



PRINCIPLES FOR RESPONSIBLE BANKING

Reporting and Self-Assessment Template – Beneficial State Bank June 2022

Reporting and Self-Assessment Requirements	High-level summary of bank’s response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank’s full response/ relevant information
<p>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.</p>		
<p>1.1 <i>Describe</i> (high-level) your bank’s business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Beneficial State Bank is a \$1.5BB asset commercial bank, certified as a Community Development Financial Institution, doing business in the western region of the United States, specifically California, Oregon, and Washington.</p> <p>Commercial lending accounts for approximately 73% of our loan assets; our main sectors are Commercial Real Estate, Multifamily and Affordable Housing, and C&I focused on small businesses and nonprofits in the fields of Environmental Sustainability, Arts and Culture, Health and Wellbeing, Economic Development, Local Making and Manufacturing, Education and Youth Services, Social impact Financial Services, and Social Justice. We generally provide lines of credit and term loans (ranging from ranging from \$100k to \$15MM) to small and medium sized businesses (under \$25MM in revenue).</p> <p>The bank also acts as a correspondent bank/ wholesale lender to other specialized lenders, providing liquidity and capital to allow the scaling of other mission-aligned lending activity, such as consumer solar or retrofitting commercial trucks with more fuel-efficient equipment.</p> <p>Consumer lending accounts for approximately 19% of our assets; about one half of the portfolio is to community members with credit challenges (pre-prime borrowers).</p> <p>Credit cards account for less than 1% of our assets though are rapidly growing in account volumes. We provide the card platform for a fintech partner in which consumers can have a tree planted with every purchase, as a way to support climate action.</p> <p>Depositors are generally ‘values aligned’ individuals and organizations that are seeking to align their money</p>	<p>Call Report https://cdr.ffiec.gov/public/ViewPDFFacsimile.aspx?subID=1597781&FName=BENEFICIAL%20STATE%20BANK&CertNum=58490&PDF508=false</p> <p>Pages 14-19 of impact report https://3jeswx2t00611kszwndxep1d-wpengine.netdna-ssl.com/wp-content/uploads/2020/07/2019-Impact-Report_Final_sm_07.24.2020.pdf</p>

	with their values.	
<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>Beneficial State Bank was founded with a social and environmental purpose that is aligned to the Sustainable Development Goals. Our mission is to help more people and help people more, in harmony with the environment.</p> <p>The bank is a Community Development Financial Institution; a designation by the US Treasury requiring that greater than 60% of its lending activities be to and for low-income persons and communities.</p> <p>Beneficial State is also a B Corp, and a benefit corporation. Our charter requires that the bank must seek to generate social impact and environmental wellbeing, in addition to earnings. The economic rights of the bank/holding company are owned by organizations governed in the public interest, including nonprofit foundations and government entities.</p> <p>For many years we have had a goal to allocate 75% or more of our loan portfolio toward positive impact, and 0% to harmful sectors and activities, according to our definitions and categories. In coordination with our foundation, the bank's management and credit committee govern how we define and categorize these. We provide these definitions, as well as how each of these categories aligns with the SDGs, on our impact website.</p> <p>In order to meet our mission goals, commercial credit memos assess the risk and mission impact, and we will not loan to borrowers and activities in the areas we define as harmful (contra mission). Portfolio summaries are reported to the board.</p> <p>For our consumer portfolio, our product and credit committees ensure that we are providing fair and transparent loans to our borrowers, particularly our target borrowers, who have credit challenges and are vulnerable to predatory lending. Because this consumer portfolio is focused on credit cards and auto lending, we are examining how to better assess and improve the overall impact of this portfolio to both continue to serve the borrowers with access to critical affordable transportation and reduce the carbon footprint per dollar.</p> <p>We are signatories to the CCCA and Paris Pledge to Quit</p>	<p>Founding Purpose https://beneficialstatebank.com/our-story/about-us/our-history</p> <p>Mission and Vision Statements https://3jeswx2t00611kszwndxep1d-wpengine.netdna-ssl.com/wp-content/uploads/2020/07/2019-Impact-Report_Final_sm_07.24.2020.pdf</p> <p>Mission Principles and Policies on Impact Site https://impact.beneficialstate.org/mission-principles-and-policies/</p> <p>Our Mission and UN SDGs on Impact Site https://impact.beneficialstate.org/sustainable-development-goals-sdgs/</p> <p>External Certifications, Labels & Pledges on Impact Site https://impact.beneficialstate.org/impact-snapshot/</p>



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	<p>Coal (to support the advocacy and growth of the movement, since we have never funded coal).</p> <p>For many years we have also been active members of the Global Alliance for Banking on Values, have measured and benchmarked our social justice performance through the JUST label, and our overall social responsibility performance through our B Corp assessment, where we have been, and continue to be, the highest scoring bank.</p> <p>We are in a multi-year strategic planning process to update our theory of change, move beyond measuring our outputs to mission categories to articulate the specific individuals and types of enterprises we seek to support, and identify what specific human and environmental outcomes we want to achieve and set goals for.</p>	
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Principle 2: Impact and Target Setting
We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products, and services. To this end, we will set and publish targets where we can have the most significant impacts.

<p>2.1 Impact Analysis: <i>Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</i></p> <ul style="list-style-type: none"> a) <u>Scope</u>: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis. b) <u>Scale of Exposure</u>: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies. c) <u>Context & Relevance</u>: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates. d) <u>Scale and intensity/salience of impact</u>: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) 	<p>We originally chose the main sectors we finance with community needs and impact in mind. We focused on commercial and small business lending for job creation and economic development, multifamily and affordable housing for housing availability and affordability, renewable energy for air quality and climate change mitigation, and auto lending to combat predatory lending and offer practices to support cost savings and financial health of people with credit challenges. We also further refined our commercial and small business lending to focus on social impact businesses and nonprofits to increase the positive impact of our loans in this area. Our recent credit card offering has enabled thousands of consumers to cause a tree to be planted with every credit card purchase.</p> <p>As part of the Platform for Carbon Accounting Financials (PCAF) North America Core Team, we participated in the development and refinement of the carbon accounting methodology, have committed to measuring our carbon footprint accordingly, and have completed an analysis of our 2020 portfolio. Our 2021 analysis is in the works.</p> <p>The bank has identified credit card, auto lending and real estate lending as its most impactful areas. Both of these areas have high potential positive social impact as well as high potential negative impact that must be mitigated.</p>	<p>Affordable Housing https://impact.beneficialstate.org/affordable-housing/</p> <p>Environmental Sustainability https://impact.beneficialstate.org/environmental-sustainability/</p> <p>Commercial mission lending categories https://impact.beneficialstate.org/overview-of-mission-lending/</p> <p>B Corps, Nonprofits, Co-ops https://impact.beneficialstate.org/b-corps-co-ops-nonprofits/</p> <p>Auto Lending https://impact.beneficialstate.org/personal-loans/</p>
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<p>social, economic and environmental impacts resulting from the bank's activities and provision of products and services.</p> <p>(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> • Identified and disclosed its areas of most significant (potential) positive and negative impact • Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts 		
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p>		
<p>We have been operating since founding based on impact intentions and knowledge of our broad community needs but are still working on a detailed impact analysis using the Portfolio Impact Analysis Tool for Banks as well as more localized, stakeholder-inclusive analysis as part of our strategic planning process.</p>		
<p>2.2 Target Setting</p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which</p>	<p>To date, our targets have been to ensure that 75% or more of our loan portfolio is allocated toward positive impact borrowers and activities, and 0% is toward negative impact sectors and activities, according to our definitions. We also have general goals to increase our lending to affordable housing, renewable energy, and social impact businesses and nonprofits. The categories and definitions we use are aligned with UN SDGs as shown in the matrix on our impact website. We are seeking to develop metrics and targets relating to the</p>	<p>Our Mission Principles and Policies https://impact.beneficialstate.org/mission-principles-and-policies/</p> <p>Our Mission and UN SDGs on Impact Site</p>

<p>address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.</p> <p><i>Show</i> that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p><i>Show</i> that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>magnitude of the positive/negative impact of our activities, in addition to the volume.</p> <p>We are CCCA signatories and are setting targets in alignment with the overall CCCA goals to limit warming in alignment with the Paris Agreement on Climate Change. Our first step in this process was the measurement and creation of our financed emissions baseline using PCAF methodology on our 2019 portfolio.</p> <p>We will be able to set SMART targets based on our impact analysis when we complete it.</p>	<p>https://impact.beneficialstate.org/sustainable-development-goals-sdgs/</p>
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p>We have existing portfolio level targets that will be modified and augmented with specific SMART targets when we complete our more in-depth impact analyses. These will include both social targets and climate change mitigation targets in alignment with our CCCA and PCAF commitments.</p>		

<p>2.3 Plans for Target Implementation and Monitoring</p> <p><i>Show that your bank has defined actions and milestones to meet the set targets.</i></p> <p><i>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</i></p>	<p>Plans for target implementation and monitoring will be put into place once our new targets are set.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>2.4 Progress on Implementing Targets</p> <p><u>For each target separately:</u></p> <p><i>Show that your bank has implemented the actions it had previously defined to meet the set target.</i></p> <p><i>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</i></p> <p><i>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress</i></p>	<p>Our new PRB impact analysis-generated targets have not been set yet. We will report on this in future reports.</p>	

<p>resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>		
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p>		
<p>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.</p>		
<p>3.1 <i>Provide an overview</i> of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>We intentionally design our products and services to ensure that customers, particularly those with the least bargaining power, are served fairly and responsibly and that our communications are as clear and transparent as possible. We are guided by our own principles in addition following the Compass Principles framework developed by the Financial Health Network.</p> <p>We have developed a number of ways to support our auto loan customers when suffering financial hardships. In addition to a proactive and kind customer service approach that seeks to help customers from falling behind on payments, we offer two key programs -- Skip-a-Pay and PICAL (Payment Improvement Courtesy for Loans) -- to help customers avoid damage to their credit profiles or have payments pile up on them.</p> <p>Our auto lending programs limit the types of dealer mark-ups and add-ons that are often used to increase the cost to consumers in an auto sale.</p> <p>We implemented 'anti-steering' requirements for business loan brokers who refer business to the bank for loans to ensure that they disclose loan and pricing alternatives and do not steer business to loans that are more profitable to the broker.</p> <p>We offer free online instructor-led financial wellness courses for all customers that choose to participate and we have developed self-paced training and videos to help people navigate the tricky waters of buying a car.</p> <p>We offer waivers of monthly checking account service fees for service members, students, and adults over 55, and offer free connections between checking and savings accounts to prevent overdrafts.</p> <p>Our Diversity, Equity, and Inclusion team offers trainings to support our staff in providing an equity-</p>	<p>Mission Principles and Policies https://impact.beneficialstate.org/mission-principles-and-policies/</p> <p>Financial Wellness https://beneficialstatebank.com/financial-wellness</p> <p>Our 2021 impact report will be posted in Q3 2022 and will include more information on these topics. See our most up-to-date impact report, and all past reports here: https://impact.beneficialstate.org/annual-impact-report/</p>

	<p>focused approach to banking, which includes topics on Implicit Bias, A History of Racism and Oppression in the U.S., The Impacts of Institutional and Structural Racism, Whiteness and White Racialized Identity; The Moral, Economic and Business Case For DEI In Banking; Building A Race Equity Culture; Building a Culture of Inclusion and Belonging; Reimagining Banking Products and Services For Racial Equity.</p>	
<p>3.2 <i>Describe</i> how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>Our bank currently works with our clients to encourage sustainable practices in several ways.</p> <p>We first encourage commercial clients to think about their social and environmental practices through the Mission Impact Questionnaire provided to all clients as part of the new loan process. This form asks questions about whether their products and services are mission-focused as well as their procurement, hiring, employee benefits, and community support practices. We believe that we can build on this intake process to engage in conversations with our clients, provide resources, and encourage them to make commitments to increase impact.</p> <p>One area in which we have instituted an incentive is with our Change Maker Deposit Accounts. This deposit account provides favored interest rates to organizations that make a commitment to increased positive environmental change.</p> <p>Our Solar Power Builder Program which provides small term loans for businesses -- our existing clients and others -- to set up solar on their properties.</p> <p>We also reward some of our most socially and environmentally impactful commercial clients by marketing and promoting their impact via profiles on our websites and social media.</p> <p>We host social impact focused events for clients and community that help them to build their networks and resources with a goal toward stronger, larger, and more resilient social impact communities in our bank's footprint.</p> <p>We encourage and incentivize auto loan applicants to purchase zero- and low-emissions vehicles by promoting and offering our foundation's clean vehicle grants program, which has provided grants of up to \$5000.</p>	<p>Promoting Impactful Clients on our Impact and Bank websites https://impact.beneficialstate.org/case-studies/</p> <p>https://beneficialstatebank.com/blog/share-your-beautiful</p> <p>Mission Impact Questionnaire https://fs8.formsite.com/onecal/impact2020/index.html</p> <p>Checking account fees https://beneficialstatebank.com/personal/checking</p>

	<p>We offer fee waivers to clients for saving trees by opting for e-statements instead of paper statements.</p> <p>Finally, our credit card program offerings enable both our consumer and commercial credit card holders to support nonprofit organizations of their choice with a share of the transaction fee as well as allow consumers, through a fintech partnership, to have a tree planted with every credit card purchase..</p>	
<p>Principle 4: Stakeholders We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.</p>		
<p>4.1 <i>Describe</i> which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>The bank regularly engages with and stays connected to the needs of our communities through volunteering, sponsorships, board service, social and environmental mission association memberships, providing space to community groups, and our nonprofit clients. We are launching specific stakeholder engagements related to the Principles as part of our current strategic planning process.</p>	<p>Community engagement, volunteering, and sponsorships https://impact.beneficialstate.org/corporate-practices/</p>
<p>Principle 5: Governance & Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking</p>		
<p>5.1 <i>Describe</i> the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>We have built social impact design and evaluation structures throughout our bank. These structures will be utilized and can be expanded if needed to support implementation of the Principles.</p> <p>Our non-profit ownership model and benefit corporation status ensure that our bank must support the public interest and that we publicly report on our efforts and results, and we provide mission reports to our board of directors at each board meeting.</p> <p>Operationally, both positive and potential negative social and environmental impact considerations are integrated in the following areas:</p> <ul style="list-style-type: none"> • Our board, Impact and Executive Teams, as they collectively develop overarching policies and guidelines and addresses key questions that arise in real time. • Product Committee, as it develops, evaluates, and revamps both commercial and consumer products and services. • Commercial loan process, as gathered in our 	<p>Governance and Ownership https://impact.beneficialstate.org/governance/</p> <p>Mission Impact Questionnaire https://fs8.formsite.com/onecal/impact2020/index.html</p>

	<p>Mission Impact Questionnaire and codified in our credit memos.</p>	
<p>5.2 <i>Describe</i> the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>Employee performance reviews evaluate how well staff represent and advance our mission, contribute to strengthening and improving our culture, and connect and coordinate with clients and customers.</p> <p>The commercial relationship manager compensation matrix is based in part on the percent of their loan portfolio that is mission-aligned.</p> <p>We have provided prior to 2020, and are currently revamping, a deep mission-focused onboarding program for all new employees, as well as ongoing “Mission Possible” sessions to engage staff on mission-related topics. We also deliver the Diversity, Equity, and Inclusion sessions mentioned above.</p> <p>Mission, vision, and inclusion statements are read aloud by staff at each monthly all-staff meeting, and these are key focus areas in the reporting and remarks made by the bank’s executive leaders in the meetings, as they integrate both mission and financial performance.</p> <p>The bank was the first to unionize in over 40 years. The bank remained neutral in this process to protect the employee’s rights to self-determine if unionization was right for them. The union structure provides an additional employee feedback loop to management over its employee practices.</p> <p>The bank has developed an emerging leaders program where select colleagues across the organization are provided coaching, career development, mentoring and strategy engagement with the CEO and other executives.</p> <p>Finally, staff are encouraged to participate in B Corp and other social impact events throughout the year and are invited to apply to participate in Global Alliance for Banking on Values programs.</p>	

<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected. 	<p>We are incorporating the Principles into our existing mission governance processes as described above. As we complete our impact analysis and target setting, they will be included in our mission-related committee and board discussions and reporting protocols.</p>	
<p>Please provide your bank’s conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		
<p>We have a governance structures and processes already in place for all mission principles, policies, analyses, reporting and remediation. In our current strategic planning process, we are evaluating, revising, and implementing all UN PRB requirements into these structures and processes.</p>		
<p>Principle 6: Transparency & Accountability We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society’s goals.</p>		
<p>6.1 Progress on Implementing the Principles for Responsible Banking</p> <p>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good</p>	<p>As described above, we have launched a new strategic planning process and have deeply engaged our board to re-evaluate our theory of change, specific impact targets, and the committees, policies, and structures in place to best achieve our intended impacts.</p> <p>We also launched our Change Maker Deposit Accounts program, our Solar Power Builder program, and enhanced our Diversity, Equity, and Inclusion trainings for staff.</p> <p>We completed our first financed carbon accounting analysis with PCAF methodology, unionized, developed new systems, skills and decision-making protocols to support customers and community members with new loans and grants due to COVID, further reduced our per-FTE operational carbon footprint, and moved our Seattle office to the world's greenest commercial building, the Bullitt Center; we are relocating our Portland administration offices to a 'Living Building'.</p> <p>In addition to our participation with newer efforts like PCAF North America and CCCA, we have for many years learned from our certification as a green business in our local jurisdictions as well as our B Corp Certification and JUST label as we strive to engage in best practices</p>	<p>External Certifications, Labels & Pledges on Impact Site https://impact.beneficialstate.org/impact-snapshot/</p> <p>Corporate Practices on Impact Site https://impact.beneficialstate.org/corporate-practices/</p> <p>Transparency on Impact Site https://impact.beneficialstate.org/transparency/</p> <p>Our profile on the B Corp site https://bcorporation.net/directory/beneficial-state-bank</p>



<p>practice.</p> <p>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>	<p>for socially responsible and equity-focused businesses and evaluate where we can improve. We are the highest rated B Corp bank, with a score of 176 out of 200, and the first Just-labelled bank in the world.</p> <p>Based on our most recent assessments, we are evaluating the potential for updating practices in a wide variety of areas including compensation, benefits, hiring and retention, and diversity, equity, and inclusion.</p> <p>We are also partnering with Beneficial State Foundation, a primary investor and holding company, on the development of Equitable Bank Standards for U.S. Banks. This process includes the creation of original standards, references over 50 other sources of standards, regulations research, and best practices, such as Good Jobs First, Bank On, Future Fit, Science-Based Targets, Equator Principles, Small Business Borrowers’ Bill of Rights and many others, and provides us an opportunity to examine new social and environmental impact practices within our own bank.</p>	<p>Equitable Bank Standards https://beneficialstate.org/bankstandards/</p>
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking</p>		
<p>Founded as a social impact bank, Beneficial State Bank has a mission-driven governance structure, as well as many policies and practices in place. Since signing on to the Principles, the bank has implemented several new impactful products, programs and practices that align with the principles and society's goals as outlined by the SDGs. We have also recently launched a strategic planning process to re-evaluate our theory of change and impact goals and will be embarking upon a new impact analysis and target setting as part of this process.</p>		

Annex: Definitions

- a. **Impact:** An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.
- b. **Significant Impact:** Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of *significant* impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of “materiality”.