was for us a relevant year. This year serves as our baseline for the next four years since we have used it to draw up our future strategy.

Our strategy should be approached as a medium-term ambition.

In 2024, the bank will lay the foundations of target setting based on the result a comprehensive carbon footprint. The latter will enable the bank to set GHG emission reduction targets to be achieved by 2028.

In 2024, the bank will also schedule a special climate risks awareness training of its executive team.

In addition to this carbon balance our ambition is to obtain the label “Eco-Fenua” but not only, as we will work harder in the banking inclusion and more in general, on reducing inequalities.

*Links and references*

[Eco-Fenua Label](#)

## 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 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 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 checked="" type="checkbox"/> Reporting         |
|  | <input type="checkbox"/> Assurance                    |

<sup>14</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>15</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

Setting targets

Prioritizing actions internally

Other: Meet PRB requirements while taking the bank's interests into account and in the highly competitive context of a small market like Polynesia, where the approach is not imposed by regulations (strictly voluntary).

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>16</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>17</sup> (highlighted in **green**) or to client engagement<sup>18</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>19</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>16</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>17</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>18</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>19</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>20</sup> (pathway to impact) |   |  |                      |   |  |                       |   |   | Impact <sup>21</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;<br><br>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>22</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;<br><br>If yes:<br>- please specify: to become <b>net zero by when?</b><br>- <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>20</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>21</sup> Impact: the actual impact of the bank's portfolio

<sup>22</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?<br>- <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>23</sup> ? How much does your bank invest in transition finance <sup>24</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> ):<br>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;<br><br><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 | %<br><i>(denominator: financed emissions in scope of the target set)</i>   |  |   |  |  |  |

<sup>23</sup> A list of carbon-intensive sectors can be found in the [Guidelines for Climate Target Setting](#).

<sup>24</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. |

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|  |              |  |   |              | 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>B.1.2</b> | % 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>B.2.2</b> | % of customers actively using the online/mobile banking platform/tools  | <b>B.3.2</b> | % 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>B.4.2</b> | % 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 |

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|  |       |  | 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  |

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|  |  |  |  |  |  |  |       | 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 |

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|                               |              |   |   |              |  |   |              |   |   |              |   | 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. |

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|  |       |  |   |       | 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 deanonimized 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. |  |  |



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|  |       |  | 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) |  |  |  |