



# Sustainability and Climate Strategy

Strategy Period 2026–2030

Sustainability and climate strategy for SpareBank 1 Sør-Norge

# The customers ally in the sustainability transition.

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## Background and Context

The Group’s sustainability strategy is informed by a broad set of development trends:

- **The time for picking low-hanging fruit is over.** Businesses have reached the point where effective sustainability measures come at a cost, shifting the focus to the profitability of sustainability investments, whether something is financially material, and whether impacts truly matter.
- **Climate risk is increasing, and costs are following.** Greenhouse gas emissions continue to rise, bringing more extreme weather, infrastructure damage, and rising insurance costs.
- **At the same time, renewable energy and battery technology prices are falling dramatically,** driven by massive investment in China and the USA. While the USA is now moving away from this focus in favour of fossil energy sources and positioning itself as a “petrostate,” Europe has significantly strengthened efforts in energy efficiency and renewable energy following the energy crisis caused by the war in Ukraine. For banks,

this means new opportunities to finance green energy, but also a responsibility to support the transition to a low-emission society.

- **Green transition, digitalisation, and increased defence spending in turbulent times require access to critical raw materials**—which China largely controls. The USA is trying to catch up, and Norway has significant deposits. However, mining—both on land and seabed—raises complex questions about nature, local communities, and responsible resource management.
- **Loss of nature and biodiversity is happening at a rapid pace, including in Norway.** Every day, valuable natural areas disappear, and thousands of species are threatened. The financial sector is directly and indirectly dependent on nature’s ecosystem services—from water and biomass supply to regulating functions such as climate stabilisation, flood control, and pollination. These services are a source of both value and risk. Nature loss and weakened ecosystems can affect creditworthiness, investment returns, insurance risk, and operational continuity.
- **The shift from a linear to a circular economy is underway.** Resource efficiency, reuse, repair, and redesign are becoming increasingly important—both to reduce environmental impact and to secure access to materials. This also affects how the financial sector assesses risk and opportunities.
- **Digitalisation and artificial intelligence (AI) offer great opportunities, but also new risks.** Responsible use of AI, privacy, cybersecurity, and ethical data processing are becoming increasingly important—both from a regulatory and reputational perspective—for banks. AI has clear benefits: increased productivity, the ability to solve new tasks quickly and avoid routine work, thereby improving job satisfaction and customer experience. This also applies to sustainability, and we aim to leverage these opportunities. However, AI poses challenges related to several sustainability topics that are material to the Group and central to the sustainability strategy:
  - *Climate and environmental transition:* Emissions, electricity consumption, and other resource use (especially water consumption) linked to data centre operations.
  - *Equal opportunities for all:* Potential discrimination due to biases in training data, indirect links to poor working conditions in the value chain (manual data and content processing in low-cost countries), responsible use of AI in marketing, and the fact that funds we distribute may be invested in companies using AI solutions for surveillance and warfare
  - *Trust and transparency:* Privacy, data security, and ethical considerations and openness regarding our use of AI
- **Respect for human rights is becoming increasingly important**—both in ethical assessments related to AI and in the rest of the Group’s sustainability work. The Group has mapped its human rights impact as part of due diligence under the Transparency Act. In its roles as a distributor of fund products, purchaser, lender to businesses, financial service provider to the retail market, and employer, it is particularly relevant for the Group to assess the likelihood of human rights violations.

- **Closely related to this:** Whistleblowing, conflicts of interest, tax ethics, and responsible supplier management are becoming increasingly important. Our stakeholders—from customers to authorities—expect us to act responsibly and transparently, even in complex value chains.
- **Regulatory requirements and reporting obligations within sustainability are increasing in scope and complexity**, primarily for us as a financial institution. This changes our sustainability work from voluntary efforts to regulatory duty and gives us greater responsibility to assess sustainability in investments and lending. However, most of our customers will face these requirements later and to a lesser extent than previously anticipated, due to EU regulatory simplifications (“omnibus”). The regulations will still allow us to request significantly more information from customers than we do today.
- **Social disparities, exclusion, and local value creation are gaining attention.** Banks play a significant role in supporting local communities, small businesses, and social entrepreneurship.
- **At the same time, we see a potentially serious labour shortage ahead.** Green transition, healthcare, care services, and defence require people—while the population is ageing and many are falling outside the labour market. Inclusion, diversity, and social sustainability will therefore be crucial to securing future competence and value creation.

These trends are not just the backdrop for our sustainability strategy—they are the very reason we have one. SpareBank 1 Sør-Norge aims to help build a more resilient, fair, and forward-looking society. Our strategy is anchored in the Group strategy and operationalised through clear goals and management tools. It is about taking responsibility—and about seeing opportunities.

## Ambition

In a world of increasing uncertainty, it is more important than ever that SpareBank 1 Sør-Norge stands firm on the Group’s sustainability ambition: **to contribute to the transition by being the customer’s ally in the sustainability shift.**

This means that sustainability must be integrated into the Group’s core business—in everything we do:

- How we create valuable customer experiences
- How we deliver results
- How we run our operations
- How we collaborate internally and externally
- How we contribute to the society around us

All employees should have an active and responsible approach to sustainability. In practice, this means that sustainability considerations must be integrated when we:

- Decide on new or changed products and processes.
- Develop credit tools for the corporate and retail markets.
- Make major investment decisions.
- Develop employees’ core competencies.

This is not a new strategic initiative for the Group, but a continuation of a direction that has been firmly established for several years. This direction is also anchored in the Group strategy.

### Strategic Foundation and Link to Group Strategy

The sustainability strategy is anchored in the Group’s overall strategy. The Group’s purpose is to empower growth and development, and this cannot be achieved over time unless impacts, risks, and opportunities related to climate, environment, social sustainability, and business conduct are taken into account. This also applies to the Group’s main strategic objectives:

- Strong customer relations
- Profitable growth – increased cost effectiveness
- An attractive workplace

**Sustainability is one of SpareBank 1 Sør-Norge’s strategic focus areas.** These focus areas describe how the Group will achieve its ambitions.

This means that each business area must define goals and action plans to ensure that the objectives in the sustainability strategy are implemented and integrated into the Group’s overall operations.

### Strategic Priorities within Sustainability

A new strategy provides an opportunity to update and set new priorities. These strategic priorities clarify how the Group will work to achieve its sustainability goals:



The Group’s most significant impact is through the work conducted with customers—through the companies, projects, and investments the Group finances—where we can influence customer choices and guide them towards a more sustainable direction. We are an ally when we finance sustainability initiatives initiated by the customer, but also when we propose measures we believe will reduce risk or increase opportunities within sustainability for customers, when we raise awareness of such opportunities and risks through sound advice, and when we apply the same requirements to our own operations as we do to customers.

The Group also has considerable influence as a purchaser of goods and services. It is important to avoid contributing to breaches of sustainability factors in the value chain, but also to be conscious and set requirements for our suppliers.

The climate challenge is perhaps the greatest challenge within sustainability. However, the challenges faced by banking and finance related to social sustainability—and especially the link between social sustainability, climate change, and transition risk in the climate area—are becoming increasingly evident. Therefore, SpareBank 1 Sør-Norge will strengthen its focus on

social sustainability towards customers, suppliers, and society at large. We will present a transition plan for social sustainability during the strategy period.

The Group’s climate transition plan is one of the most important plans guiding the sustainability work. To succeed with the goals in the transition plan, it is crucial to *translate transition plans into concrete measures for advisers and customers*. This will also apply to the social sustainability transition plan.

Sustainability work should not occur in isolation from business operations but contribute to the Group’s main strategic objectives. Sustainability initiatives must be commercially anchored and integrated into the Group’s commercial strategy and business development. In practice, this is achieved by developing sustainability competence and including sustainability topics in relevant strategic initiatives, projects, and processes for new and modified products. Work on sustainability reporting should be leveraged to specify strategy, goals, KPIs, and measures within sustainability, but should primarily be based on and adapted to the existing strategies, goals, KPIs, and measures of the business areas.

If employees are to succeed in being an ally for the customer and contribute to the initiatives, projects, and processes mentioned above, they must understand the choices and dilemmas customers face. This requires solid insight and competence. SpareBank 1 Sør-Norge will therefore, in this strategy period, also prioritise *increasing sustainability competence among employees*. For the business divisions, this will be integrated more closely into the overall competence development than before.

These strategic initiatives will help us work even more effectively towards the sustainability goals we have set.

## Double Materiality Analysis and Material Sustainability Topics

SpareBank 1 Sør-Norge has conducted a double materiality analysis based on dialogue with our stakeholders and internal assessments. This analysis considers both how various sustainability factors affect the company’s financial risks and opportunities (*financial materiality*) and how the company’s activities impact different sustainability factors (*impact materiality*). The analysis is reviewed at least annually and forms the basis for which reporting standards (European Sustainability Reporting Standards – ESRS) the Group reports under the Corporate Sustainability Reporting Directive (CSRD). CSRD aims to promote transparency, improve data collection, and increase awareness of companies’ sustainability efforts, thereby ensuring that businesses contribute to achieving the EU Green Deal’s goal of net zero emissions by 2050.

The double materiality analysis also forms the foundation of the sustainability strategy. SpareBank 1 Sør-Norge has identified the following standards as material for our business:

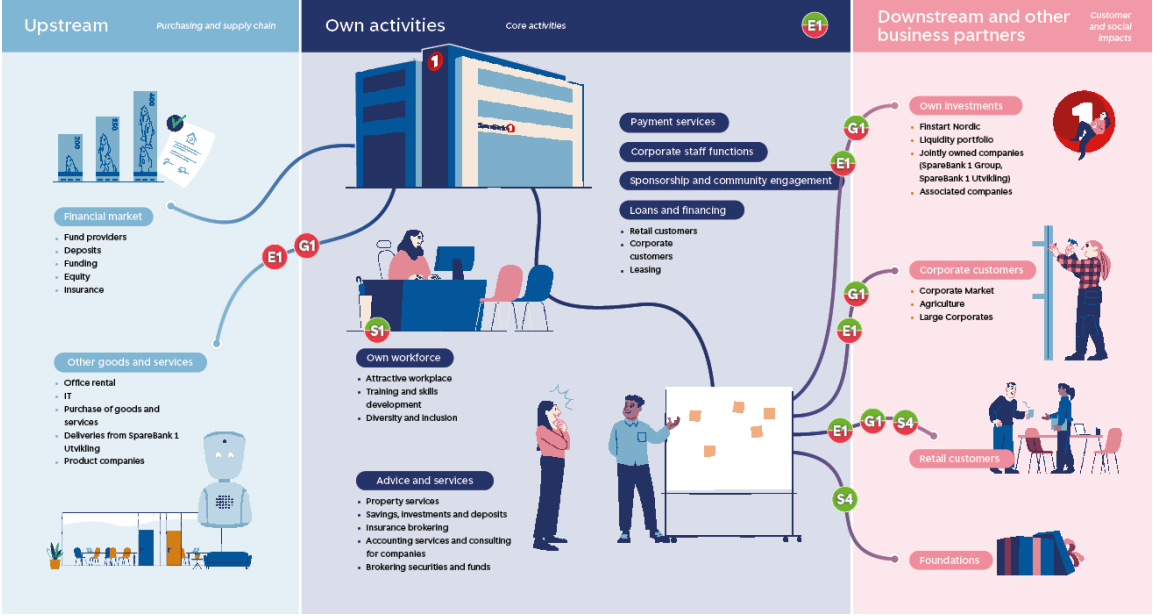


Overall, the material topics can be grouped into three categories:



These categories also correspond to the ESG framework (Environmental, Social, and Governance), commonly used in sustainability assessments of companies.

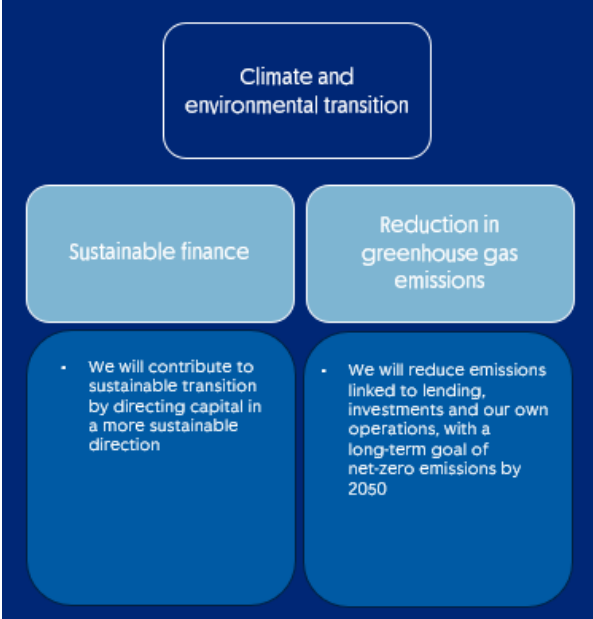
Our material impacts, risks, and opportunities within these topics are distributed across our value chain (red circles indicate negative impact and/or risk, green circles indicate positive impact and/or opportunity).



In the sustainability strategy, we have set goals and ambitions for the sustainability topics highlighted as most material for the Group.

Under these three main topics, subtopics, objectives, and measures have been identified to ensure that the Group’s activities contribute to the overarching goals.

# Climate and Environmental Transition



## *Sustainable Financing*

We aim to contribute to a sustainable transition by directing capital towards more sustainable activities. The financial industry’s most important tool in this transition is responsible investment, ensuring that capital is allocated to activities that remain viable in a society operating within nature’s limits. The industry can be a driving force, but it depends on external factors such as policy, regulation, markets, and technology to set direction and momentum. SpareBank 1 Sør-Norge will do its part and has set a goal that *at least 25% of the total lending portfolio will qualify as sustainable by 2030.*

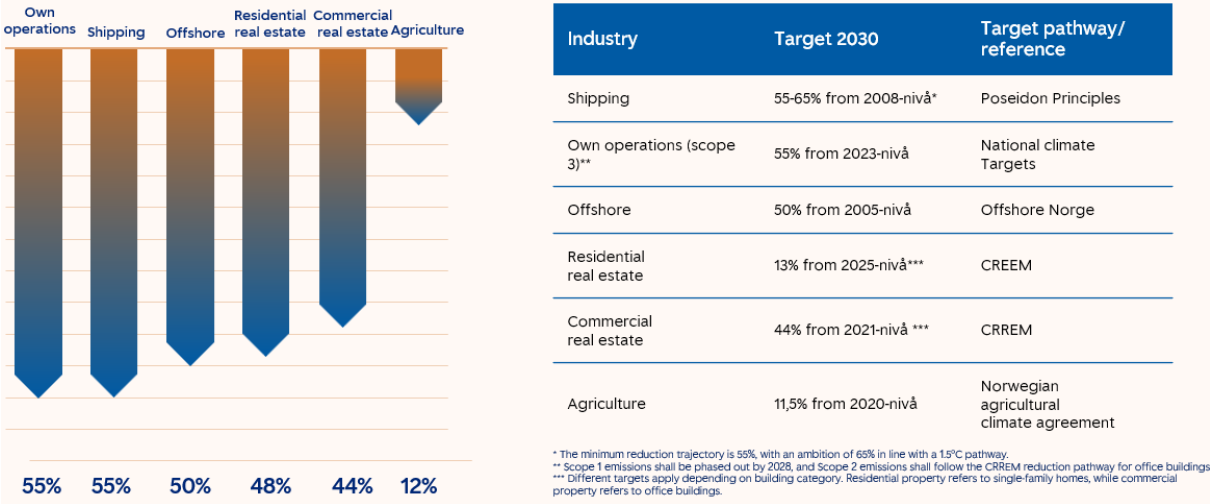
The Group has developed a framework for sustainable financing that defines which loans qualify—covering areas such as greenhouse gas reduction, climate adaptation, pollution prevention and control, circular solutions, biodiversity, and sustainable management of living resources, natural resources, and land use. The framework, which supports investments in everything from green buildings and renovation of existing properties to solution providers in renewable energy and cleantech, will be updated in line with regulatory and market developments.

The Group has invested significant effort in ensuring data collection and quality for measuring and monitoring sustainable financing and will remain transparent about progress in this work. Progress is measured monthly and reported externally on a quarterly basis. As this is an evolving field, changes in definitions may occur that affect the Group’s progress and goal achievement.

## *Reduction of Greenhouse Gas Emissions*

We aim to contribute to reducing greenhouse gas emissions by working to lower emissions from our customer portfolio and by reducing the climate footprint of our own operations, products, and services—with a long-term goal of net zero emissions from lending, investments, and operations by 2050. Progress is measured annually. These targets are detailed in the Group’s climate transition plan, which includes 2030 interim targets for sectors where we have

developed emission reduction pathways based on estimated financed emissions (shipping, oil and gas, agriculture, commercial real estate, and residential real estate), as well as our own operations.



Although emissions from our own operations are very limited compared to financed emissions, we will do our part and have established a transition target for our own operations. The ISO14001 methodology helps us work systematically to achieve this goal.

### Equal Opportunities for All



For a Norwegian savings bank with strong local roots, working on social sustainability is a given. Just as with climate and environmental efforts, the Group has both an impact on its own organisation and a responsibility to ensure that social sustainability is considered internally. But more importantly, we can drive change by influencing our customers to make more sustainable choices for their employees, suppliers, and customers. Therefore, we distinguish here between goals for internal and external social sustainability.

### *Social Sustainability within Our Own Organisation*

To strengthen efforts on equality and diversity internally, we have established a dedicated group to work on these issues going forward. We have set ambitious goals that are challenging to achieve in the short term but are the right direction for the long term:

- Strive for gender balance in leadership and senior specialist roles.
- Map our diversity to leverage its value.
- Ensure employees build the sustainability competence they need for their roles.
- Maintain a balance between work and leisure.
- Promote equal opportunities and equal pay.

Equal opportunities mean ensuring diversity and inclusive processes in recruitment, competence development, and remuneration. Our work environment and culture must be characterised by zero tolerance for discrimination, harassment, and bullying. We will value different perspectives and harness the benefits of diversity, and we will accommodate employees with various disabilities. Our leaders must become skilled at managing diversity.

### *Social Sustainability for Customers, Suppliers, and Partners*

As a financial group, SpareBank 1 Sør-Norge has significant potential to influence customers, suppliers, and partners on social sustainability.

There is an income and wealth gap between men and women in Norway, and as a bank, we have both the opportunity and responsibility to help close this gap. This can be achieved through awareness-raising, advisory services, and thoughtful product and service development.

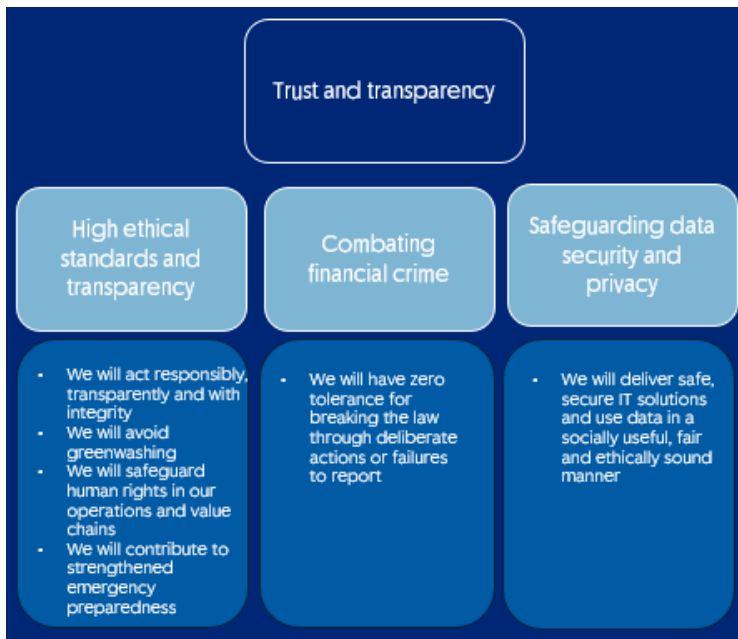
Financial and digital exclusion is a growing problem due to rapid digitalisation combined with demographic changes (more elderly people, more refugees, and more people with disabilities). It is particularly important that large institutions like banks avoid exacerbating these challenges. Through numerous well-adapted physical branches and collaboration with municipalities, we help ensure access to financial services for groups that often face difficulties. Online and mobile banking are fantastic innovations—for those who can use them. We have—and take—social responsibility to ensure that as many people as possible can participate in the digital society.

Considering social sustainability gives businesses a major advantage with employees, customers, owners, and others. We want to take a position and highlight these benefits for our corporate customers. Initially, this involves raising awareness about meeting legal requirements such as the Transparency Act, the duty to act and report, and the law on gender balance in boards. But there are much more companies can do to take a position and make meaningful contributions to social sustainability—and SpareBank 1 Sør-Norge can play a role here.

For external social sustainability, we have set the following objectives:

- Contribute to financial equality in relationships, businesses, and society at large.
- Create and secure jobs and combat social exclusion.
- Be close to customers—digitally and locally—by promoting financial health and financial and digital inclusion.

## Trust and Transparency



Trust is the most important prerequisite for running a bank. For the Group, combating financial crime, safeguarding data security and privacy, and maintaining high ethical standards and transparency are particularly material topics within business conduct.

### *High Ethical Standards and Transparency*

Our advice and solutions must be characterised by openness and transparency, with behaviour that is honest and trustworthy. SpareBank 1 Sør-Norge will work actively and systematically to maintain trust in the financial markets.

- Our employees must always uphold high ethical standards and annually review and sign our ethical guidelines.
- We will be open and honest about our sustainability initiatives and avoid any form of greenwashing.
- We will ensure respect for human rights by promoting transparency in supply chains within our own operations and among our customers.
- We will contribute to strengthened preparedness for our customers and in the local communities where we operate.

We make responsible investments that consider risks, impacts, and opportunities related to climate, environment, social factors, and corporate governance. This applies both to companies in which the Group holds ownership stakes and through requirements and expectations we set for managers of mutual funds we offer to customers.

The Group's contribution to preparedness and payment security is highly relevant in a time of significant geopolitical uncertainty. Increasing threats such as cyberattacks, natural disasters, and geopolitical events can affect both customers and the bank's own operations. Considering Norway's national preparedness plan emphasising climate-related threats, and the Armed Forces' focus on local self-sufficiency in energy and food, our work on sustainable financing and

reducing greenhouse gas emissions has a preparedness dimension. The same applies to our efforts for financial inclusion. By prioritising security and preparedness, the bank can protect its assets, maintain customer and investor trust, and ensure continuity of critical services during crises.

#### *Combating Financial Crime*

Financial crime, such as labour market crime and money laundering, is a serious societal problem that we actively work to combat.

- We have zero tolerance for breaking the law through deliberate actions or failures to report.

The importance of complying with sanctions regulations has increased with geopolitical unrest in our region. Violations can result in fines, reputational damage, and loss of access to international payment systems.

#### *Safeguarding Data Security and Privacy*

In an increasingly connected and digital world, data security is becoming more critical. We receive and store substantial amounts of (customer) data, which we have a responsibility to manage with the highest level of professionalism—both through our IT solutions and the competence of our employees.

- We will deliver secure and reliable IT solutions and use data in a socially beneficial, fair, and ethically responsible manner.

## Other Regulatory Guidelines for the Sustainability Strategy

In addition to CSRD and the area-specific legal requirements mentioned above, other laws and regulations also shape the Group's work on sustainability and its sustainability strategy.

*The Financial Institutions Act, capital requirements regulation, and the Capital Requirements Directive* require financial institutions to have an overview of all material risks, including sustainability risks. This includes climate risk, nature loss, and transition risk. The Board must approve and regularly review risk management guidelines, and sustainability risk must be integrated into assessments of capital needs and internal control.

The Financial Supervisory Authority also expects sustainability risk to be included in the bank's risk management systems and assessed in supervisory processes such as the Internal Capital Adequacy Assessment Process (ICAAP), the Internal Liquidity Adequacy Assessment Process (ILAAP), and the overall supervisory review of the business (Supervisory Review and Evaluation Process – SREP). This includes stress testing climate risk, assessing sustainability risk in credit strategy and collateral valuation, and integrating sustainability into credit approval processes and credit manuals.

SpareBank 1 Sør-Norge has reported under *the EU Taxonomy Regulation*, which defines what constitutes sustainable economic activities. The taxonomy has promoted greater transparency, helped reduce greenwashing, and strengthened trust in the bank's sustainability work among

customers, investors, and authorities. Since the taxonomy has only been relevant for parts of the bank's lending activities, the Group has developed its own framework for sustainable financing.

The Group is defined as a financial adviser under the *Sustainable Finance Disclosure Regulation (SFDR)* and must therefore disclose how sustainability and sustainability risks are considered in advisory services. The regulation aims to reduce greenwashing, strengthen customer trust, and ensure that the Group operates in line with EU sustainability rules.

Greenwashing and other misleading marketing are also prohibited under the *Marketing Act*.

Under the *Securities Trading Act*, the Group is required to include sustainability risk in risk management, map customers' sustainability preferences, and offer products tailored to these preferences.

The Group is subject to the *Transparency Act*, which requires openness about how the bank handles human rights and working conditions in its operations and supply chain. The Group conducts due diligence assessments, identifies risks, and reports on how these are managed.

The Group has an *activity and reporting obligation* under the *Equality and Anti-Discrimination Act*, which involves identifying challenges, implementing measures, and reporting annually on results. This contributes to a more inclusive workplace, which can improve employee satisfaction, attract talent, and enhance our reputation. It also strengthens and supports the Group's work on social sustainability. The *Working Environment Act* regulates several aspects of internal social sustainability, such as work-life balance and sick leave.

The *Equality and Anti-Discrimination Act* also require universal design of both digital solutions and premises, and the *Financial Contracts Act* sets requirements for digital accessibility.

Fraud and other financial crime are covered by the *Penal Code*, sanctions violations by the *Sanctions Act*, and the *Anti-Money Laundering Act* covers measures against money laundering and terrorist financing. The *Public Limited Liability Companies Act* sets general requirements for corporate governance. The *Personal Data Act* covers privacy, and the *ICT Regulations* cover cybersecurity.

## Follow-up and Action Plans

We continuously measure progress on the goals and measures outlined in the sustainability strategy and report to the Board and management, as well as externally at regular intervals and at least annually. Each business area is responsible for preparing an action plan to ensure its contribution to progress and for reporting in accordance with this plan.

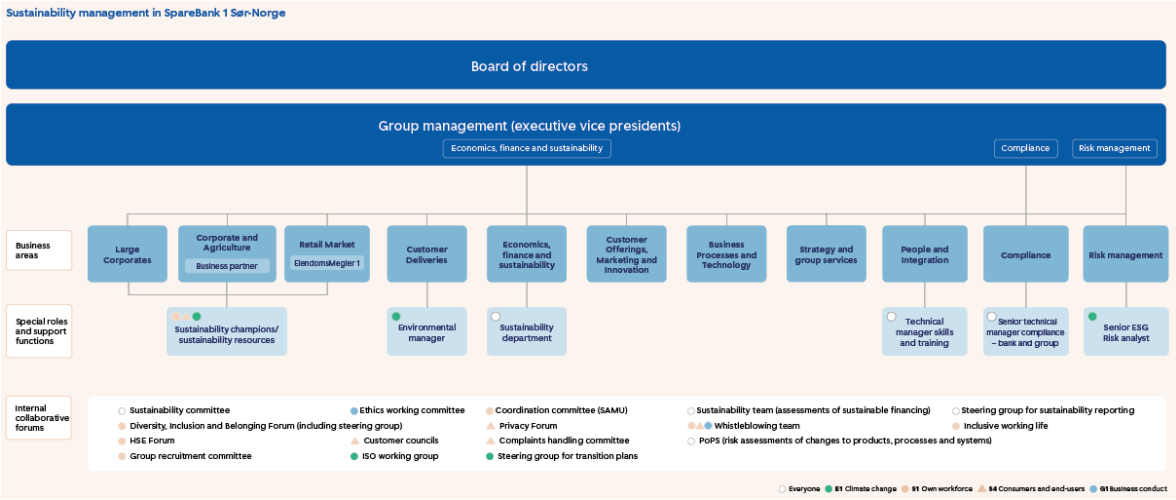
Policies and guidelines related to the follow-up of the strategy are largely in place, but some work remains regarding external social sustainability. KPIs for many of the impacts, risks, and opportunities we have defined as material are either already established or will be in place by 2025. These, along with relevant measures, will be reported in the sustainability report and as part of regular corporate governance reporting.

# Responsibilities and Roles

The Board has overall responsibility for the Group’s contribution to and management of sustainability. This responsibility is delegated to the CEO and further to the CFO. The Group’s sustainability department has overarching responsibility for monitoring progress and goals through roadmaps and annual cycles within the Group’s Sustainability Council.

Each business area is responsible for following up and adapting policies, guidelines, action plans, measures, indicators, and targets related to the sustainability strategy and policy, the Group’s double materiality analysis, and specific sustainability-related legal requirements within its own area of responsibility. The business area is also responsible for identifying and assessing impacts, risks, and opportunities to reduce negative impacts and risks, strengthen positive impacts, and leverage opportunities. Relevant projects and teams must have sustainability competence.

The distribution of responsibilities and roles within sustainability in the Group is illustrated in the figure below.



# Collaboration within the SpareBank 1 Alliance

It is part of the Group’s strategy that SpareBank 1 Sør-Norge should act as a driving force in realising value and leveraging economies of scale through collaboration within the SpareBank 1 Alliance. This also applies to sustainability—for example, in areas such as procurement, fund distribution, models for sustainability assessments of corporate customers, handling and analysis of sustainability data, reporting, and competence development.

# Other Dependencies and External Stakeholders

Stakeholder dialogue is an important part of the work on double materiality analysis and due diligence assessments that form the basis of the sustainability strategy. To achieve our goals, we are entirely dependent on customers, industry organisations, authorities, and support mechanisms pulling in the same direction.

## Other documents addressing material sustainability topics.

- Group Strategy and Business Plan
- Strategic Group Scorecard
- Sustainability Policy
- Code of Conduct
- Climate Transition Plan
- Risk Strategy
- AI Strategy
- Business Divisions' Scorecards and Strategies
- Policy for Conflicts of Interest
- Policy for Procurement
- Policy for Privacy
- Policy for Information Security
- Policy for Data and AI Governance
- Policy for Product and Service Management
- Policy for Anti-Corruption
- Policy on money laundering, terrorist financing, and sanctions measures
- Executive Remuneration policy in SpareBank 1 Sør-Norge
- Annual Sustainability Report
- Executive Remuneration Report
- Risk Report
- Compliance Report
- Internal Audit Report
- Corporate Governance Report
- ICAAP and Pillar III Reporting
- ISO 14001
- Due Diligence Statement under the Transparency Act
- Equality and Non-Discrimination Statement (ARP)