



The Sustainable Development Goals are the world's collective work plan for a sustainable future.

Sustainability report for 2018

Sustainability at SpareBank 1 Østlandet is about highlighting what the Bank is already doing and has been doing for a long time, but also about completely rethinking the way we do business.

1. 175 years of sustainable support for societies

The Bank has its roots in many small savings banks with strong local profiles, which have been important social actors in the areas where they were established. The Bank's social role is firmly based on strong values. For us, much of the work on sustainability is therefore a natural continuation of the Bank's profile over nearly 175 years.

At the same time, the Bank needs to think in new ways. In 10 to 30 years, we will have contributed to a sustainable transformation in our market area. Like everybody else, the Bank needs to contribute to the transformation to a low-emission society and achieving the United Nations sustainability goals by 2030. In the coming years there will surely be customers the bank will have to refuse to finance. There will be businesses the bank needs to help over into the new economy. We will gain new partners, and continually adapt our investments so that they contribute to the sustainable transformation.

Sustainability is about nature and the environment, people and the economy. In these areas, we will contribute to a future for coming generations, free from exploitation of people, social dumping and human rights violations, without destroying the nature that sustains us all, with a viable economy where no one appropriates resources at the expense of others. This is a vision, but it is a vision the Bank shares with a whole world, not least through the Sustainable Development Goals.

2. How we manage sustainability

In advance of the current strategy period, 2018 – 2021, efforts within corporate social responsibility, ethics, economic crime, responsible banking and investments was gathered together under the umbrella of sustainability. Group management has a firm commitment to this work.

In the strategy for 2018 – 2021, sustainability was highlighted as one of six main goals:



By 2021 we should have established ourselves as a bank with a distinct sustainability profile.

To further professionalise the work, the Bank hired a sustainability and social responsibility manager in the autumn of 2018. All departments of the Bank are involved, but with a dedicated manager for this area the work has gained in intensity and structure.

Defining the scope and building management commitment

In the spring of 2018, the Bank conducted several workshops with a broad range of internal participants to define the strategic goal within sustainability. The Bank's management team then took the work further and adopted values, ambitions, goals and targets for efforts in the 2018 – 2021 strategy period.

The Bank's ambition is to significantly enhance our positive impact while reducing our negative effect on people, the environment and society.

In 2018, Group management adopted two main goals with subsidiary targets for sustainability:

- We are drivers for sustainable development in our market area.

- We actively support the customer's sustainability efforts and promote sustainable innovation externally.
- We offer sustainable products and services, and promote sustainable innovation in-house.
- We initiate and support good sustainability activities.
- We consider sustainability in big and small decisions, making it an integral part of our business.
 - All employees are aware of our commitment to sustainability.
 - Sustainability is a part of our work processes.
 - We strive for openness and transparency in our work.

The main focus of the work is the Bank's core business in the retail and corporate markets and asset management, but all of the Bank's business areas are part of the initiative. Steering committees and working groups have been established and designated persons appointed in all relevant fields.

Ambition:
To significantly enhance our positive impact while reducing our negative effect on people, the environment and society.

Sustainability in the governing documents for the SpareBank 1 Østlandet Group



The figure shows an overview of governing documents that lay down guidelines for the sustainability work in SpareBank 1 Østlandet. Documents in **blue** circles were adopted earlier. Documents in **green** circles were adopted by the Board and/or Group management in 2018.

Updated guidelines and policies

Good guidelines are one of the prerequisites for good sustainability work. The Board adopted general guidelines for corporate social responsibility and sustainability in June, which were further enhanced in November. Guidelines were also adopted in key areas for the company such as agriculture and nature, as well as labour rights and human rights.

The Bank also published its internal control and communication policies in line with the rules in the Anti-Money Laundering Act. The Code of Conduct was updated in August 2018, and together these documents form a practical guide to the sustainability work and show the way the Bank wants to go. The sustainability strategy will also be revised in 2019.

All major business areas developed their own guidelines for corporate social responsibility and

sustainability in 2018. The guidelines also explain how the work is to be incorporated into the specific business area. Documents were compiled for:

- The corporate market (responsible lending).
- Corporate governance
- Liquidity management (responsible investments).
- Distribution of mutual funds (responsible products and funds).

These guidelines add to the requirements for suppliers already adopted by the Bank. Sustainability has also been incorporated into central policies within the Bank, such as the credit policy, risk assessment processes, and so on. These documents are continuously updated as needed, and our guidelines will be enhanced in 2019 too.

All major business areas developed their own guidelines for corporate social responsibility and sustainability in 2018.



Our material sustainability issues

The Bank conducted a materiality analysis in 2017, through a comprehensive stakeholder dialogue. The analysis identified areas of opportunity where the Bank can reinforce its positive influence, and risk areas where the Bank ought to reduce its negative impact within sustainability. The most significant issues from the analysis are:

- Responsible lending
- Fighting economic crime
- Requirements for financial suppliers of mutual funds.

- Work on ethics and anti-corruption
- Ethical marketing of products and services.

The stakeholders also considered the following topics to be important: Privacy, negative screening, new products and green innovation, positive screening and active ownership. This provides the basis for setting the Bank's priorities within sustainability, and the issues that concern the stakeholders are central to this report.

Materiality analysis produced with various internal and external stakeholders

IMPORTANCE TO EXTERNAL STAKEHOLDERS			
	Most important		
	More important		
	Important		
	Active ownership	Data protection Negative screening New products and green innovation Positive screening	Economic crime Requirements for providers of financial services Ethics and anti-corruption Responsible lending Ethical marketing of products and services
	Energy consumption and savings Stakeholder engagement	Local business development Supply chain follow-up Diversity and gender equality Customer dialogue and satisfaction	Good banking services
	Waste management Measures for those who fall outside Paper consumption Greenhouse gas emissions (CO ₂) Water consumption	Innovation and digitalisation Employee development HSE Sponsorships and contributions to the local community	
	Important	More important	Most important

IMPORTANCE TO SPAREBANK 1 ØSTLANDET

Organisations and initiatives we support

UN sustainable development goals

The United Nations sustainable development goals are the world's collective work plan for a sustainable future. SpareBank 1 Østlandet is working to support these sustainability goals. All parts of the organisation must think sustainability when making minor and major decisions. In a series of sustainability workshops within Group management and at different levels in the organisation in the autumn of 2018, the Bank worked to define the sustainability goals that the business has a positive and negative impact on. The Bank has a particularly big influence on sustainability goals 4, 8, 9, 12, 13, 15 and 16 (see figure). 17 is a method goal, and gives an indication of how we will work.

Some are internal goals, which the Bank itself can work to attain. For the external goals, the Bank needs to cooperate with customers and society in general to achieve them through the resources in its possession. Some goals are both internal and external.



You can find reasons for selecting sustainability goals and secondary goals on our website: <https://www.sparebank1.no/nb/ostlandet/om-oss/samfunnsansvar/>

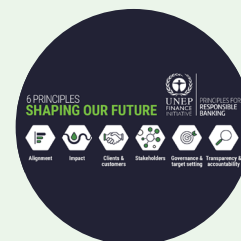
Global Compact

SpareBank 1 Østlandet is affiliated to the world's greatest initiative for corporate social responsibility, the UN Global Compact. The Bank's sustainability manager is deputy chair of the board of the newly established Norwegian Global Compact Network. In Norway, it is mainly large companies that are included in this UN-led initiative. We believe that many small and medium-sized enterprises can use the Global Compact as a way into sustainability work. That is why the Bank hopes to use its term in office to disseminate information, especially to smaller economic operators. The GRI index on our web pages show how we deliver on the Global Compact's 10 principles.

The Principles For Responsible Banking

The UN Environment Programme (UNEP) has a partnership with the financial sector called the **United Nations Environment Programme – Finance Initiative (UNEP FI)**. In November 2018, UNEP launched the "Principles for Responsible Banking", which were drawn up in collaboration with 28 banks around the world. The principles are intended to enable the banking industry to take a leading role in achieving the sustainability goals and implementing the Paris Agreement. The principles are out for consultation and should be adopted in the autumn of 2019.

Although the principles have not been finally adopted, SpareBank 1 Østlandet has endorsed them pending final acceptance when the agreed version is available. We believe there is great benefit in the financial sector internationally pulling in the same direction in the sustainability work, and we will play our part in the global effort. The principles also sit well with the Bank's approach to sustainability.



OECD Guidelines for multinational enterprises

The OECD's guidelines for multinational enterprises are recommendations from the OECD countries to all sectors of the economy, including finance. Norwegian authorities are required to promote the guidelines. They are in line with other responsible business guidelines, such as the UN Global Compact and the UN Guiding Principles for Business and Human Rights.

The guidelines deal with a great many of the sustainability issues and recommend due diligence assessments as a way of reducing the risk of breaches. SpareBank 1 Østlandet works to comply with the guidelines and actively uses the new due diligence guidelines in this work.

Global Reporting Initiative (GRI)

In Norway, it is a statutory requirement for large companies to report on their work with corporate social responsibility. SpareBank 1 Østlandet follows the Global Reporting Initiative, the leading international standard for sustainability reporting. In the GRI standard, the key principle is materiality. A company must both work with and report on the matters that are **most material** to the impact of the business on people, the environment and society. SpareBank 1 Østlandet carried out a materiality analysis in the autumn of 2017 and reports according to the key issues from this analysis. GRI reporting is an integral part of the Bank's annual report.

We are part of a global effort



Roadmap for green competitiveness in the financial sector

By 2030, the financial sector has set itself the goal of reaching more ambitious environmental and climate targets. The roadmap was launched on 6 June 2018 and was drawn up by Finance Norway in collaboration with the industry itself. It provides 12 industry-specific and seven general recommendations for measures to be taken by 2030. It is up to the individual financial institutions to implement the roadmap based on their own strategies.

SpareBank 1 Østlandet has referred to the roadmap in guidelines, we have picked up the roadmap goal of employee training and had several workshops where we started practical steps to implement the individual goals. The Bank will prioritise the work on the roadmap and invite collaboration in the industry to reach more of the goals.

3. Stakeholder dialogue and collaboration

Dialogue and collaboration with stakeholders (see stakeholder chart) are essential if the Bank is to achieve its sustainability ambitions. Among the most important stakeholders are customers, owners, employees, authorities, investors and organisations, all of which are increasingly interested in how SpareBank 1 Østlandet fulfils its social responsibility and delivers on sustainability.

In 2018, the Bank had meetings with stakeholders in different fields and on many different topics. Dialogue and collaboration make us better. This is why sustainability goal 17 on partnerships is central to the Bank's sustainability work up to 2021.

Customer dialogue

To analyse customers' and other respondents' views of the Bank, regular customer and market surveys are carried out. Based on these, the Bank can prioritise the right measures to improve services, products, and financial and non-financial results.

The largest and most important survey in 2018 was the customer relationship study that the SpareBank 1 banks run every second year. The results show that SpareBank 1 Østlandet has succeeded in maintaining strong customer relationships after the merger of Sparebanken Hedmark and SpareBank 1 Oslo Akershus in 2017. SpareBank 1 Østlandet also scores higher on customer relationships than the average for the SpareBank 1 Alliance, in both the retail and the corporate markets, and still has the strongest customer relationships of all the regional savings banks. A separate survey shows that 93 per cent of customers are aware of the Bank's customer dividend and value it highly..

The Bank has also initiated a good dialogue with corporate customers on sustainability and how the Bank can contribute to the sustainable transformation in its market area. More on this in the section *Responsible lending* page 17.

Dialogue with the industry and other organisations

The bank has a dialogue with several organisations

that have professional weight in important areas for us, including a number of stakeholder organisations and research groups in environmental and climatic work, human rights, labour rights and economic crime. Their expert input will help the Bank to operationalise its policies.

We also have a good dialogue with foreign banks and the other Norwegian banks, including through Finans Norge. SpareBank 1 Østlandet is represented in several networking groups, including one that aims to implement the roadmap for green competitiveness in the financial sector.

Since 2016 the Bank has been assessed by the Norwegian Consumer Council and 'The Future in our Hands' through their 'Ethical bank guide' ranking. Although SpareBank 1 Østlandet disagrees with some of the approaches in the assessment, it has been important to establish a good dialogue with the actors behind the survey. The Bank has systematically reviewed the methodological framework and used it to improve its own policies. We have also had several meetings where we have received and given input, including a meeting where the Consumer Council and 'The future in our hands' met the heads of all key business areas in the Bank. It was a useful dialogue for both parties.

Many of the Bank's stakeholders are concerned with the enormous challenge posed by plastics in the ocean and nature, but measures for domestic waterways are often forgotten. The 'Plastdugnaden' campaign in 2018 mobilised thousands of people from clubs, associations and school classes in our market area to help clean up their local lakes and rivers. Among others, the Bank collaborated with Friends of the Earth Norway, Hold Norge Rent ('Keep Norway clean'), local waste disposal companies, the Norwegian waterways association, Hamar Nature School and Sparebankstiftelsen Hedmark on a shared environmental issue in the region. (See more about the 'Plastdugnaden' in the chapter *Keeping our own house in order*, p. 28.)

See also the schematic overview of our stakeholder dialogue.

Stakeholder dialogue 2018

The Bank has an established process for identifying and involving stakeholders and integrating their input into its operations. Below is an overview of significant parts of the Bank's dialogue with stakeholders in 2018.

Stakeholders	Arena for dialogue	Most important topics for stakeholders	Measures associated with topics
Customers.	Customer relationship survey. Measurement of customer dividend.	<ul style="list-style-type: none"> The Bank has maintained a good relationship with customers after the rebranding and the merger between Sparebanken Hedmark and Bank 1 Oslo Akershus. The customers greatly appreciate the arrangement. Recognition of the new name SpareBank 1 Østlandet is increasing. 	Consolidate the Bank's position through various measures in the market.
	'Direct Bank' (customer service centre for retail and corporate customers within day-to-day banking services, credit and insurance). Customer communication in the online bank.	<ul style="list-style-type: none"> Day-to-day banking: Share savings accounts, switching BSU accounts, Bank ID related questions, account movements, card transactions, cardholder complaints, appointments. Insurance: Billing questions, insurance conditions and traffic insurance fees. 	Ongoing communication and answers to the different issues.
	The Bank's channels in social media.	<ul style="list-style-type: none"> Faults/downtime in services such as online/mobile banking, ATMs etc. Operational problems in online/mobile banking login problems/Bank ID. Interest rate changes on loans/deposits. Sponsorship/gifts. Customer complaints, e.g. service/operation. New and old banknotes. Apple Pay, Google Pay etc. Share savings accounts. Branch opening hours. Insurance – submitting claims (mostly travel). 	Ongoing communication and answers to the different issues.
Employees.	<ul style="list-style-type: none"> Organisational surveys of employee satisfaction Sustainability workshops in different departments and regions. Cooperation and working environment committees. Regular dialogue with trade unions. 	<ul style="list-style-type: none"> Extensive employee involvement Findings from customer relationship survey. The department's positive and negative impact on people, environment, society. UN sustainable development goals. 	<ul style="list-style-type: none"> Results were reviewed and followed up at the department level. Marketing plans with actions and activities. Due diligence assessments and implementation of sustainability in different parts of the business.
Owners.	<ul style="list-style-type: none"> Information meetings, investor presentations, themed presentations. Supervisory board meetings. Stock exchange reports and quarterly reports. Websites 	<ul style="list-style-type: none"> Share issues. Quarterly results. Credit quality. Profitability. Yield from the SPOL security. 	<ul style="list-style-type: none"> A number of information initiatives aimed directly at owners, customers and others, to enable them to purchase equity certificates in the Bank.
Suppliers. (both to the Bank and to the Alliance)		E-mail and meetings.	Systematisation of work with suppliers. Making our requirements clearer. Collaborating on follow-up.
Other SpareBank 1 banks and in the joint committee, e.g. within procurement and asset management/funds.	E-mail discussion groups, physical meetings and online meetings in established sustainability forums.	<ul style="list-style-type: none"> Sustainability guidelines. Implementation within the various departments, requirements for credit and implementation of the requirements in electronic lending processes. Initiatives to address the problem of plastic from artificial pitches. Climate risk Ethics and sustainability in fund management. Ethics and sustainability in procurement. 	<ul style="list-style-type: none"> Establishment of working group within fund management to strengthen the work. Managed from the Alliance. Training of the joint procurement committee in the use of due diligence as a method of monitoring suppliers. The Forum for Sustainability raises issues of general interest in the Alliance and asks for specific actions.
Authorities.	Contact with the Ministry of Finance, Financial Supervisory Authority of Norway, Norwegian Data Protection Authority.	<ul style="list-style-type: none"> Operations GDPR (General Data Protection Regulation). New Norwegian Anti-Money Laundering Act. 	Obtaining credentials and up-to-date information about customers.
Competitors.	Physical meetings, networking groups and telephone meetings in Norway and abroad.	Common challenges and opportunities in the development of banking and sustainable finance.	Exchanging good experiences, frameworks and solutions for sustainable finance.

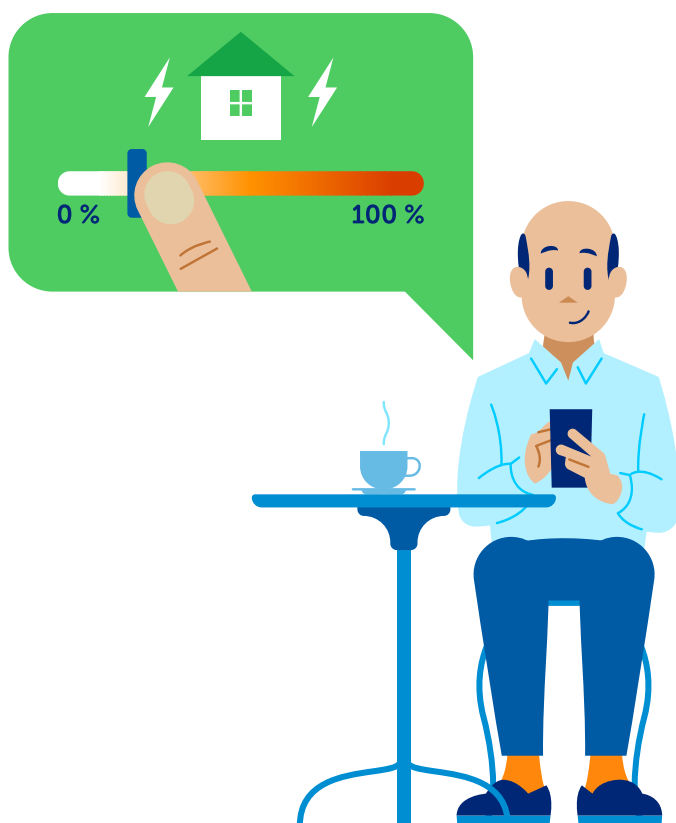
	Various forums with other banks as a member of Finance Norway, within a number of areas that the industry as a whole is concerned about.	<ul style="list-style-type: none"> Roadmap for green competitiveness in the financial sector. UNEP Principles for Sustainable Banking EU – related to the regulatory package on sustainable finance and revision of the capital adequacy rules. 	Cooperation on the roadmap and other joint initiatives.
Society in general	Dialogue with interest groups for the environment and climate, human rights and corruption, as well as research institutions.	The Bank's work on sustainability, mainly in the core business.	Professional input from organisations to sustainability work, preparation of guidelines and operationalisation of the work.
		Guidelines and policies for responsible investments, responsible lending and relationships with fund providers.	E.g. responding to the Ethical bank guide survey, updating web pages, preparing internal guidelines.
	The Board of the newly-established Norwegian network for the UN Global Compact (companies and organisations).	Disseminating information on the Global Compact's 10 principles for responsible business. Establishing the Norwegian network.	Establishing the network, adopting strategy and hiring the managing director.
	<ul style="list-style-type: none"> Various corporate networks The 'DN Gaselle' scheme (for fast-growing companies) Educational institutions in the market area 	<ul style="list-style-type: none"> Sustainability, business development. Focus on growth companies. Education, innovation. 	<ul style="list-style-type: none"> The Bank co-hosts seminars and conferences. The Bank collaborates with and supports educational institutions with funding.
Sparebankstiftelsen Hedmark, the waterways association for Mjøsa, waste disposal companies, Friends of the Earth Norway, 'Keep Norway clean', Hamar Nature School and many schools, clubs and associations.	'Plastdugnaden', a volunteer clean-up campaign on lakes and rivers in the market area.	Environmental protection and the problem of plastics in nature.	Carried out a clean-up campaign for lakes and rivers in our market area during the spring and autumn of 2018.
Young entrepreneurship, secondary schools.	Secondary schools in the market area.	Promoting knowledge of economics among young people.	<ul style="list-style-type: none"> New curriculum in personal finance with AR technology. Creating a new Sustainability award for young entrepreneurs.
Sports clubs, teams and associations	Various forums	The Bank as a local supporter, contributor and inspiration.	<ul style="list-style-type: none"> Byttehelgen ('exchange weekend', to buy and sell used skiing gear) Information seminars and other events

Stakeholder chart for SpareBank 1 Østlandet

Data on how customers and other stakeholders view the Group is regularly obtained through various forms of dialogue stakeholders. Based on these, the Bank can give priority to the right measures to improve both financial and non-financial results. The Bank's various stakeholders are outlined below.



- **Employees:** Parent Bank, subsidiaries, elected representatives, safety officers, pensioners' association.
- **Customers:** Retail customers, corporate customers, public sector customers, entrepreneurs.
- **Owners:** Sparebankstiftelsen Hedmark, equity certificate holders.
- **Subsidiaries:** EiendomsMegler 1 Hedmark Eiendom AS, EiendomsMegler 1 Oslo Akershus AS, SpareBank 1 TheVIT AS (70 per cent owned by SpareBank 1 Østlandet), Youngstorget 5 AS, Vato AS, SpareBank 1 Finans Østlandet (95 per cent owned by SpareBank 1 Østlandet).
- **Associated companies and joint ventures:** SpareBank 1 Gruppen AS, SpareBank 1 Banksamarbeidet DA, SpareBank 1 Kredittkort AS, Torggata 22 AS, SMB Lab AS, Betr AS, SpareBank 1 Betaling AS, SpareBank 1 Boligkreditt AS, SpareBank 1 Næringskreditt AS. The Bank also has investments in SpareBank 1 Markets AS and Totens Sparebank, among others.
- **Authorities:** Municipalities, regional boards, county councils, county governors, Norwegian government, courts system, Norwegian parliament, Financial Supervisory Authority of Norway, Norges Bank, Norwegian Competition Authority, Consumer Ombudsman.
- **Capital markets:** Equity certificate investors, foreign capital, other banks and brokerage houses.
- **Suppliers:** Various product suppliers and service providers within IT, operations, market, auditing, consultancy, personnel, HSE, money transport, security, energy, tradesmen, and others.
- **Competitors:** Local, national, international actors.
- **Sponsorships:** Teams, organisations and clubs.
- **Partners:** SpareBank 1 Alliance, central and local actors.
- **Grant recipients:** Recipients of grants from the Art Fund, talent stipends and other donations for non-profit purposes.
- **Special interest groups:** Finance Norway, the Consumer Council, 'The Future in our Hands', the Norwegian Confederation of Trade Unions (LO), the Confederation of Norwegian Enterprise (NHO), Trainee Innlandet, Vikinglauget, Amnesty and the Rainforest Foundation.
- **Society, opinion, public actors:** Non-customers, potential customers, the Norwegian Financial Services Complaints Board (FinKN), opinion, politicians, university colleges, universities, emergency response: police/medical/fire.
- **Media:** Local free newspapers, local newspapers, regional media, national media, Norwegian Broadcasting Corporation, national and local, NTB.
- **Social media:** Social media opinions.
- **Rating agencies and analysts:** Moody's Analysts.
- **Oslo Stock Exchange**



SpareBank 1 Østlandet does not provide loans to businesses which:

- Extract or generate power based on coal or oil sands.
- Use timber obtained from organisations that perform illegal logging, sell illegally felled timber or engage in deforestation and/or destroy tropical rainforests, remove primary forest or protected forests (High Conservation Value Forests).
- Are involved in any way in the development, testing, production, storage or transportation of controversial weapons, or components intended exclusively for controversial weapons, including cluster bombs, anti-personnel mines, nuclear weapons, chemical weapons and biological weapons.
- Manufacture tobacco products or components explicitly intended for such products.
- Produce pornographic material.
- Have not fulfilled our requirements to documentation of the real rights holders and the origin of funds necessary for establishing a customer relationship.

We currently do not lend to businesses that engage in the production of fossil fuels. Nor do we have any ambition to do so.

4. Responsible banking

Sustainability in core business

All of the Bank's business areas are part of the sustainability effort. But to maintain credibility in our sustainability work, the main focus has to be on the core business, which for the Bank is:

- Lending money to private and corporate customers.
- Managing customers' deposits.
- Offering fund products that customers can invest in (capital markets).

Responsible lending

Through lending to both the retail and corporate markets, the Bank can be a driving force for sustainable development. This is also one of the most important topics in the Bank's materiality analysis.

Corporate market

The corporate market accounts for about a quarter of the Bank's lending, but this is where the greatest opportunities and risks are to be found in relation to sustainability. In 2018, the Bank adopted new guidelines for corporate social responsibility and sustainability for the corporate market. These defined the sectors the Bank should not give loans to, and clearly describe our expectations of our customers.

Since the guidelines were adopted in the summer of 2018, the corporate market has worked to

operationalise them. Through due diligence checks, the Bank identifies which industries and customers are at high risk of negative impact. The Bank uses the methodological framework in the OECD's Due Diligence Guidance, which was launched in 2018. The Bank has developed due diligence checks in the two biggest sectors - agriculture and real estate. Advisors with special expertise in these industries participate in the work, and the Bank uses the industry's own roadmap for green competitiveness in the work.

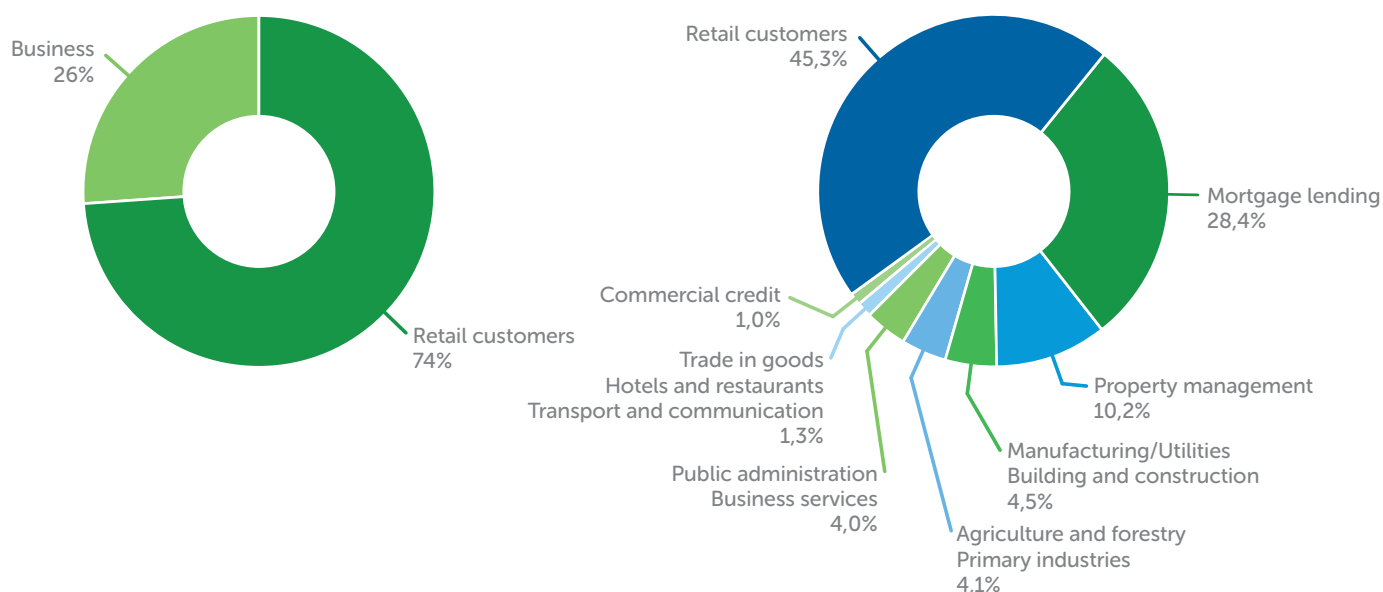
The due diligence checks will be carried out in a pilot period in the first half of 2019. The pilot also involves getting feedback from customers, industry organisations and experts on the due diligence process. Are they able to identify general and industry-specific risks, such as climate risk, in an effective way? In the second half of 2019, the Bank plans to pilot them in the retail sector, followed by other industries in the fourth quarter. This work delivers on UN sustainability goals 12 and 15.

If a customer comes out as a medium or high risk, the advisor should request measures to reduce risk and make improvements, and suggest partnerships for the customer to achieve improvements. The Bank's business advisors are trained so that they can advise customers on risk mitigation.

If a customer has not implemented adequate risk mitigation measures, the matter will be escalated to the sustainability steering group in the corporate

Loan portfolio

Lending to customers per sector (percentage)



marketing department and possibly to the Bank's ethics committee for review. If the Bank considers that risk mitigation measures are insufficient or will not be implemented, the loan application will be refused. In this way, the Bank will use its influence to raise standards in these industries.

The Bank's other focus on the corporate market is about strengthening our positive influence. Here too, we have chosen our two largest industries as pilot sectors, and selected two trial regions, agriculture in Hedmark and real estate in Oslo and Akershus. Towards the end of 2018, the dialogue and cooperation with these industries began. The goal is to find out how the bank can best contribute to sustainable restructuring.

Based on dialogue and cooperation, the Bank will develop processes and products in 2019 and 2020 to help meet the goal of 'Contributing to innovation and realignment in other industries' in the 'Roadmap for green competitiveness in the financial sector'. Here too, the Bank refers to sustainability goals 12 and 15, but goal 17 on partnerships and goal 9 on innovation for sustainable change provide further inspiration and direction in these efforts.



New green product in 2018
'Green Mortgages'

Retail market (RM)

In 2018, the retail market focused on the development and sale of a new 'Green mortgage' product. (See separate section on *Green products and sustainable innovation*.) A separate sustainability manager has been appointed in the division. Sustainability training and the development of an individual strategy have also been in focus.

Sustainability workshops were held for three regions in 2018. The aim of the training is for advisors to feel confident when discussing sustainability with our customers. Sustainable consumption and finances are already an important part of our consultations. As a responsible bank, it is also natural to talk about risks and changes in society, such as climate risk, that could affect customers.

The goal for the retail market in 2019 is to look further into the development of products and processes that will help customers to make sustainable choices. Internal training will also be expanded. This will allow the Bank to provide even better advice to customers and so contribute to the sustainable transformation.



Favourable roughage loans to farmers exposed to drought

The exceptionally dry weather meant that many of the Bank's agricultural customers had a rough summer and autumn. Lack of rainfall led to low yields and a shortage of winter feed. SpareBank 1 Østlandet therefore introduced an emergency scheme whereby the Bank could quickly provide cheap financing to purchase feed for sheep and cattle. Since its formation in 1845, the Bank has had a long tradition serving the primary industries. The farmers have been part of this and have helped to build up the solid equity in the Bank through the good times. So it was natural for the Bank to support the primary industries during the drought. 53 feed loans were granted for a total of NOK 10.3 million.

Climate and climate risk

Far more important than its own climate footprint is the way in which the Bank can influence and motivate customers and suppliers to reduce *their* climate footprint and so contribute to sustainability goal 13 and the Paris Agreement. The section headed 'A responsible banking provider' on page 17 describes how the environment and climate are becoming an increasingly large part of the Bank's dialogue with customers and suppliers. In particular, the topic of climate risk is now high on the agenda.

Task Force On Climate-Related Financial Disclosures (tcfd)

Climate change poses a risk to society, businesses and banks. In 2015, the Financial Stability Board (FSB) set up the 'Task force on climate-related financial disclosures' (TCFD). The aim was to understand how businesses can better understand and describe climate risks and opportunities, and how they can report on them. The TCFD delivered its recommendations in 2017 in four areas: Governance, strategy, risk management, goals and methods. SpareBank 1 Østlandet has started the work of documenting climate risk. In the autumn of 2018, the subject was discussed at both Group management and Board level. The aim is to implement the work on climate risk in the Bank in 2019.

Climate risk is particularly prominent in three areas where the financial sector plays an important role:

1. **Physical risk**, costs related to physical damage caused by climate change, such as flood and subsidence damage to buildings and infrastructure, and failing crops.
2. **Transitional risk**, economic risks associated with the transition to a low-emission society, such as new laws or regulations that restrict the use of natural resources, or putting a price on pollution.
3. **Liability risk**, claims for compensation aimed for example at businesses that have failed to take the necessary decisions to reduce negative climate impact.

SpareBank 1 Østlandet has started to incorporate climate risk into the credit process. This is not just climate work, but also good banking practice. As a responsible bank, it is important to inform customers of future risks that could affect both the community and individual customers. See overview below: The Bank's status and ambitions for climate risk, incorporated into the TCFD framework.

Governance	Strategy	Risk management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses strategy, and financial planning.	Disclose how the organization identifies, assesses and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.
<p>a) Describe the board's oversight of climate-related risks and opportunities:</p> <p>The Board has put climate risk on the agenda and will address the topic further in 2019.</p>	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term:</p> <p>The Bank started on this work in 2018. We find that we are exposed to climate risk mainly through lending to the corporate market. We have started discussions on climate risk with our two largest sectors, agriculture and real estate. The goal is to identify risks and enter into dialogue with customers on these. The aim is also to implement risk-mitigation measures and to be a driver for sustainable transformation in these industries. This will be the main focus for 2019. (See section on 'Responsible lending', p. 17 and 18)</p>	<p>a) Describe the organization's processes for identifying and assessing climate-related risks:</p> <p>SpareBank 1 Østlandet has entered into partnership with the CICERO Center for International Climate Research on a research project on climate risk assessment in companies. The project will further develop a world-leading methodology for climate risk assessment of financial products. The project starts in 2019.</p>	<p>a) Disclose the metrics by the organization to assess climate-related risks and opportunities, in line with its strategy and risk management process:</p> <p>To be produced in 2019 and 2020.</p>
<p>b) Describe management's role in assessing and managing climate-related risks and opportunities:</p> <p>The responsibility for incorporating climate risk will lie in the Risk and Compliance department, in collaboration with the sustainability manager and the corporate market. Group management wants to be close to this work and will address the topic at several meetings in 2019.</p>	<p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning:</p> <p>This work will be started in 2019. The approach to climate risk in subsidiaries and portfolios will also be assessed and handled, e.g. non-life insurance and fund portfolios.</p>	<p>b) Describe the organization's processes for managing climate-related risks:</p> <p>Once the methodology is ready, it will be incorporated into the Bank's risk, investment and credit assessments.</p>	<p>b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks:</p> <p>See the Bank's climate accounts, page 30. See also the section 'Keeping our own house in order – the Bank's environmental work', page 27</p>
	<p>c) Describe the potential impact of different scenarios, including a 2°C scenario, on the organization's businesses, strategy and financial planning:</p> <p>To be produced in 2019 and 2020.</p>	<p>c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management:</p> <p>Once the methodology is ready, this will be incorporated into the Bank's risk, investment and credit assessments.</p>	<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities, and performance against targets:</p> <p>To be produced in 2019 and 2020.</p>



Green products and sustainable innovation

Green mortgages

SpareBank 1 Østlandet launched green mortgages for the retail market in the winter of 2018. These are loans for energy-saving measures in homes and holiday houses, whether the customer is building from scratch, renovating or switching to energy sources with less impact on the environment. The loans are subject to more favourable interest rates than ordinary home loans. The interest rate is 0 per cent on loans up to NOK 250 000 in the first year, and 1.8 per cent on the rest of the loan amount, up to NOK 1 million. To determine what is 'green', the Bank uses Enova's definition.

In 2018, the Bank entered into a cooperation agreement with the environmentally-friendly development project for the district of Ydalir in Elverum, one of seven new districts forming a Zero Emission Neighbourhood (ZEN). The homes must satisfy strict requirements concerning environmental standards. SpareBank 1 Østlandet is contributing by offering homebuyers in Ydalir a favourable green mortgage with the same conditions as above.

By the end of 2018, the Bank had lent NOK 8.15 million in green mortgages. This amounted to 0.008 per cent of the total mortgage portfolio. In 2019, the goal is for each bank region to sell at least 10 green mortgages to upgrade used homes. All regions except Østerdalen should also sell at least 5 loans for new builds. In Østerdalen, the target for the number of green mortgages for new builds has been increased to at least 10 because of the new residential area of Ydalir in Elverum.

Services for children and young people

By helping children and young people with products and solutions that make it easy to save, the Bank is helping to produce a generation of financially responsible consumers. This work therefore delivers on sustainability targets 4 and 12. The children's package Spink was launched in 2018. The Spink mobile app gives children an overview of what they are spending money on, as well as seeing their own savings accounts and learning to save with savings targets. The traditional annual savings bank week was also run, focusing on learning and the joy of saving. The Bank also updated its teaching programme on finance matters for young people in 2018; see chapter on training on page 26.

Payment solution for refugees and others without a Norwegian bank account

Refugees and asylum seekers without a Norwegian bank account also need access to financial services. SpareBank 1 Østlandet offers the 'municipal payment card' product. This is a payment solution for users of social services, such as asylum-seekers or others without a Norwegian bank account. The Bank works with refugee reception centres and individual NAV offices on this. In 2019, the Bank will be working on the concept for selected vulnerable customer groups.

Smart car insurance

The 'Smart car insurance' solution rewards motorists who drive safely and thereby reduce the risk of injuries and accidents on Norwegian roads. The insurance is based on new technology to monitor how the car is being driven. Data is collected via a smart plug in the car's diagnostic

Listed the world's first green mortgage bond on the Oslo Stock Exchange

Green mortgage bonds are loans to finance environmental work.

By issuing green bonds, SpareBank 1 aims to help meet the growing demand from investors for investments in environmentally sustainable projects.

In February 2018, SpareBank 1 Boligkreditt launched the world's first green mortgage bond on the Oslo Stock Exchange. This is a green bond with preferential rights in energy-efficient housing. SpareBank 1 Østlandet has transferred a large mortgage portfolio with energy-efficient housing to SpareBank 1 Boligkreditt, which will help to create the basis for the green bond.

SpareBank 1 Boligkreditt's green bond was certified by the Climate Bond Initiative in June 2018. In September, it also received the Green Bond rating from the rating agency Moody's.

port and transmitted via Bluetooth to the Spinn app, which has been developed in-house. Drivers can obtain direct feedback via the app about their driving behaviour as they go, or later in the app diary. If the driver drives with flow a good driving score is achieved.

Requirements for fund providers

SpareBank 1 Østlandet does not run its own fund management, but distributes securities funds from other fund managers. The Bank also has an indirect holding in ODIN Forvaltning.

In October 2018, the Board adopted the Bank's new corporate social responsibility and sustainability guidelines for the distribution of mutual funds. The capital markets banking manager is working with the sustainability manager to implement the guidelines. The Savings and Investments Committee for the SpareBank 1 Alliance is also working on common requirements for suppliers to all of the SpareBank 1 banks.

When selecting the investment fund managers and approving funds, the Bank requires the management company that which we enter into a distribution agreement with to have guidelines and policies to show that they have ESG requirements for the companies they invest in. They must provide documentation on how investments are followed up on (screening etc.) Alternatively, the Bank will carry out screening through third parties. Because the Bank does not manage funds itself, it cannot directly control the ownership of individual companies.

Our fund providers should at least have signed up to the UN Principles for Responsible Investment.

The guidelines for corporate social responsibility and sustainability for distribution of investment funds should ensure that the funds we actively offer to customers are in line with the Bank's guidelines. We will also make sure to have product approval processes and follow-up, including periodic product audits. Besides financial criteria, these also include ESG criteria. Finally, SpareBank 1 Østlandet wishes to offer funds with a good sustainability profile to its customers. The Bank therefore has ambitions to expand the product portfolio in this area in 2019. SpareBank 1 Østlandet currently offers the green equity funds DnB Grønt Norden and DnB Miljøinvest on its trading platform.

All employees who give advice to customers or otherwise deal with fund management must know the Bank's principles and familiarise themselves

with the guidelines once a year. Over the course of 2019, the Bank will do more to raise sustainability issues with customers.

ODIN Forvaltning is affected both as a supplier and as a subsidiary of the SpareBank 1 Group. The company has a comprehensive sustainability policy which is integrated into its investment process. It has signed the UN Principles for Responsible Investment and carries out screenings with data from Sustainalytics.

Responsible and active ownership

As shareholder and unit-holder, SpareBank 1 Østlandet manages approximately NOK 7 billion in assets. These investments encompass around 50 companies that range from strategically important subsidiaries and Alliance companies to pure financial investments. The Bank has four subsidiaries: EiendomsMegler 1 Hedmark Eiendom AS, EiendomsMegler 1 Oslo Akershus, SpareBank 1 Finans Østlandet AS and TheVit AS.

The Bank's investments outside of subsidiaries and other Group companies total approx. NOK 550 million and make up around 8 per cent of its total investments. This includes an estimated 90 per cent investment in companies with a strategic affiliation, the largest of which are:

- Totens Sparebank (NOK 180 million).
- Visa (NOK 150 million).
- Eksportfinans (NOK 70 million).
- SpareBank 1 Markets (NOK 40 million).
- Oslo Kongressenter Folkets Hus (NOK 55 million).

In companies owned by banks in the SpareBank 1 Alliance, the banks have different sized holdings. See our ownership stake in note 41.

The work on corporate social responsibility and sustainability in corporate governance is an integral part of established processes. All employees who are involved in corporate governance shall be aware of the Bank's principles, guidelines and expectations.

In 2018, the Bank, via Group management, ran business reviews with three of our four subsidiaries. The review of the last subsidiary was completed in early 2019. In all of the reviews, social responsibility and sustainability were clearly on the agenda.

The size of the individual holding and the degree of influence govern resource usage. The Bank gives the highest priority to work with companies where we have a significant influence.

ESG stands for
'Environmental, Social
and Governance'.

Responsible ownership is practised in several channels:

- Board members appointed by the Bank must have the expertise necessary to assess risks linked to corporate social responsibility and sustainability. The Bank is represented on the boards of subsidiaries and other Group companies where we have considerable influence.
- In general meetings and other shareholder meetings, our representation helps to promote the Bank's objectives and guidelines for sustainability and social responsibility.
- Through annual business reviews in companies where the Bank has a significant influence, we will push corporate governance in a more sustainable direction. As owner, we expect the four subsidiary companies to implement SpareBank 1 Østlandet's strategy for corporate social responsibility and sustainability.



As shareholder and unit-holder, SpareBank 1 Østlandet manages approximately NOK 7 billion in assets.

If the Bank becomes aware that any of our companies is acting contrary to our principles and expectations, we will enter into dialogue to effect improvements. If the dialogue does not produce the necessary improvements, the Bank will ask for the matter to be addressed by the company's Board. Alternatively, the matter may be raised for consideration by the company's general meeting; or As a last resort, the Bank is prepared to discontinue ownership.

Responsible investments in liquidity management

As part of its liquidity management, SpareBank 1 Østlandet has a portfolio of liquid securities with a high credit quality. The composition and size of the portfolio corresponds to the governing documents approved by the Board for the area of liquidity and statutory requirements for liquidity management.

In September 2018, the Board adopted guidelines for the area. A system was established to assess the risk of the liquidity portfolio conflicting with the Bank's guidelines, and to minimise this risk. The finance manager is responsible for operationalising the Group's liquidity management.

The Bank has made a general assessment of risk, and the portfolio is considered to have low risk overall. Assessments are also made to determine which issues are the most relevant to the overall risk profile.

To minimise the risk, due diligence is carried out in advance of new investment decisions in a separate risk management tool. Since the guidelines were adopted by the Board in September 2018, 100 per cent of the total portfolio has been evaluated. No violations of the Bank's guidelines for responsible investment were identified. 0.15 per cent of the portfolio is in the medium/high risk category.

When investments are made via external managers, the Bank must communicate the guidelines and request confirmation that the management does not conflict with the Bank's strategy and guidelines for corporate social responsibility and sustainability. To keep track of the portfolio holdings and risk, it runs periodic checks on the entire portfolio (at least once a year).

Should such checks identify breaches of the Bank's guidelines, the investment must be assessed by the Bank's ethics committee. This assessment may result in the Bank selling the security immediately, entering into dialogue with the issuer on improvement measures

and then considering whether to sell the security, or retaining the security in the expectation that improvement measures will be sufficiently effective. In such cases the security and issuer will nonetheless subsequently be subject to closer monitoring.

In 2018 the risk assessment resulted in Danske Bank being categorised as an issuer in conflict with our corporate social responsibility and sustainability guidelines on the basis of a major money laundering case. As a result, SpareBank 1 Østlandet took the initiative to discuss with Danske Bank which measures had been taken. The dialogue with Danske Bank has been helpful, and we have been assured that risk reduction measures have been taken. SpareBank 1 Østlandet will follow up with the issuer through periodic reviews of the portfolio.

Ethical marketing

The financial sector deals in products and services which are absolutely crucial to business and society, but can be hard to understand. Understandable and responsible marketing of products and services is therefore important. The topic also figures prominently in our materiality analysis.

The department uses the general guidelines on sustainability and social responsibility, as well as the Bank's Code of Conduct, as a compass:

- All of the Bank's sponsorship agreements include sustainability in the project being sponsored.
- In all marketing, we use digital channels and platforms rather than paper and posters.
- When the Bank supports events we enter into dialogue on sustainability in the solutions.
- When we purchase promotional items, suppliers and products must be thoroughly checked for sustainability.
- The Bank has developed clear rules for campaigns and sales of credit cards to young people. We have also developed a communication programme in which we talk about the correct use of credit cards in the different situations young people come up against.

There were no reported breaches of the provisions and guidelines for market communications, product labelling and product information in 2018.

Procurement and requirements for suppliers

SpareBank 1 Østlandet makes some purchases itself, while larger agreements are concluded by SpareBank 1 Banksamarbeidet DA on behalf of the SpareBank 1 Alliance. All in all, this is a substantial procurement volume, and we are conscious of our

responsibility when we approach the supplier market. All contracts include an annex laying down requirements relating to human rights, working conditions and the environment. Many of the requirements in the social responsibility annex are industry-specific. That is because different industries face different challenges in their supplier chains.

The Bank is aware that there are major challenges in many supplier chains. In their own business and supply chain, suppliers are expected to comply with international conventions and national laws, including provisions on matters such as pay, working hours and HSE (health, safety and the environment), as well as anti-corruption.

The Bank has been good at publicising its policies and requirements, but could be better at systematically monitoring the suppliers and the requirements in the agreements through due diligence assessments. This work continues in 2019. Most of the work has to be done by our suppliers and their sub-contractors, but the Bank has to set requirements, and monitor and support the work.

5. Economic crime and anti-corruption

Target 16.4 under sustainability goal 16 states that, by 2030, we should significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime. Together with the rest of the financial sector, SpareBank 1 Østlandet is playing an important role in achieving that goal.

Efforts to combat money laundering

In 2018, the Bank implemented the new Norwegian Anti-Money Laundering Act, which brings in a more risk-based approach to transaction controls. Banks are legally required by the Anti-Money Laundering Act (both old and new) to obtain and check identification documents when establishing ordinary customer relationships. An ongoing customer control is also imposed, which includes requirements for a valid identification document for the customer. SpareBank 1 Østlandet started extensive anti-money laundering efforts in 2018, and this will continue into 2019.

Work against economic crime

Sustainability target 16.5 reads as follows: "Substantially reduce corruption and bribery in all their forms". SpareBank 1 Østlandet is seeing a steady increase in the number of fraud cases, where customers are scammed or targeted by

fraudsters. Typical examples are the Nigerian scam and fraud via Finn.no. What the Bank is doing to combat economic crime:

- Measures are being taken to reduce the risk of economic crime on the basis of a risk assessment.
- The Bank reports suspicious customer transactions and runs customer checks.
- The Security department follows up and helps customers who contact us about fraud.
- Where customers commit fraud or are themselves defrauded, the Bank follows up even if it is the injured party. There is great social benefit in detecting and putting a stop to these cases.
- Norwegian banks are cooperating to expose and deal with threats linked to cybercrime. The banks in the SpareBank 1 Alliance have also established a joint IRT (Incident Response Team) to ensure good handling of crises and adverse events.
- The Bank works with public agencies such as the Tax Administration, police and Norwegian Tax Administration (NAV) in cases of, for example, benefit fraud, tax evasion and labour market crime.

The Bank's work against corruption

In the annual 'ethics week', the Bank's employees have to confirm that they have read the Code of Conduct, which has separate chapters on fitness and corruption. Employees must also report all gifts, paid positions, ownership interests and other matters that could affect their fitness for the job. The personal reporting of other positions and ownership interests is checked against the Brønnøysund register. The Bank also follows its own routines and runs spot-checks as part of the company's fraud prevention efforts.

The Bank previously used an external audit form to conduct a relationship analysis to document directors' and senior managers' relationships with customers, suppliers and others. This will be repeated in 2019. The bank has not identified any corruption cases among employees in 2018.

In the autumn of 2018, we carried out a risk analysis within the theme of internal fraud. Corruption risk is an important element in this, and several scenarios concerned corruption. The analysis was carried out as a series of workshops with managers and employees in central departments of the bank. The purpose was to discuss changes in the risk picture and risk assessments, as well as identify the need for procedural changes and measures.



GDPR

The GDPR is the EU's General Data Protection Regulation, which was introduced in Norway from 20 July 2018.

Privacy/GDPR

The Bank appointed a separate privacy representative in 2018 and has carried out several training measures on GDPR during the year, including during ethics week. All employees have been provided with information, and a mandatory online course has been run for all employees. A separate policy/privacy statement has also been adopted within the Bank.

SpareBank 1 Østlandet mainly uses personal data for customer management and invoicing and to fulfil our obligations to carry out assignments and service agreements, such as payment transactions to and from customers' accounts. The retention period is normally up to ten years after entry of the data.

For the introduction of the GDPR, the Bank has made the wording of our consent forms clearer to comply with the Regulation.

SpareBank 1 Østlandet manages significant assets for customers. Unfortunately this also creates opportunities for fraud and other crime. The Bank has a duty to take measures to prevent and detect fraud, crime and terrorist acts. We process personal data for the purpose of preventing, detecting, solving and handling fraud and other criminal offences.

The information may be collected from and disclosed to other banks and financial institutions, the police and other public authorities. Under the Anti-Money Laundering Act, the Bank is also required to report suspicious information and transactions to the National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim) and the Financial Intelligence Unit (EFE). The retention period will then be at least five years after entry of the data. The Bank has not received any complaints about breaches of privacy or loss of customer data in 2018.

6. Training

As a dedicated and responsible corporate citizen, SpareBank 1 Østlandet has invested in education and training internally for many years. This also applies in the wider society, including finance training for children and young people, customers and others. This makes sustainability goal 4 one of the Bank's internal and external targets.

Training of employees

The financial sector and the banking market are changing fast. In the face of new technology, customer behaviour, competition from new players, new regulatory requirements and changing threats, internal training is essential if we are to be well-equipped to run the bank of the future.

The Bank carries out extensive training and competence development for all employees. In connection with employee interviews at the beginning of the year, all employees receive a development plan in which training and development are planned based on the Bank's strategy and requirements for the employee's role. Development measures are dependent on the role and can consist of credits-based courses at the bachelor's and master's level, e-learning, nano-education, consultant school, video presentations, profession and product days, sales development as well as internal and external workshops.

The Bank uses videoconferencing equipment for training purposes at all locations. There are regular general videoconferences on technical topics such as financing, payments, savings and pensions, non-life insurance and personal insurance, digitalisation and self-service. The Bank also has its own management academy in which all new managers complete a one-year introduction programme.

Trainee scheme


Attracting talented people is considered to be the biggest challenge facing Nordic businesses in the coming years. The competition for qualified staff is tough. As a member of Trainee Innlandet, the Bank is part of a corporate network which helps to strengthen our position in the battle for talent. The trainee programme has more than 200 applicants every year. In 2019, goals for the Bank include bringing in a sustainability trainee.

The Bank encourages input, alerts and whistle-blowing

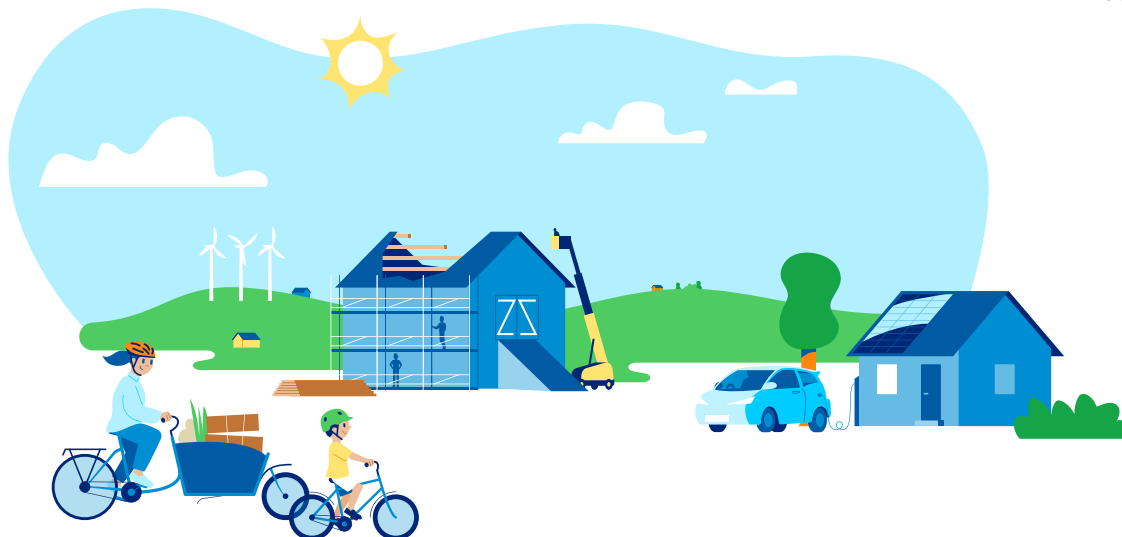
SpareBank 1 Østlandet has internal guidelines for alerts and has set up its own warning system for this. The Bank expects employees to inform their immediate manager of events or activities that breach laws, regulations or other public rules. This also applies to violations of internal policies or other matters that could damage the company. The management needs to know about such matters so it can provide the necessary feedback, fix errors or damage as soon as possible, and react to improper behaviour.

In 2018, the Bank expanded the information on the web pages about external alerts. There are several places on the web pages where customers and other stakeholders can provide feedback and information on matters that the Bank ought to know about, including the sustainability pages.

No reports or cases of corruption were recorded in 2018. The word 'alert' could make many people set the bar quite high before they inform the Bank of suspected wrongdoing. To lower the threshold, the Bank issued a clear appeal in 2018 for people to contact us with input to our work on ethics, social responsibility and sustainability.



In 2018, the Bank expanded the information on the web pages about external alerts.



Training in sustainability and ethics

Sustainability is a major strategic goal for the Bank, and training in this area was intensified in 2018. Through internal and external gatherings and conferences, everybody from Group management to customer advisers has been updated on various sustainability topics.

Sustainability workshops

During 2018, 14 internal sustainability workshops were conducted, attended by which a total of 188 employees. The workshops include an introduction to the subject of sustainability and the underlying issues, what sustainability means for a bank and what it means for the individual department. The workshops also contain the first part of a due diligence assessment. Work on the UN sustainability goals was also part of the workshops in 2018.

Ethics Week - implementation of Code of Conduct

Alert routines and #metoo were the central themes of the Bank's Ethics Week in April. Ethical dilemmas and challenges were discussed and reflected on in the individual departments. The week also featured lectures, e-learning programmes on ethics, and an ethics game. Between 75 and 90 per cent of the employees have taken all the nano-learning modules on ethics. Employees have also received information on the Bank's Code of Conduct, and everyone has to sign each year to confirm that they have read and understood the content.

'Arbeidslivets Klimauke'

In the autumn of 2018, SpareBank 1 Østlandet, decided to participate in 'Arbeidslivets Klimauke', a climate-awareness initiative supported by employers and unions in Norway. The aim of the week is to help businesses become more climate-aware by putting climate and the environment on the agenda and lowering the threshold for implementing climate action. The Bank is taking part in 'Arbeidslivets Klimauke' for the first time in February 2019. The week will be filled with information and activities that will give the Bank's employees a fresh understanding of climate, climate risk and opportunities.

Cooperation with educational institutions

Cooperation with NTNU on finance and digitalisation

Before Christmas 2018, the Bank entered into a three-year cooperation agreement with the

Norwegian University of Science and Technology, NTNU. The agreement covers student collaboration, cyber security, digitalisation in finance, big data analysis and machine learning, sustainability and development of a dedicated professional unit within industrial economics and technology management. Through cooperation with NTNU, the Bank aims to enhance its own expertise by drawing on relevant disciplines within strategically important areas for the Bank. For its part, NTNU wants to develop research-based competence aimed at the banking and financial sector.

Cooperation on the sciences at the Inland Norway University of Applied Sciences

For the last three years, the Bank has supported a science initiative at the Inland Norway University of Applied Sciences (formerly Hedmark University College), Hamar campus, to the tune of NOK 1.2 million. The background to the initiative was a lack of interest in and knowledge of the sciences in Norwegian primary and secondary schools.

Substantial donation to higher education from the Foundation

In 2017, Sparebankstiftelsen Hedmark, which distributes funds from the Bank's surplus profits, approved donations of up to NOK 42.3 million to the Inland Norway University of Applied Sciences. The support will help ensure that the institution becomes a full university by 2020. The donation was granted over three years. The Foundation has also approved a donation of up to NOK 12 million to strengthen higher education in the Kongsvinger region.

The Economic Barometer - a source of useful information about our society

The Bank provides facts and insights through konjunkturbarometer1.no which can stimulate growth and development in the region. Business reports and analyses bring news stories to people's attention and highlight the region's collective resources. This means the Bank can be a source of socially useful information for both private and public players. In 2018, the main theme of the Economic Barometer was environmental and climate work in the business world in Eastern Norway. (See article on page 42.)

14

internal sustainability workshops with 188 participants in 2018



Raising awareness through courses and conferences

The Bank arranges many external courses and conferences during the year, both alone and in partnership with others. These are important forums for picking up new knowledge and for networking for business, public-sector actors and others. In September, sustainability was the main theme of the Bank's annual Leadership Conference, which brought together some 300 resource persons and business leaders.

Training in consumer finance

For several years the Bank has had its own travelling teacher who has taught thousands of students about personal finance. A new virtual training programme started in November 2018. A total of 300 students were given lessons using tablets and AR technology, while 4 819 received finance training in the 'old' way during the year.

For a number of years, the Bank has provided good consumer financial advice in a radio series on NRK. In 2018, topics were on everything from resale and reuse, student finance and the sharing economy to insurance and preventive measures.

Challenges and objectives for 2019

Internal skills training

The Bank is continuing its sustainability workshops in 2019. The goal is for all employees to understand what sustainability is, and what it means for the Bank and its business area.

The Bank is focusing on digitalisation and is running a training programme for our staff in collaboration with NTNU Gjøvik. The Bank is also working with the Inland Norway University of Applied Sciences on project management training, as well as training in process management. Vocational training for employees in the retail and corporate markets is also on the schedule for 2019.

A new system of staff appraisals is being introduced and should identify development needs. Then the Bank can launch various training initiatives.

7. Keeping our own house in order An attractive and engaged employer

SpareBank 1 Østlandet wants to be an attractive and engaged employer with capable staff. The Bank tries to facilitate a good balance between work, home and leisure. Two staff surveys were conducted in 2018 with good results; here are some key findings:

- Employees and managers are engaged with their jobs.
- Employees are keen to look for new and better solutions for customers and themselves.
- Capability and cooperation between departments and divisions are good.
- The level of stress is low, given the recent merger.
- The culture is characterised by openness, fairness and security.

The Group aims to be an inclusive workplace for employees of all ages and at all stages of life. SpareBank 1 Østlandet is working on initiatives to promote health and encourages its employees to be physically active. The Bank is an inclusive employer and works systematically on preventing and following up on sick leave. It makes arrangements for employees who need changes to their work environment and tasks because of illness, reduced capacity for work or other factors. In collaboration with the Norwegian Labour and Welfare Service (NAV), the Bank takes on employees who need training and work experience. Sickness absence at the Bank was 4 per cent in 2018.

Over
5 000
pupils received
financial education
from the bank in
2018



Advisor school

In the idyllic surroundings of Staur Gård by Mjøsa lake, almost 200 employees took professional training in 10 sessions in 2018. The Advisor School is an important initiative to adapt the advice we give to customer needs at all times. The initiative is intended to build up the brand of 'A bank with good digital solutions and human relationships'. The Bank believes that advisors who are good supporters to customers will be a sought-after service in an increasingly digital world.

Employee rights, equal opportunities and diversity

SpareBank 1 Østlandet respects and observes international labour and human rights in its activities. A policy document adopted in 2018 lists some of the key conventions, frameworks and guidelines that the Bank respects and follows. Separate guidelines for the Bank's various business areas describe how the content is being operationalised. Where necessary, further information is provided in guides, procedural descriptions and checklists.

The Company strives to avoid discrimination in all situations and wants to recruit a workforce that reflects our society, irrespective of cultural background, ethnicity, religion and gender. No cases of discrimination were reported in 2018.

The Bank strives to achieve a good balance between the sexes at all levels of the organisation. The proportion of management positions with staff responsibilities held by women was 39 per cent in 2018. Analyses of various job categories show that the average pay among female employees in the Bank is between 90 and 98 per cent of male employees' pay. The analyses are not adjusted for any structural factors such as age, seniority, level of education, etc. Overall, the financial industry has far larger reported pay differences and is now focusing particularly heavily on this, both at an industry level and in the individual undertakings.

In the local pay settlement in the autumn of 2017, a special inequality pot of 0.5 per cent of a total budget of 1.5 per cent was set aside by the Bank which was primarily intended to be used to equalise any unintentional pay differences linked to gender. 70 per cent of this was distributed to women and 30 per cent to men.

Ethics

Objective

The Group's employees and Board members should be known for their high ethical standards and their competence, honesty, fairness and ability to inspire confidence. The Bank accepts no actions that could be perceived as bribery, corruption or attempts to improperly influence decision-making processes. Our conduct and decisions must be based on the Bank's strategy and corporate social responsibility and sustainability goals. Within all business areas, value must be created in line with good consultancy practice and within a framework that does not require individual employees to breach the Code of Conduct in order to meet financial targets. The needs and interests of customers must be safeguarded through good, professional and honest customer management that ensures that customers themselves are able to take conscious, well-informed choices.

Code of Conduct

SpareBank 1 Østlandet's guidelines should help to ensure that the employees fulfil their duty of confidentiality, avoid conduct that could harm the Bank's reputation, remain impartial and deal with conflicts of interest. The Code of Conduct also describes how employees should act in relation to gifts, customers and hospitality, and in other situations. The Code of Conduct is revised regularly, and managers and employees are invited to provide their input, most recently in 2018.

Breaching the Group's Code of Conduct may have consequences for your employment relationship and conditions of employment.

Responsibilities

The individual employee has a personal responsibility to comply with applicable laws and regulations, and is responsible for maintaining his or her integrity and complying with the Group's Code of Conduct. How managers behave has a crucial influence on the ethical standards in their own organisation. Every manager is responsible for putting ethics on the agenda. Managers at all levels are also responsible for informing new employees about the content of the Code of Conduct.

The objective is for all employees to be open and conscious in their day-to-day activities and to ensure there is an opening for discussion of ethical issues, so that everyone has the opportunity to put forward their own opinions. Exchanges of opinion and participation help to improve results and make good decisions.

The Bank's environmental work

The Bank's approach to environmental and climate challenges is twofold. On the one hand, SpareBank 1 Østlandet aims to reduce its own impact on the environment and the climate. On the other hand, the Bank tries to help customers and suppliers in fields ranging from office supplies to mutual funds to do the same.

To reduce its own environmental and climate impact, the Bank has chosen to certify itself through the Eco-Lighthouse scheme. Here the Bank is in the middle of a re-certification process. Following the merger between Sparebanken Hedmark and Bank 1 Oslo Akershus in 2017, several offices are to be incorporated that were not certified previously.

The Bank also prepares annual energy and climate accounts in accordance with the international 'Corporate Accounting and Reporting Standard' developed by the Greenhouse Gas Protocol Initiative (the GHG protocol). The climate accounts cover greenhouse gas emissions from consumption due to things like travel, waste management, and energy use. The Bank uses the figures to reduce its own negative impact on the climate.

The climate accounts for 2018 are not directly comparable with previous years, because of the merger with Bank 1 Oslo Akershus in 2017. This resulted in a 21.8 per cent increase in the Bank's greenhouse gas emissions. That is equivalent to 99 tonnes of CO₂ equivalents. The increase is mainly due to the fact that more buildings, both owned and rented, in Oslo and Akershus are included in these climate accounts than in the previous reporting year.

Digitalisation – easier for customers, prevents crime and reduces paper consumption

The Bank is constantly working on digitalisation and efficiency improvements, both for itself and for its customers. Mortgages on the web, mobile banking, Vipps, video conferences, text messaging services and electronic distribution of letters, news and publications are measures that reduce transport needs and paper consumption.

The percentage of woman in managerial positions with personnel responsibilities in the Bank is

39 %

Digitalisation also prevents crime involving counterfeit documents used as a basis for granting loans. This is why the work is linked to sustainability goal 16, target 16.5, which is about achieving a significant reduction in all forms of corruption and bribery.

Through digitalisation, systems can be simplified and customers can become more autonomous. Here are some examples:

- **E-signature.** The Bank is constantly working to increase the proportion of customers signing documents electronically.
- **Digital borrowing tracks for both the personal and corporate markets.** Collaboration with the public sector on a solution to allow their systems to be integrated with the Banks' solutions.
- **'Digital interaction, public and private (DSOP).** The tax administration, the police and NAV collect different account information for follow-up checks. This is done in connection with collection cases or to determine whether checks need to be implemented. The goal is fully automated collection of the data. SpareBank 1 Østlandet is involved in a pilot project that started in 2018.

The challenge for the Bank is to provide equally good services to customer groups who do not have high digital competence.

8. The savings bank and the local community

With a combination of good, easy-to-use digital solutions and a local presence, the Bank is an important cog in society in different regions and communities. In 2018, we renovated and re-opened offices in several locations, including Otnes in Rendalen which was robbed in 2017. With profitable long-term operations, the Bank influences social development locally and regionally. The fact that the Bank has been financially strong over time is important to both retail and corporate customers and the society of which we are part. The Bank is also a large and important taxpayer, both directly, and also through being an employer for its 1100 tax-paying staff.

Local business development

An important part of the Bank's social contribution is to finance good projects that stimulate growth and development in jobs, which in turn contributes to local prosperity. Having a solid source of capital in the region provides security and a close proximity to the decision-making process.

Through its core business, SpareBank 1 Østlandet covers many important needs in the community, including savings, financing, payment processing, insurance, damage prevention, asset and investment management. The fact that the Bank runs its core business with long-term and sustainable perspective is its most important contribution to local economic development. The Bank also contributes to economic development through active collaboration across the business, research and academic worlds.

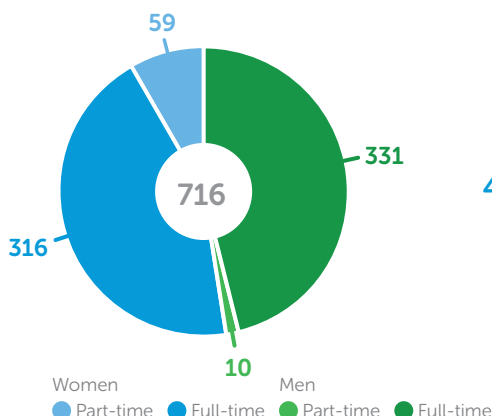
NOK 202 million paid in customer dividends

Based on the results for 2017, SpareBank 1 Østlandet paid customer dividends for the first time in April 2018. In doing so, the Bank made history. Never before has a Norwegian bank paid dividends to its customers. The scheme means that both retail and corporate customers automatically receive dividends based on the Bank's profits and the customer's borrowing and deposits throughout the year. Sharing the profits with customers in this way is in line with SpareBank 1 Østlandet's fundamental values as a savings bank. (See article on page 40.)

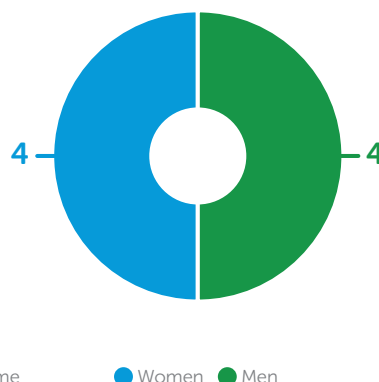
"Plastdugnaden"

Plastic waste and microplastics are a growing social problem. The Bank therefore invited people to clean up lakes and rivers together with bodies like 'Keep Norway clean', Friends of the Earth Norway and local waste disposal companies. SpareBank 1 Østlandet and Sparebankstiftelsen Hedmark provided up to NOK 2 million in support for schools, clubs and associations that participated in the action. A total of 15 tonnes of waste was picked up. (See article on page 43.)

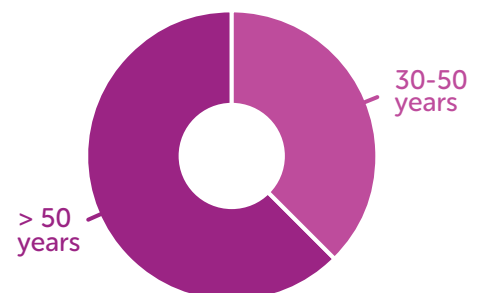
Number of employees by gender, full-time and part-time



Gender distribution in the Board



Age composition in the board





Sponsorship and donations to non-profit organisations

As a savings bank with local roots, we have a long traditions of giving back part of our profit to local communities, including support for clubs and associations. Through Sparebankstiftelsen Hedmark and through sponsorship, we give something back to the local communities by supporting both elite and grassroots sports. Football, handball, cross-country skiing and ice hockey are examples of sports where the Bank sponsors both the elite and grassroots levels.

Through the SpareBank 1 Alliance, the Bank is the main sponsor of the Norwegian Ski Federation. The agreement with the national cross-country team was renewed during the 2018 national championships at Gåsbo near Hamar. SpareBank 1 Østlandet was the main sponsor during the event.

From 2017, Sparebankstiftelsen Hedmark took over the processing of all applications for donations. The Foundation is SpareBank 1 Østlandet's biggest owner and hands out funds from the Bank's profits to local clubs and associations. Read more about Sparebankstiftelsen Hedmark and view the list of donations on the website www.sparebankstiftelsenhedmark.no

Although most donations now go through the Foundation, SpareBank 1 Østlandet still provides some makes some individual donations for charitable purposes. In 2018, the biggest donations were NOK 200,000 to the TV campaign for the Church City Mission and NOK 100,000 as a Christmas gift to Médecins sans Frontières. A total of NOK 100,000 was also given to good causes at Christmas through support for various 'Spleis' projects.

Record number of grants to young people

SpareBank 1 Østlandet's grant scheme had its fifth birthday in 2018, and the Bank ran a special motivation day and talent party in Hamar Kulturhus in September. A total of 90 recipients each received grants of NOK 25,000 or 50,000. The grant scheme is intended to encourage young athletes and artists to develop their talent and commitment through training, education and expressing their creativity. The aim of the grant is to build pride, produce good role models and highlight potential ways of developing talent.

The Bank handed out NOK 1.5 million in sports grants, while Sparebanken Hedmark's art fund handed out NOK 1 million in arts grants to rising stars from Hedmark.

Sparebanken Hedmark's art fund

Three works of art were completed the last year and presented as gifts to Eidskog municipality, Tynset municipality as well as the Inland Norway University of Applied Sciences at Evenstad. Other works were given to Strandgateparken in Hamar. Two new projects were approved that will be given to Løten municipality and Stange municipality. In 2018, the Bank's art fund received NOK 2 million from Sparebankstiftelsen Hedmark. NOK 1 million was awarded in grants to 30 young artists in painting and sculpture (as described in the section above).

Challenge and goal for 2019

The Bank has an ambition to create and launch its own sustainability fund during 2019. We look forward to presenting this in the autumn of 2019.

Energy and climate accounts 2018

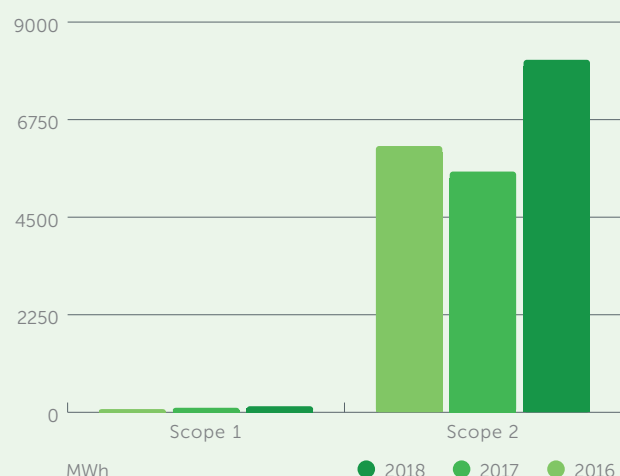
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Energy and climate indicators

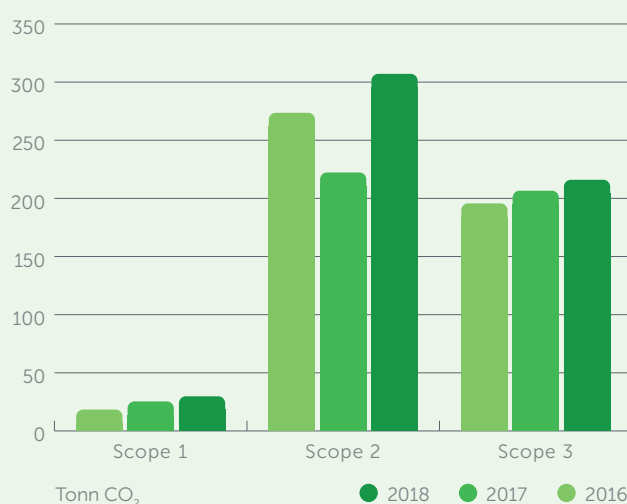
	2018	Change 17/18	2017	2016
Total kWh/m ² *	182.2	8.3%	168.3	186.1
Total energy consumption, Scope 1+2 (MWh)	8,252.5	45.9%	5,657.1	6,215.6
Total emissions (S1+S2+S3) (tCO ₂ e)	552.9	21.7%	454.3	487.7
Total (s1+2+3) tCO ₂ e/FTE	0.77	19.8%	0.64	1.1
Total (s1+2+3) tCO ₂ e/turnover	0.2	-12.5%	0.17	0.3
MWh/ÅV (Scope 1+2)	11.53	45.9%	8.02	
FTEs, Parent Bank	716	1.56%	705	462

*) Energy consumption in own and rented offices

Annual energy consumption (MWh) Scope 1 og 2



Annual greenhouse gas emissions per scope



Reporting in accordance with the Greenhouse Gas Protocol

Scope 1: Direct emissions

Includes direct emissions from sources owned or controlled by the company, including the company's own cars or vehicles, or from processing or the transport of employees.

Scope 2: Indirect emissions

Emissions from purchased energy, mainly electricity and/or district heating.

Scope 3: Indirect emissions

Includes other indirect emissions. The emissions are a result of the company's activities, but emitted from sources not controlled by the company.

Energy and climate accounts 2018

The purpose of this report is to show the overview of the organisation's greenhouse gas emissions (GHG emissions), as an integral part of a superior climate strategy. Climate accounts are an important tool in the efforts to identify specific measures to reduce its energy consumption and associated GHG emissions. This annual report enables the organisation to measure key figures and thus evaluate itself over time.

The report includes all registered emissions in the SpareBank 1 Østlandet Group.

The information used in a climate accounting originates from external and internal sources, and is converted to tonnes of CO₂ equivalents. The analysis is based on the international 'Corporate Accounting and Reporting Standard' developed by the Greenhouse Gas Protocol Initiative (the GHG protocol). This is the most commonly used method worldwide for measuring greenhouse gas emissions. ISO Standard 14064-1 is based on this.

Social accounts 2018

			2018	2017
Finances				
	Consolidated profit before tax (NOK millions)		1 735	1,618
	Consolidated total assets (NOK millions)		123 472	108 321
	Consolidated return on equity after tax		10.5 per cent	10.2 per cent
	Consolidated core equity tier 1 ratio		16.8 per cent	16.8 per cent
Strategy				
	Group strategy		Strategy implemented according to plan.	Strategy implemented according to plan.
	Development of CSR strategy		Started revising strategy.	Strategy revised and approved by the Board
Employees (formerly community/social issues)				
1	No. of FTEs, incl. subsidiaries	Number	1 139	1 109
2	No. of FTEs, Parent Bank	Number	716	705
3	Sick leave*	%	4 per cent.	4.0 per cent
4	Percentage of women*	%	53 per cent	53 per cent
5	Percentage of women in managerial positions*	%	39 per cent	39 per cent
6	Average age*	Number	48	47.7
8	Average period of service *	Number	16 years	16.4
9	Number recruited, internally*	Number	12	15
10	Number recruited, externally*	Number	35	15
11	Turnover *	%	2 per cent	2 per cent
	Employee satisfaction, organisational survey *		Two surveys conducted in spring and autumn 2018 with good results.	Status surveys concerning the merger process conducted with good results.
	Annual review and confirmation that Code of Conduct has been read and understood		Completed	Completed
	*Figures for Parent Bank			
Donations Social accounts				
1	Amount awarded to art and culture	.	121 500	1 997 665
2	Amount awarded to sport	.	135 000	2 090 085
3	Amount awarded to humanitarian work	.	60 000	331 400
4	Other	.	2 000	782 600
Endowment Fund Social accounts				
1	Amount awarded to art and culture	.	950 000	5 606 000
2	Amount awarded to sport and physical activity	.	1 157 959	4 900 012
3	Amount awarded to education and research	.	425 000	1 575 000
4	Amount awarded to humanitarian work/other	.	522 500	500 000
Sparebanken Hedmark's art fund*	Amount awarded to art and culture	.	2 890 000	1 025 000
*In 2018, the Bank's art fund received NOK 2 million from Sparebankstiftelsen Hedmark.				
Economic development Social accounts				
Economic development	Amount awarded to innovative action		Sparebankstiftelsen Hedmark has taken over the allocation of funds for innovative action.	0
Environment Social accounts				
1	No. of branches with Eco-Lighthouse certification	Number	24 (19 offices and 5 satellite offices)	24
2	No. of videoconferencing rooms	Number	0	46 (Everyone have Skype and video access for personal PCs.)