

Corporate Social Responsibility (CSR) Strategy SpareBank 1 SMN

Corporate social responsibility at SMN

SpareBank 1 SMN's CSR strategy follows a normal strategy process anchored in the bank's values embodying a purpose and ambition for the field, data collection, analysis, assignment of priorities, policy choices, change objectives and a framework for implementation in the form of roles, responsibilities, follow-up and reporting.

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Values

Of the four core values *Wholehearted, Responsible, Likeable* and *Skilled*, several cover SMN's CSR effort. However, *responsible* singles itself out as the most important guide for SpareBank 1 SMN's CSR efforts.

SpareBank 1 SMN's set of values

"Integrity, credibility, trust, breadth of vision and knowledge are all important qualities. We have summed them up in one word: Responsible. Being responsible means saying 'yes' when right to do so and 'no' when necessary."

Ambition and intention

SpareBank 1 SMN's CSR efforts are designed to strengthen competitiveness, reduce risk, attract good customers, investors and skilled employees as well as to boost innovation and contribute to the development of the region of which the Group is a part. By this means the bank creates value in a responsible and sustainable manner for all the Group's stakeholders.

SpareBank 1 SMN's ambition in the field of CSR

"SpareBank 1 SMN shall utilise corporate social responsibility as a competitive advantage through integrating CSR into all corporate governance and incorporating CSR in all governing documents, relevant policies and guidelines."

CSR at SMN

SpareBank 1 SMN has traditionally had a strong local footing, and an important part of SpareBank 1 SMN's social mission is to facilitate growth and development as a basis for society's welfare. In addition, SpareBank 1 SMN has a social commitment that is out of the ordinary, supporting more than 1,000 large and small causes each year. However, it is important to distinguish between social commitment, social role and social responsibility.

Social role

Through its core business, SpareBank 1 SMN covers many important needs in society: saving, credit, payment services, insurance, damage prevention, management of assets and investments etc.

Social responsibility (CSR)

Social responsibility means that SpareBank 1 SMN integrates ethical, social and environmental considerations into its day-to-day operations and in relation to its stakeholders.

Social commitment

SpareBank 1 SMN's social commitment is expressed inter alia through its donations fund, its collaboration with various charitable organisations and its policy of facilitating staff members' involvement in voluntary work.

Stakeholders and data collection

SpareBank 1 SMN aims to continuously identify, and engage, stakeholders and their inputs in decision processes that affect them. Good stakeholder treatment ensures the bank better information and a better foundation for good decisions. We meet the requirements and expectations of the bank's stakeholders in an open and constructive manner. SpareBank 1 SMN's stakeholder effort is therefore a continuous process.

Position

Update objectives for stakeholder activities, describe what impression of SMN it is desired that stakeholder groups should be left with

Identify

Update list of relevant stakeholders

Prioritise

Prioritise which stakeholders SMN is to engage

Calendar of meetings

Arrange meetings with relevant stakeholders

Hold meetings

Meet with prioritised stakeholders

Survey

Send questionnaire to prioritised stakeholder groups

Analyse results

Analyse the results, gaps and developments

Present to the board

Present results and developments to the board, and update plans and strategies

In its approach to stakeholder engagement, SpareBank 1 SMN shall:

1. Define stakeholders on a broad and strategic basis
2. Prioritise stakeholders according to their value to SMN and their interest in SMN, and be candid about what the bank gains from the stakeholder dialogue
3. Be open, clear, enquiring and constructive in dialoguing with the stakeholders
4. Take the stakeholders' views on board in corporate governance.

SMN conducted in 2017 a stakeholder process as described above, the results of which are described in the next chapter. The results are taken on board with a view to strategic priorities ahead.

Analysis and priorities

Going forward SpareBank 1 SMN will focus resources on themes of high importance both to the bank's external and internal stakeholders, and underpin the bank's overarching business strategy.

IMPORTANCE FOR EXTERNAL STAKEHOLDERS	High	Active ownership	Negative screening and exclusion New products and green innovation Marketing of products and services	Economic crime Ethics and anti-corruption Responsible credit practices Requirements on financial suppliers Personal data protection and information security
	Medium	Stakeholder dialogue	Supplier chain follow up Positive screening Customer dialogue and satisfaction HMS	Banking expertise Local business development Diversity and equal opportunity Innovation and digitalisation
	Low	Waste management Programme for those who fall out of working life Paper consumption Greenhouse gas emissions Water consumption and		Staff career development Sponsoring and contributing to the local community

		Energy consumption		
		Low	Medium	High
IMPORTANCE FOR INTERNAL STAKEHOLDERS IN SMN				

In addition to materiality, the table shows gaps and convergence in terms of what external stakeholders consider important and what internal stakeholders, represented by SMN Group management, consider important. Some contrasts in the priority given to internal matters, such as staff career development, are common. Differing priority given to active ownership is understandable since the bank invests very largely through financial suppliers.

SMN's external and internal stakeholders gave particular priority to the work on:

1. Economic crime
2. Responsible credit practices
3. Ethics and anti-corruption
4. Negative screening and exclusion through requirements on financial suppliers
5. New products and green innovation
6. Personal data protection and information security, innovation and digitalisation
7. Responsible marketing of products and services
8. Diversity and equal opportunity

SpareBank 1 SMN has a focus on the high priority areas today, and already gives much attention to stringently regulated fields such as economic crime. Other areas such as in-house environmental work can be taken forward without additional focus. Reporting openly in this area is important, however. Stakeholder activities, on the other hand, reveal a need to give added priority to some areas, particularly in light of external feedback. Themes related above all to the bank's products and services are considered to require greater attention in a CSR perspective.

Fundamental choices and objectives for change

SpareBank 1 SMN's main focus is regional, but it also has to take global considerations into account in all its activities. The bank aims in all contexts to conduct itself responsibly and in keeping with its own and internationally recognised principles of corporate social responsibility and sustainability. The Group has endorsed the UN Global Compact principles, and will report regularly with respect to those principles. The Group also aims to endorse the UNEP Statement of Commitment by Financial Institutions on Sustainable Development and the UN Principles for Responsible Investments. ISO 26000 on social responsibility and the CSR Ladder provide further central themes.

Responsible products and services

Going forward SpareBank 1 SMN will employ CSR and partnerships to enable sustainable innovation in the company and green growth. CSR will also be given emphasis in the bank's investment, lending and credit decisions.

- (a) SMN will develop new products and services in the fields of asset management, deposits and lending that contribute to a sustainable development
- (b) SMN will implement "Our requirements on sustainability in our lending and our owner positions" and our policy on responsible investments
- (c) SMN will extend ESG requirements to asset managers

- (d) SMN will work continuously to ensure protection of customers' personal data
- (e) SMN will enhance customers' experience of the bank's accessibility and presence

Communication and openness

SpareBank 1 SMN will base its CSR effort on openness and transparency, and will proactively communicate CSR and further professionalise its stakeholder activities.

- (f) SMN will build confidence in the corporate social responsibility and sustainable operation adopted across the entire Group
- (g) SMN will engage and dialogue with stakeholders to systematise its efforts towards stakeholders in general and will in particular strengthen SMN's contact with local, regional and national authorities and organisations
- (h) SMN will raise the Group's score on established assessments of the Group's CSR and endorse established international principles and obligations
- (i) SMN will report in accordance with the Global Reporting Initiative (GRI standard) on its CSR performance at least once a year
- (j) SMN will seek partnerships that promote the bank's development of profitable and sustainable products and services
- (k) SMN will communicate clearly the company's policy on CSR

Ethics and anti-corruption

SpareBank 1 SMN will work systematically on ethics and anti-corruption

- (a) SMN will continue to improve and implement ethical guidelines
- (b) All companies for which SMN is legally responsible shall have zero tolerance of corruption in their own business. SMN shall maintain openness with regard to ownership structure and to transactions between the company and the company's management
- (c) SMN will systematically safeguard against, uncover and deal with fraud and other criminal acts.

Environment and climate

SpareBank 1 SMN will continue its drive to lower its own consumption, and at the same time strengthen its effort to reduce the environmental and climate burden of its customers, suppliers and its own operations.

- (d) SMN will reduce the bank's consumption of materials and energy
- (e) SMN will implement the SpareBank 1 Alliance's "Standard Annex on CSR" in purchase agreements
- (f) SMN will certify its offices as 'environmental lighthouses' with a view to reducing costs and the environmental burden and to strengthening its reputation and position in tender processes

Staff and organisation

SpareBank 1 SMN's aim is that all offices should at minimum be on a par with the banks' national average in terms of key performance indicators for HMS. SMN will be a driving force for CSR in the SpareBank 1 Alliance.

- (a) SMN will work systematically to reduce sickness absence, and will maintain a particular focus on offices and divisions with a high rate of sickness absence.

- (b) SMN will be a driving force in strengthening cooperation on CSR within the SpareBank 1 Alliance
- (c) SMN will enhance its own CSR expertise
- (d) SMN will increase awareness of CSR amongst its own staff

Roles and responsibilities

- SpareBank 1 SMN's CSR strategy is anchored in the Board of Directors, and shall be reviewed every second year.
- The Group CEO establishes overarching objectives and measures related to CSR. The Group CEO has the ultimate responsibility for ensuring that objectives and measures are acted on and complied with.
- The executive directors are responsible for ensuring that each of their respective areas develops specific, measurable, relevant and timed objectives and measures that support the objectives for change in SMN's CSR strategy. The executive director for communications and society is responsible for integrating these elements into objectives and action plans.
- The executive director for communications and society shall have responsibility for providing advice as regards developing and exercising CSR across the entire Group, including the subsidiaries. Responsibility for maintaining and developing the Group's CSR policy also rests with the executive director for communications and society.

Follow-up and reporting

- All managers at SpareBank 1 SMN are responsible for ensuring that objectives and measures contributing to a sustainable development and social responsibility are relevant to the Group's activities. The managers are also responsible for implementing adopted measures and for ensuring that all staff members within their particular area of responsibility are familiar with the measures concerned.
- An annual internal control review is carried out to check compliance with and knowledge of the strategy. The result of this review is reported to the board of directors.