

Excerpt from

# **Policy for New and Revised Products and Solutions**

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| Owner        | Executive Vice President Innovation and Business Development |
| Decided by   | Board of Directors   |
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## **1. INTRODUCTION**

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### **1.1 Objective**

The purpose of this policy is to clarify the requirements and expectations that apply with respect to how policies and processes should ensure that the risk picture is adequately identified and analysed, and that the Bank is not exposed to unwanted and/or unacceptable risk. The policy is also designed to help ensure compliance with acts, regulations and external expectations, as well as internal routines.

The policy is supplemented by the routine set out in the Bank process management tool, which ensures compliance with, and follow-up of, policies and processes.

### **1.2 Goals**

The policy provides an overarching description of the process for new and revised products, solutions and processes, and sets out guidelines for the routine and methodology that follow in the Bank's internal process management tool and project management system.

The goal is for all new and significant revisions of products, solutions (including systems and concepts) and processes to undergo a consistent and adequate risk assessment before being launched in SpareBank 1 Østlandet.

The policy is intended to help ensure that the Bank satisfies the regulatory requirements concerning product control, including the 'EBA guidelines on product oversight and governance arrangements for retail banking products' and the 'ESMA Guidelines on MiFID II product governance requirements.

The policy is also intended to contribute to the Bank's products being designed and marketed in a manner that ensures that:

- (i) the interests, goals and characteristics of consumers are taken into consideration
- (ii) potential harm to consumers is avoided
- (iii) conflicts of interest are minimised

## **2. ORGANISATION, ROLES AND RESPONSIBILITY**

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Everyone in the Bank with responsibilities for products, systems or processes must have read and familiarised themselves with this policy. Employees involved in product development or revising products, solutions or processes must have a good understanding of the products' properties and risks.

## **3. FRAMEWORK AND DOCUMENTATION**

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The policy applies to the establishment of new or significantly revised products, solutions (including systems and concepts) and processes in SpareBank 1 Østlandet.

As a minimum, the Bank's product monitoring and product management measures must include the following elements, which are described in more detail in the underlying routines:

- a. Definition of product's target market, as well as any 'negative target markets' and the target markets' financial capacity.
- b. Definition of appropriate distribution channels.

- c. Conduct of product testing and scenario analyses (including stress scenarios) to assess how the product will behave in a number of different scenarios, including stressed scenarios. If stress tests indicate weak results for the target market, the appropriate product modifications must be carried out.
- d. Assessment of how the product fits into the existing product range (including whether too wide a range of products may hinder the customer from making an informed choice):
- e. Before launching a new product in a new target market, product testing must be conducted to assess how the product will behave in a number of different scenarios, including stressed scenarios. If stress tests indicate weak results for the target market, the appropriate product modifications must be carried out.
- f. Assessment of whether the product/solution/process has a positive or negative impact on sustainability issues, such as the climate, the environment, society, human or labour rights, white collar crime etc.
- g. For financial instruments and investment services according to Definitions of the Securities Trading Act: assess whether the product/solution/ process can represent a threat to the integrity of the markets and their ability to function well.
- h. Continuous product monitoring.
- i. Taking corrective action if the continuous monitoring identifies product faults or weaknesses.
- j. If required, updating the product's target market.
- k. Assessment of how the product fits into the existing product range (including whether too wide a range of products may hinder the customer from making an informed choice):

**The following overarching requirements and principles apply to products/solutions/processes for which the Bank only performs a distributor role:**

- The Bank must build on the information provided by the product supplier and have the relevant knowledge and ability itself to determine whether or not a consumer belongs to the target market defined by the producer.
- The Bank must use the information received from the producer and provide customers with a description of the main properties of the product, its risks and the total price that must be paid for the product.
- To help the producer with its obligation to monitor the product, the Bank should collect information that makes it possible for the producer to determine whether the product is continuously satisfying the interests, goals and characteristics of the target market.
- If the Bank identifies any problems with the product's properties, product information or the target market, the Bank must immediately inform the producer of the problem.
- Assessment of whether the product/solution/process has a positive or negative impact on sustainability issues, such as the climate, the environment, society, human or labour rights, white collar crime etc.

#### **4. MANAGEMENT OF THE PRODUCT PORTFOLIO**

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After launching a new product/solution/process or revising existing ones, an assessment must be made to ensure that no incidents occur or have occurred in which the interests of customers or the Group are or were adversely affected, and to see whether the product/solution/process is not achieving or has not achieved the desired effect.

It is the technical manager's responsibility to systematically follow up their portfolio and continuously assess product faults, need for removal and incremental revisions, etc. Given this, the technical manager must conduct a risk assessment of their field at least once a year. The purpose is to identify whether there is a need for revisions in the product and service portfolio, as well as existing solutions and processes (product faults, need for removal and the level of incremental revisions).

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