

Anti-corruption policy

SpareBank 1 SMN Group

This policy applies to	SpareBank 1 SMN Group
Responsible for updating	Executive director, Technology And Development
Responsible for compliance	All employees
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1. Background and purpose

Corruption is damaging to society overall, and undermines lawful business activity and honest competition. Involvement in corruption may expose employees and the business to reputational damage, punitive reactions, loss of contracts or other financial loss.

As a financial services group, SpareBank 1 SMN plays an important role for business and industry and is a central actor in the economy. Our customers, partners and society in general have a clear expectation that the group will maintain a high ethical standard in the performance of its services. The financial sector is dependent on the confidence of its customers and the market. SpareBank 1 SMN's intention is to lead by setting a good example.

The anti-corruption policy is designed to guide the group's stance on and efforts to prevent corruption, influence peddling, bribery and the use of facilitation payments.

The policy describes the most important elements of SMN's work to prevent and combat corruption and unethical conduct.

2. Guiding principles

SpareBank 1 SMN's anti-corruption effort builds on the following guiding principles:

- The group has zero tolerance for all forms of corruption
- The group and the group's staff shall not be involved in corruption or accept bribes from customers, suppliers or others
- The group and the group's staff shall not make use of corruption, influence peddling, bribes or facilitation payments in order to promote the bank's or a staff member's own interests
- The group shall have an active focus on ethics, anti-bribery and anti-corruption
- The group and the group's staff shall actively contribute to preventing corruption, influence peddling, bribery and the use of facilitation payments in the form of monetary transactions through the bank
- The group shall not make so-called political contributions in the form of financial support to political parties or causes
- The group and the group's staff shall exercise particular diligence and caution when interacting with the authorities and public employees, including in connection with public procurement processes and in connection with applications for approvals, permits and licences
- There is an absolute prohibition against falsifying financial statements, publicly available reports in general, reports to public authorities and all other documentation

3. Scope

The policy applies to all employees, board members and consultants who perform tasks for SpareBank 1 SMN Group. Agents, suppliers and other partners are expected to be aware of SpareBank 1 SMN's anti-corruption policy.

SpareBank 1 SMN's anti-corruption policy applies in its entirety to subsidiaries and part-owned companies/joint ventures in which SMN has effective control through majority ownership, voting rules or operational responsibility.

4. What is corruption?

Corruption covers a broad range of activities carried out to obtain unlawful benefits.

Corruption takes place where someone (for himself or others) demands, offers or gives, accepts or receives an improper benefit while performing the duties of a position or office or carrying out an assignment. SpareBank 1 SMN tolerates neither active corruption (attempting to corrupt others) nor passive corruption (allowing oneself to be corrupted).

Improper benefits can take many forms – for example cash, services, kickbacks, travel, awarding of assignments or favouring of friends and contacts. The question of whether a benefit is improper depends on the overall circumstances. If the person concerned is unable speak openly about the situation, the benefit may be improper.

Bribery occurs where someone attempts to influence a person's decision by offering an unlawful benefit. Pure bribes in the form of cash are easy to recognise, but corruption can also be camouflaged in the form of services, kickbacks, gifts, restaurant visits, travel and entertainment.

Influence peddling occurs where someone (for himself or others) offers or gives a person an improper benefit with the intention of influencing the conduct of a third party.

*Facilitation payments*¹ are payments for a service to which one is normally entitled without making such payment. Typical examples are payment of a charge in order to go through, or to move more quickly through, controls or approval procedures (e.g. passport control, customs clearance, etc.).

Kickbacks typically involve contracts or invoices showing a higher payment than would appear reasonable for the services rendered, on condition that persons involved in securing payment receive a portion of it, or other services, in return.

¹ SpareBank 1 SMN does not accept facilitation payments. However, if a person has just cause to believe that his own or another's health or safety is at risk, facilitation payments may be acceptable. In such case the payment must be reported to the immediate superior and accounted for.

Separate guidelines have been drawn up for customer care and gifts. The guidelines outline activities that can be undertaken in relation to clients/business associates without being unethical or unlawful. They include a guide to what is and what is not acceptable, and where particular care must be taken.

5. Corruption risk

SpareBank 1 SMN shall conduct a corruption risk assessment on a regular basis both at group and company level to identify business areas and roles that are particularly exposed to corruption.

In areas identified by the corruption risk assessment, appropriate risk-based measures shall be established to uncover, prevent and in the event deal with cases of corruption, influence peddling, bribery and use of facilitation payments.

In areas identified by the corruption risk assessment, integrity due diligence shall be performed before projects are initiated or client or supplier relationships formalised. SpareBank 1 SMN shall select business partners that reflect and represent our values. The group has no wish for business relations or other collaboration with clients, suppliers or partners that are involved in corruption, influence peddling, bribery or use of facilitation payments. The need for integrity due diligence shall be assessed before any business relationship is initiated. The object is to reduce the risk of the group's involvement in prior, ongoing or future acts of corruption through the business relationship.

6. Roles and responsibilities

The following roles, with responsibilities described, are key:

Executive director, Technology and Development, has overall responsibility for the group's anti-corruption effort inasmuch as the bank's employees shall neither accept nor make use of corruption, influence peddling or facilitation payments

Head of Human Resources has operative responsibility for the group's anti-corruption effort, along with responsibility for handling any cases of suspected employee involvement in corruption.

Executive directors, Retail Banking and Corporate Banking, are responsible for ensuring that the bank does not establish customers relationships with or provide credit to customers involved in corruption, influence peddling, bribery or use of facilitation payments.

Executive director, Communications and Branding, is responsible for ensuring that no assets belonging to the community dividend are allocated to

organisations involved in corruption, influence peddling, bribery or use of facilitation payments.

Group CEO/company CEOs are responsible for assessing the need to perform integrity due diligence on a potential business partner before initiating collaboration on a substantial scale.

Executive director, Group Finance and Governance, is responsible for ensuring that suppliers are subject to anti-corruption requirements and that corruption risk assessments are an integral part of the group's procurement practice.

Executive director, Legal Services, is responsible (in his capacity as the bank's chief anti-money laundering officer) for the various elements of the group's effort to combat money laundering and terrorist financing, and assists the head of HR in handling any cases of suspected corruption.

All managers and employees in the group have an independent responsibility for ensuring compliance with the group's anti-corruption policy and the control measures established to prevent corruption, influence peddling, bribery and use of facilitation payments.

All managers and staff in the group shall, in connection with contract signing, disbursements (including expenditure reimbursements) and other relevant activities, adopt a critical mindset in order to uncover potential corruption, influence peddling, bribery and use of facilitation payments.

The **policy compliance function** is responsible for formulating and implementing relevant policy compliance controls, and for proposing improvement measures when needed. Any shortcomings observed or breaches of compliance with this policy are reported by way of a quarterly compliance report to the board of directors and the group management team.

7. Training and awareness raising

SpareBank 1 SMN shall provide necessary training and guidance on a regular basis to enable group employees to recognise typical indicators of corruption or attempted corruption, assess the risk picture and fulfil their duties under this anti-corruption policy.

The board of directors, group CEO/company CEOs and the management in general have a particular responsibility for raising awareness and for leading by setting a good example of correct attitudes, culture and values. The tone from the top shall be visible through references to the anti-corruption policy and the whistleblowing channel. Zero tolerance of corruption will be a recurring theme of the signals and messages communicated by the group management.

8. Whistleblowing

SpareBank 1 SMN shall maintain effective and appropriate channels to raise up challenges and concerns, including whistleblowing channels that allow anonymous disclosures. All managers and staff are expected to 'blow the whistle' in accordance with established guidelines if they become aware of instances of corruption, influence peddling, bribery or facilitation payments.

Anyone who is uncertain about what applies is urged to contact their manager. Each manager has a particular responsibility to lead by setting a good example, encouraging openness and transparency, and ensuring a conscious awareness among his staff.

Our established whistleblowing procedure also applies in cases where employees have concerns or wish to notify censurable conditions.

9. Exceptions handling and follow up

Suspected breaches of anti-corruption provisions are handled in line with the procedure for follow up of quality deviations.

10. Approval and revision

This policy shall be reviewed at minimum yearly and updated as and when required. Based on the review, the document shall be submitted to the board of directors for decision.

The group's policy provides a framework for handling corruption risk across the entire group but requires a resolution to be adopted by the board of each company. When implementing the strategy, each subsidiary shall implement the framework as fully as possible but with a basis in the individual subsidiary's scale of operations and risk picture. All formal requirements of law and regulations governing the businesses shall however be met.