

# **GUIDELINES FOR CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY IN LIQUIDITY MANAGEMENT**

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<b>Owner</b>	<i>Group Controller</i>
<b>Responsible</b>	<i>CEO</i>

Sustainability is one of the six main goals in SpareBank 1 Østlandet's corporate strategy for 2018-2021. The work is detailed in the Bank's ["Sustainability Strategy 2019-2021"](#) and its ["General Guidelines for Corporate Social Responsibility and Sustainability"](#). Both documents have been approved by the Board of Directors.

In addition, the "Guidelines for Corporate Social Responsibility and Sustainability in Corporate Governance" are based on the Bank's other guidelines within:

1. [The Environment and climate \(Environment\)](#)
2. [Social conditions \(Social\)](#)
3. [Management and control \(Governance\)](#)

Together, these documents describe the Bank's focus on corporate social responsibility and sustainability. Should the Bank identify a breach of the guidelines in one area that may be of relevance to other areas in the Bank, it will be dealt with appropriately in all of the relevant areas. Major issues will be elevated to the Bank's Sustainability Committee and, if necessary, also Group Management.

### **Guidelines for Corporate Social Responsibility and Sustainability in Corporate Governance**

SpareBank 1 Østlandet manages approximately NOK 8 billion in assets in its capacity of shareholder and unit holder. These investments encompass more than 30 companies that range from strategically important subsidiaries and alliance companies to purely financial investments. They include a number of stakes in which the investment is strategically based but where the requirement to maximise profit is secondary. For example, SpareBank 1 Østlandet is an important supporter of local companies whose primary purposes are research and development, innovation and/or business development.

The purpose of guidelines for corporate social responsibility and sustainability in corporate governance is to:

1. Ensure the Bank's ownership helps to promote responsible and sustainable commercial activities
2. Reduce the risk of participation in unwanted commercial activities

The work on corporate social responsibility and sustainability in corporate governance must be integrated into established processes wherever possible. Any employee who is involved in any way with corporate governance must be familiar with our principles, guidelines and expectations.

In its prioritisation of corporate social responsibility and sustainability in corporate governance, the Bank will give weight to the following parameters:

- Risk of negative impact on people, society, the economy and the environment.
- Size of the stake
- Degree of influence

In cases where corporate governance is exercised in cooperation with other parties, the Bank must help to ensure the coordination of priorities and guidelines. However, such coordination should not be at the expense of the Bank's own guidelines for corporate social responsibility and sustainability.

The following guidelines apply to the various channels in corporate governance:

1. Board representation  
SpareBank 1 Østlandet must help to ensure that the board has the necessary expertise, capacity and independence. Board members appointed by the Bank must have the expertise

necessary to assess risks linked to corporate social responsibility and sustainability.

2. Participation in general meetings

As a rule, the real consideration of cases that are brought up to general meetings takes place prior to the meetings. SpareBank 1 Østlandet's nominated owner representatives have a duty to stay up to date on, and involve themselves in, issues and processes and that are of material importance to the area of sustainability. Our ownership representation must help to promote the Bank's goals and guidelines for sustainability and corporate social responsibility during both preparations for, and participation in, general meetings.

3. Business reviews

The Bank must ensure that business reviews adequately address relevant and material topics within corporate social responsibility and sustainability. The Bank must also ensure that the company is appropriately organised and has the capacity to operationalise the work on sustainability and corporate social responsibility.

4. Other meetings for owners

The Bank must ensure that relevant and materials topics within corporate social responsibility and sustainability are brought up as a separate agenda item in relevant owner meetings.

### **Any breaches of the guidelines**

Our expectations and guidelines are communicated to the companies via publication on the Bank's website and through information communicated via various channels through which shareholders can exercise their ownership rights.

Should we become aware of any of our companies acting contrary to our principles and expectations, we will establish a dialogue aimed at encouraging improvement.

Should the dialogue fail to result in the necessary improvement, the Bank will consider the following alternatives:

- Requesting that the matter be discussed by the company's board;
- Bringing the matter up for consideration by the company's general meeting or similar;
- Ending its ownership.

The capital and corporate social responsibility unit will assist with risk assessments in relation to breaches of the guidelines for corporate social responsibility and sustainability in corporate governance, as well as assist with following up cases where there are grounds for suspecting a conflict. The first instance for considering controversial issues is the Bank's ethics committee. Everyone who represents the Bank on various boards, at general meetings and in professional forums has a responsibility to report relevant issues.

## Expectations document for companies in which SpareBank 1 Østlandet is as a major shareholder

Our goal is to be a positive contributor and a good sparring partner in order to raise companies' awareness and improve their practices with regard to corporate social responsibility and sustainability. Companies are expected to ensure the following with respect to corporate governance:

### The environment

#### We expect companies we invest in to:

- be aware of climate risks and to focus on reducing their negative impact on the climate and environment

#### We encourage companies we invest in to:

- set targets for improving energy efficiency and reducing their direct and indirect emissions of hazardous substances and greenhouse gases, including particles, nitrogen oxide and ammonia
- work on reducing pollution and contribute to good routines for waste management and recycling
- specify their direct and indirect greenhouse gas emissions
- replace fossil fuels with renewable energy sources where appropriate
- set binding climate criteria for their suppliers and subcontractors
- CO<sub>2</sub>-compensate for its emissions with climate quotas approved through the EU System for Climate Quotas (EU ETS)<sup>1</sup>

#### We do not invest in companies that:

- engage in the extraction of, or energy production based on, fossil production sources (for example, coal or tar sands)
- large-scale hydropower dam projects
- engaged in mining operations
- that 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](#))

carry out lobbying activities aimed at weakening the required restructuring to a low-emission society in line with Norway's goals through the Climate Act and the world's goals through the Paris Agreement

- engage in the production of fossil fuels

### Society

#### We expect companies we invest in to:

- respect the UN's conventions on human and labour rights, including the UN Convention on the Elimination of All Forms of Discrimination against Women,<sup>2</sup> the UN Convention on the

<sup>1</sup> <https://www.miljodirektoratet.no/ansvarsomrader/klima/klimakvoter/eus-klimakvotesystem/>

<sup>2</sup> <https://www.ldo.no/ombudet-og-samfunnet/konvensjoner/fns-kvinnekonvensjon/>

Rights of Persons with Disabilities<sup>3</sup> and the UN's International Convention on the Elimination of All Forms of Racial Discrimination<sup>4</sup>

- in addition, ensure that they do not contribute to breaches of these, which includes safeguarding individuals' rights in war or conflict situations
- actively strive not to contribute to rights violations, for example through due diligence assessments, and seek to remedy breaches when they are identified<sup>5</sup>
- respect the [ILO's eight fundamental conventions](#), which establish the minimum rights that must be respected in the workplace. These are divided into the following four main categories: banning child labour, freedom of association, banning discrimination and banning forced labour
- have good notification systems for reporting breaches of expectations, norms, laws and conventions

We do not invest in companies that:

- 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

## Corporate governance

The bank has strict procedures for preventing money laundering and hidden ownership. The Bank also wants to influence corporate customers to have good procedures for establishing ethical, environmental, and sustainable choices.

We ensure that issuers we invest in:

- receive information about our guidelines for corporate social responsibility and sustainability

We expect companies we invest in to:

- familiarise themselves with our expectations and suggestions related to these
- practise zero tolerance for corruption and all forms of economic crime in their own business and in the companies with which they interact
- contribute to full transparency on the part of the company and assist with investigating situations in which corruption is suspected
- institute active corporate governance where they have proprietary positions
- document that they follow up on issues that are in conflict with the expectations and requirements of our corporate social responsibility and sustainability guidelines
- have guidelines and management systems that ensure that their operations comply with norms, conventions and laws, with a particular focus on those areas where there is a high risk of breaches in their own industry, and include these in contracts with subcontractors and business partners

<sup>3</sup> <https://www.regjeringen.no/no/tema/likestilling-og-inkluderingskonvensjoner/fn-konvensjonen-om-rettar-til-menneske-med-nedsett-funksjonsevne-crpd/id2426271/>

<sup>4</sup> <https://www.fn.no/om-fn/avtaler/Menneskerettigheter/konvensjon-mot-rasediskriminering>

<sup>5</sup> See the national action plan for following up the UN's Guiding Principles on Business and Human Rights. <https://www.regjeringen.no/no/dokumenter/hplan-naering-mr/id2457944/>

- have good procedures for ensuring that internal and external parties can speak up and report wrongdoing and breaches of norms, guidelines, conventions and laws