

Sustainability policy at SpareBank 1 SMN

Trondheim, 30 September 2022

Background and purpose

The global community is in need of a rapid, comprehensive realignment if it is to eliminate poverty, combat inequality and halt the changes to the climate and nature. All sectors of society in Norway need to readjust. Sustainability thus represents a financial risk for the group, and there is a growing consensus that climate change is the most existential risk. There are at least three reasons for this:

1. It is global in extent
2. Its time horizon extends beyond the traditional business horizon, credit and loan maturities and the political cycle that normally shape our plans and decisions
3. The form and impact of climate change are in our own hands. Our actions will influence the path of emissions and the financial risk faced.

The financial sector is dependent on the confidence of customers and markets. As a financial services group, SpareBank 1 SMN plays an important role in stimulating the sustainable development of our region. Our customers, partners and the wider community have the clear expectation that the company's everyday operations, customer offering and social dividend will make an active contribution to this mission. SpareBank 1 SMN intends to lead from the front and set a good example.

The purpose of this policy is to guide the group's stance on and its work with sustainability, including the climate and environment, social conditions and responsible corporate governance (E, S and G).

Guiding precepts

The following guiding precepts underlie SpareBank 1 SMN's work on sustainability:

- The group's work on sustainability aims to ensure long-term profitability and competitive power
- The group's sustainability effort will be founded on the latest stakeholder, materiality and impact analyses
- The group's sustainability strategy and policy will be revised annually
- The group's annual energy and climate account will underlie the company's day-to-day operations
- All business lines will implement the group's sustainability strategy in their activities
- The group and the group's staff will inspire their own customers, suppliers and partners to commit to take account of the climate and environment, social issues and responsible corporate governance
- The group's steering committee for sustainability will coordinate joint activities and processes
- Dilemmas and significant problems will be addressed and resolved through the official channels

- Significant failures of compliance with the group's sustainability strategy will be recorded as incidents in the Betr database
- Policies and procedures published in the Sustainability Library will be in conformance with internal governance documents, processes and practices
- The group and the group's staff will never engage in greenwashing
- The group's sustainability efforts will be followed up as part of the respective companies' risk management and internal control process
- The group will conduct regular due diligence assessments with regard to basic human rights and decent working conditions

Scope

The policy applies to all employees, board members and consultants that perform tasks for the SpareBank 1 SMN Group. Agents, suppliers and other partners are expected to be familiarise themselves with SpareBank 1 SMN's policy on sustainability.

SpareBank 1 SMN's sustainability policy applies in full to subsidiaries and to partly owned companies/joint ventures where SpareBank 1 SMN has effective control through majority ownership, voting rules or operating responsibility.

Risk

SpareBank 1 SMN will perform regular risk assessments in the sustainability area on a group and company basis. Sustainability risk refers to material risks related to the climate and the environment, social conditions and corporate governance.

In areas where the risk assessment identifies a need for action, the group will establish appropriate, risk-based internal control measures to prevent, uncover and manage breaches of this policy.

The group will select business partners that reflect and represent our values and standards. Business connections or other collaboration with customers, suppliers and partners that pose a significant sustainability risk will be turned away.

Roles and responsibilities

The following roles with ensuing descriptions are central to the policy:

Director, Group Finance and Governance (CFO) has overarching responsibility for the group's sustainability effort

Director, Risk Management has responsibility for sustainability as an integral part of the group's risk and capital management.

Director, Technology and Development (CTO) is responsible for sustainability as an integral part of the group's innovation and business development.

Directors and CEOs are responsible for preparing guidelines for and compliance with the group's sustainability strategy.

Group chief sustainability officer (CSO) is responsible for developing and managing the group's ESG knowledge base and sustainability strategy, directing the work of the group's

ESG Committee, assisting customer acquisition when needed, and for representing the group at relevant venues and networks.

Group accounting manager is responsible for integrated reporting of financial and non-financial information.

Finance manager is responsible for integrating sustainability into forecasts, planning processes and corporate governance.

Real estate and procurement manager is responsible for sustainability as an integral part of the group's property management and purchasing practices, including due diligence assessments of the group's suppliers.

Manager, Treasury is responsible for sustainability as an integral part of the group's funding and liquidity management, and in its own investments.

Director, Communication and Brand is responsible for the group's external and internal sustainability communication, and for ensuring that community dividend resources are not allocated to organisations that fall short of the group's expectations as to accountability in regard to climate and environment, social conditions and corporate governance.

Director, Legal Services is responsible for identifying new legislation and regulatory requirements governing the group.

All managers and staff members in the group have an independent responsibility for ensuring compliance with the group's sustainability policy.

The Compliance Function is responsible for shaping and implementing relevant compliance checks, and for recommending improvements as and when needed. Observed weaknesses or breaches of compliance with this policy are communicated via a quarterly compliance report to the Board of Directors and the Group Management Team.

Training programmes and corporate culture

SpareBank 1 SMN will provide necessary and regular training programmes and guidance to ensure that group employees are in a position to assess the risk picture and to fulfil their obligations under this sustainability policy.

The Board of Directors, Group CEO and other executives have a particular responsibility for raising awareness and for setting a good example as role models of accountability in the climate and environment context. The tone from the top should be made visible through references to the sustainability policy.

Whistleblowing

SpareBank 1 SMN aspires to effective and appropriate channels for calling attention to circumstances that give rise to concern, including channels for a whistleblower to report anonymously. All managers and staff members are expected to report under established guidelines if they become aware of significant departures from the group's sustainability strategy.

Anyone who is uncertain as to what rules apply is urged to contact his/her immediate superior. That person has a specific responsibility for setting a good example, facilitating openness and ensuring awareness among his/her members of staff.

Approval and revision

The policy will be reviewed at least annually and updated as and when required. Based on the review, the policy document will be submitted to the board of directors for approval.

The group's policy provides a framework for compliance with the sustainability strategy across the entire group but requires adoption by each board of directors. Implementation of the strategy by the subsidiaries aims for the widest possible implementation of the framework, but with a basis in each company's scope and risk picture. All formal requirements of laws and regulations governing the businesses must however be complied with.

Revision history

Date	Version	Description	Author
01.09.2022	0.1	Document established	Jan-Eilert Nilsen
21.09.2022	0.8	Consideration by ESG Committee	Jan-Eilert Nilsen
23.09.2022	0.9	Approval by Group Management Team	Trond Søråas
30.09.2022	1.0	Approval by Board of Directors	Jan-Frode Janson