

Policy for sustainable governance

31 January 2022

Introduction

SpareBank 1 SMN aspires to stimulate a sustainable development of the region. This is enshrined in the group strategy as a strategic priority for the period 2020-2023.

The group's sustainability strategy is the steering document for the group's general policy on sustainability and applies to all aspects of the business. SpareBank 1 SMN would also urge all customers, suppliers and partners to abide by this policy and to join our effort to assure more sustainable value creation in the region. The object of the policy is to:

- Further the group's achievement of its financial objectives in the long term
- Ensure a coherent overall group standard for sustainable development that is independent of geographical location, customer group or organisational affiliation
- Support staff and managers in their strategic decisions and day-to-day work
- Inspire the group's customers, suppliers and partners to commit to take account of the climate and environment, social conditions and responsible corporate governance

This document covers investments in strategically important subsidiaries, alliance companies and other directly owned companies (affiliates), and the investment portfolio of SpareBank 1 SMN Invest.

Promoting sustainable development among the subsidiaries

The accountability of the bank's board of directors and the subsidiaries' boards of directors for the sustainable development effort is reinforced on a regular basis. The board and group CEO with the group management directors and the subsidiaries' CEOs are responsible for compliance with the group's policy on sustainability. This is followed up on by the companies as part of their annual internal control process. The group management directors and the subsidiaries' CEOs are responsible for operationalising the strategy within their respective areas of responsibility and contribute actively to ensuring that goals and measures are relevant to the group's activities. The business line 'Group Finance and Governance' provides guidance and advice as regards developing, executing and maintaining the sustainability effort throughout the group.

Sustainable governance

SpareBank 1 SMN discharges its responsibilities as owner through board representation and regular follow-up of, and dialogue with, the companies on sustainability matters. SpareBank 1 SMN's expectations and policies are communicated via the bank's webpages and through various ownership channels.

When prioritising sustainable governance tasks, SpareBank 1 SMN will give weight to:

- The climate and environment, social conditions and responsible corporate governance¹

¹ See "Sustainability Strategy at SpareBank 1 SMN" for fuller information.

- The size of the holding
- Degree of influence.

The following guidelines apply to the various channels of governance:

- 1) **Board representation.** SpareBank 1 SMN will ensure that the board has the necessary competencies, capacity and independence. Board members appointed by the bank are required to have the expertise needed to consider sustainability issues.
- 2) **Attendance at the general meeting and other informal CEO meetings.** Designated owner representatives from SpareBank 1 SMN are required to stay informed about, and to involve themselves in, issues and processes of vital significance in the sustainability sphere.
- 3) **Corporate governance:** SpareBank 1 SMN will ensure that sustainability is an integral part of the corporate governance of the group and the respective business lines.

When considering new investments, SpareBank 1 SMN will not take ownership positions in companies that act counter to SpareBank 1 SMN's policy and expectations with respect to sustainability and responsible governance.

Breaches of policy

Should SpareBank 1 SMN become aware that any company owned by us is acting in breach of SpareBank 1 SMN's policies and expectations, a dialogue will be initiated with a view to bringing about an improvement. Reporting relevant issues is a responsibility of all representatives of the bank on management boards, at general meetings and owners' meetings and in other forums.

Where dialogue fails to bring about necessary changes, the bank will consider the following alternatives:

- Request the matter to be considered by the company's board of directors
- Take up the matter for consideration by the company's general meeting, shareholders' meeting or the like.
- Seek liquidation