



Sustainability in SpareBank 1 SR-Bank

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1. SpareBank 1 SR-Bank's approach to sustainability

1.1 SpareBank 1 SR-Bank is a responsible corporate citizen and a driving force behind the green shift

SpareBank 1 SR-Bank wants to be a driving force behind, and facilitator of, the necessary transition to a low-emission society in order to achieve the targets set out in the Paris Agreement. The group's activities should contribute to cutting greenhouse gas emissions at both a national and a global level by facilitating and setting requirements for customers, suppliers and partners.

SpareBank 1 SR-Bank is a proactive financial services group with national distribution. As Norway's second largest Norwegian-owned bank, the group provides financial muscle for growth, value creation, and profitability for customers, society, and our owners. The group has a physical presence in Rogaland, Hordaland, Agder and Oslo. Its head office is in Finansparken in Stavanger. SpareBank 1 SR-Bank is a fully fledged financial services group offering traditional banking services such as loans, insurance and savings products, securities trading, accounting services and estate agency services for both retail and corporate customers.

As an organisation, SpareBank 1 SR-Bank takes a proactive approach to sustainability and responsibility for the environmental challenges society faces. Sustainable development is defined as development that meets "the needs of today's generation without compromising those of future generations" (Brundtland Commission, 1987).

The group is focusing on three main areas in order to create sustainable development: the climate and environment, the economy, and social conditions. The group will not, directly or indirectly, participate in violations of human and labour rights, corruption, serious environmental harm or other actions that could be considered unethical. This applies both internally and in relation to society as a whole. Our responsibilities encompass products and services, consultancy and sales, investment and credit decisions, marketing, procurement, corporate governance and business administration. Internally, our sustainability responsibilities also encompass HSE, ethics, equal opportunities and environmental efficiency.

1.2 SpareBank 1 SR-Bank's global responsibilities – organisations and international principles supported by the group

SpareBank 1 SR-Bank is first and foremost a financial services group for Southern Norway, although the group is highly cognisant of how its decisions can have an impact in both a local and a global context. The group's overall work on sustainability is based on the 17 UN Sustainable Development Goals (SDGs) and the Paris Agreement. Extensive cooperation across sectors will be required for the world to achieve the SDGs and Paris Agreement. The group is, therefore, a member of a number of global initiatives, both to quality assure the group's own work and to support the work on sustainability in other sectors.

1.2.1 Global initiatives

UN Sustainable Development Goals

The group has identified three SDGs where the group can have the greatest impact thanks to its core business. It has stipulated targets and associated measures for each of the SDGs it is particularly focusing on. The measures are anchored in an action plan linked to the sustainability strategy and will be implemented during the selected strategy period, which extends to the end of 2021.

UN Global Compact

SpareBank 1 SR-Bank has signed up to the UN Global Compact, the world's largest initiative for corporate social responsibility. The group recognises and supports the UN Global Compact's 10 principles of sustainability. The 10 principles of sustainability apply to the entire group and all business areas. This means that they apply to all of the group's operations, including subsidiaries, irrespective of customer group and organisational affiliation. As a member, the group reports annually to the UN Global Compact at advanced level and plays an active part in the Global Compact Network Norway. Global Compact Network Norway's mission is to strengthen both society's and companies' work on sustainability. SpareBank 1 SR-Bank believes it is important to enable companies to enhance their sustainability work through a joint platform for knowledge and sharing experience.

UN Principles for Responsible Banking

The United Nations Environment Programme Finance Initiative (UNEP FI) launched the Principles for Responsible Banking in 2019. These are designed to ensure that the banking industry is a driving force behind achieving the SDGs and the Paris Agreement. SpareBank 1 SR-Bank signed up to the principles when they were launched and has thus committed itself to cutting its direct and indirect CO2 emissions in line with the national obligations under the Paris Agreement. The group has committed itself to carrying out and implementing measures that support the principles over 4 years from when it became a signatory and up to the end of 2023.

1.3 Frameworks SpareBank 1 SR-Bank complies with:

1.3.1 OECD Guidelines for Multinational Enterprises

SpareBank 1 SR-Bank's governing documents that deal with sustainability are based on, among other things, the OECD Guidelines for Multinational Enterprises and are in line with the UN's guiding principles for business and human rights. The OECD Guidelines for Multinational Enterprises are recommendations from the OECD countries for all business sectors. The objective of the guidelines is to promote positive contributions from companies to economic, environmental and social progress throughout the world.

1.3.2 Global Reporting Initiative (GRI)

SpareBank 1 SR-Bank's reports in line with the leading international standard within sustainability reporting, the Global Reporting Initiative (GRI). One of the main principles of the GRI Standards is to report on the most important factors for a company in relation to their impact on the environment, people, and society. Sustainability is an integral component of the group's operations and the GRI reporting has been integrated into the annual report. The GRI indicators SpareBank 1 SR-Bank reports on are based on the materiality analysis conducted in 2018 and which still applies.

1.3.3 CDP reporting

SpareBank 1 SR-Bank submits CDP reports, which is a global system for measuring, reporting and sharing climate and environmental information. To read the report and for an updated score see the CDP website: <https://www.cdp.net/en>

1.3.4 Task-Force for Climate related Financial Disclosures (TCFD)

SpareBank 1 SR-Bank focuses heavily on climate risk and complies with the recommendations of the Task-Force for Climate related Financial Disclosures (TCFD) for reporting on climate risk. The group's climate risk reporting can be found in SpareBank 1 SR-Bank's annual report.

1.3.5 Initiative for Responsible Ship Recycling:

SpareBank 1 SR-Bank supports the Initiative for Responsible Ship Recycling (RSRS) which is a voluntary initiative led by

leadingbanks. The initiative advocates the responsible breaking up and recycling of vessels and aims to minimise the adverse consequences of noxious and environmentally hazardous waste on board. The principles behind RSRS will form part of our engagement with shipping companies that wish to become, or already are, the group's customers. The principles form an integral part of SpareBank 1 SR-Bank's loan agreements and other terms and conditions.

1.3.6 Poseidon Principles

In 2020, SpareBank 1 SR-Bank signed up to the Poseidon Principles, a global framework in which banks work together to encourage their shipping customers to abide by good responsible environmental standards. SpareBank 1 SR-Bank was the 19th bank to sign up to this global framework and to achieving 50 per cent lower greenhouse gas emissions from shipping by 2050. The group has committed itself to collecting data on its customers' emissions on an annual basis and to publishing aggregated data. A great deal of weight will be given to environmental standards when new loans are granted within the shipping industry.

1.3.7 The Norwegian State Pension Fund Global, the Norwegian Sustainable Investment Forum (Norsif) and the UN Principles for Responsible Investments (UN PRI)

SpareBank 1 SR-Bank and SpareBank 1 SR-Forvaltning, which is wholly owned by SpareBank 1 SR-Bank, complies with the Government Pension Fund Global's ethical exclusion list with respect to the companies it invests in or to which it provides credit. SR-Forvaltning is a member of the Norwegian Sustainable Investment Forum (Norsif) and has signed up to the UN Principles for Responsible Investment (UN PRI).

1.4 Sustainability is an integral component of the group's operations

1.4.1 The group's stakeholders and key sustainability themes

SpareBank 1 SR-Bank is best able to influence society to move in a more sustainable direction through its core business. Its core business mainly involves providing loans in the retail and corporate markets. The group can also have an influence through its investments, both direct investments and investments on made on behalf of the group's customers through its subsidiary SR-Forvaltning.

1.4.2 Materiality analysis

The group strives to be specific and concise in its sustainability work and conducted a materiality analysis in 2018. The materiality analysis provides the basis for determining which sustainability themes the group should focus on in particular. The themes covered by the analysis included the environment, social conditions and governance, i.e. ESG factors. The analysis indicates those areas where the group has a major influence, both positive and negative. It provides an overview of opportunities and areas of risk. The analysis also provides the basis for determining which GRI indicators the group reports on.

FIGURE 1:
Materiality matrix

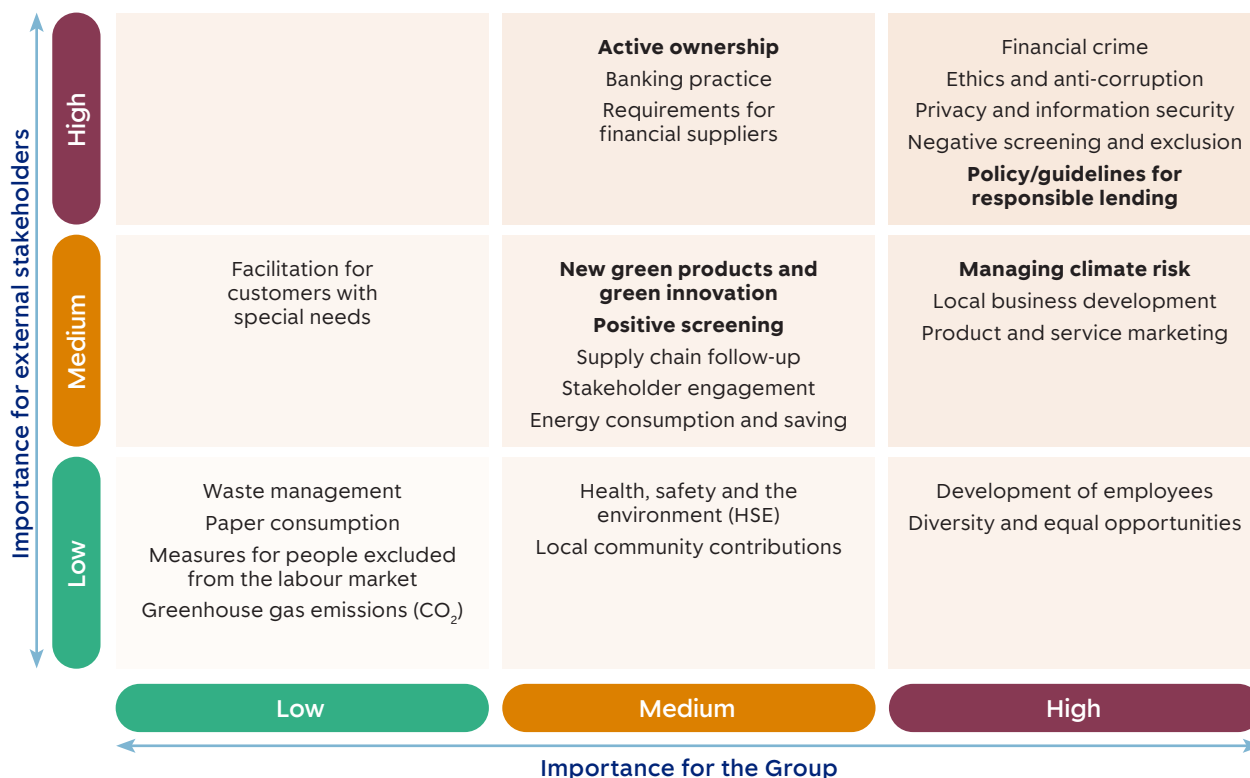


Figure 1 shows the materiality matrix that was prepared following the survey and interviews with both external and internal stakeholders, as well as workshops with internal key people.

The results from the materiality analysis show that the most important areas for the group's long-term value creation are financial crime, ethics and anti-corruption, protecting personal data and information security, excluding companies that violate the group's policies, and guidelines for responsible credit.

Therefore, in the current strategy period up to the end of 2021, the priority will be to develop further the group's approach to sustainability in our core business and financial services. This means that the group must ensure that it is operating sustainable lending activities, focusing on managing climate risk, exercising active ownership, conducting positive screening of investment portfolios and launching new green products.

1.4.3 Stakeholder dialogue

SpareBank 1 SR-Bank's most important stakeholders are customers, employees, owners, authorities, investors and organisations. A good dialogue with professional and research environments is important when it comes to enhancing the group's work in line with the SDGs and the Paris Agreement, as well as the group's own ambitions based on the sustainability strategy.

SpareBank 1 SR-Bank is constantly engaging with and gaining input from customers and other stakeholders. It is

important to keep the materiality analysis up to date and understand and take into account the requirements of consumers, investors and the authorities. The engagement in 2020 was heavily impacted by the Covid-19 situation in the country. The places where the group naturally used to meet customers had to change in 2020. SpareBank 1 SR-Bank managed, among other things, to maintain a good dialogue with employees, owners, authorities, competitors, partners, suppliers, special interest organisations, the media, rating agencies and analysts throughout the year.



The figure illustrates our engagement with local communities on sustainability themes.

TABLE 1:
The table illustrates our engagement with local communities on sustainability

Forums	Theme	Measures
Customers <ul style="list-style-type: none"> Customer and market surveys in the retail and business markets Digital channels (sr-bank.no, Facebook Instagram, LinkedIn, Snapchat, Nyhetssenter, chatbot, email, SMS, online bank, and mobile bank) Customer services centre for retail and corporate customers 	<ul style="list-style-type: none"> What customers think of the group and the group's operations Responsible finance, transparency, trust, local presence, and UN Sustainable Development Goals 	<ul style="list-style-type: none"> Dialogue with customers through responses to enquiries via telephone, staffed channels, and digital channels Customer feedback is assessed in the group's ongoing sustainability work
Employees <ul style="list-style-type: none"> Annual organisational survey was replaced by quarterly PULS surveys due to the Covid-19 situation Annual employee performance reviews Cooperation with trade unions Conversations in connection with risk assessments Workshop in connection with revision of sustainability strategy and drawing up of climate strategy Information, conversations, stands E-learning course 'Sustainability and the Climate' 	<ul style="list-style-type: none"> Working environment Employee development Involvement of employees in the development of the group Risk assessments related to climate risk, operational risk and reputation Responsible finance, transparency, financial crime, ethics and production of personal data Important themes within sustainability and the EU Action Plan for Sustainable Finance 	<ul style="list-style-type: none"> Improvement measures in consultation with management Trade unions as resources Specific measures related to identified risks are followed up by the system for following up measures Selected UN Sustainable Development Goals included in sustainability strategy Drawing up of a revised sustainability strategy and associated new climate strategy
Owners <ul style="list-style-type: none"> Regular follow-up of the company's largest owners, including Sparebankstiftelsen SR-Bank General meeting: Board elections for shareholders Stock exchange announcements and interim reports Investor presentations 	<ul style="list-style-type: none"> Financial performance and Sparebankstiftelsen SR-Bank keeping the savings bank traditions alive Annual financial statements and any other company actions Briefing on economic cycle in Southern Norway and the company's performance and status in the financial markets Annual action plan for investor relations Proportion of renewables in credit portfolio 	
Authorities <ul style="list-style-type: none"> Contact with control and supervisory authorities (Financial Supervisory Authority of Norway, Norwegian Data Protection Authority, etc.) NAV working life centre 	<ul style="list-style-type: none"> Operations, security and personal data protection Sick leave, healthy workplace 	<ul style="list-style-type: none"> Measures for compliance and protection of personal data (GDPR) Improvement measures in consultation with management

Forums	Theme	Measures
Society as a whole <ul style="list-style-type: none"> • Various digital forums as a member of Finance Norway • Business Barometer for Southern Norway • NHO Rogaland • Stavanger Chamber of Commerce • Innovation Norway • Business cluster Norwegian New Energy Solutions • Cooperation with the Norwegian Confederation of Trade Unions (LO) via LOfavør • Extensive dialogue with clubs and associations through cooperation agreements and sponsorships (Stavanger Concert Hall, Viking FK, Viking FK Women, the Blink Festival) • Gründerhub • University of Stavanger • City of Stavanger • DBS Norway • University of Agder • NHH 	<ul style="list-style-type: none"> • Climate risk • Understanding the region's potential and challenges • Products and services for LO members • Responsible investment, transparency, trust, local presence, local roots, and local contributions • Creating new future-oriented businesses and jobs • Safer bicycle paths • Home-work-home • Leasing electric bikes • Master's programmes in climate risk, UN Sustainable Development Goals • High Wind Conference 	<ul style="list-style-type: none"> • Annual award prizes for entrepreneurs to encourage entrepreneurship • Yes to Used/Swap Weekend • Locally-sourced Holiday Fun
Special interest organisations <ul style="list-style-type: none"> • Climate Foundation • Future in our Hands • UN Global Compact • UN Global Compact Network Norway • Finance Sector Union of Norway • LO Finans • Cicero • Principles for Responsible Banking • Poseidon Principles 	<ul style="list-style-type: none"> • Climate risk • Responsible finance, transparency, trust, and local presence • Selected sustainability themes • Reporting UN Global Compact • Technical Committee UN Global Compact Network Norway • Working groups Principles for Responsible Banking • Signing of Poseidon Principles 	<ul style="list-style-type: none"> • Answering surveys on sustainability • Updating website and reviewing internal guidelines • Sustainable Edge, partner • Implementation of Principles for Responsible Banking
Suppliers <ul style="list-style-type: none"> • Email, phone and meetings 	<ul style="list-style-type: none"> • Suppliers' work on climate, the environment, social conditions and ethical business practice 	<ul style="list-style-type: none"> • Surveying, systematisation and follow-up of the work in relation to suppliers
Subsidiaries <ul style="list-style-type: none"> • SR-Forvaltning • Fremtind • Business partner • Odin 	<ul style="list-style-type: none"> • ESG • Climate risk • Responsible finance, transparency, trust, and UN Sustainable Development Goals • Business opportunities • Reporting 	
SpareBank 1 Alliance and in joint committees, including purchasing, skills and capital management/funds <ul style="list-style-type: none"> • Discussion meetings via email, telephone and digital meetings in established sustainability forums 	<ul style="list-style-type: none"> • Climate risk • Responsible finance, transparency, trust, and selected sustainability themes 	<ul style="list-style-type: none"> • Working groups within fund management, procurement, and skills enhancement

1.5 SpareBank 1 SR-Bank's sustainability strategy and governing documents

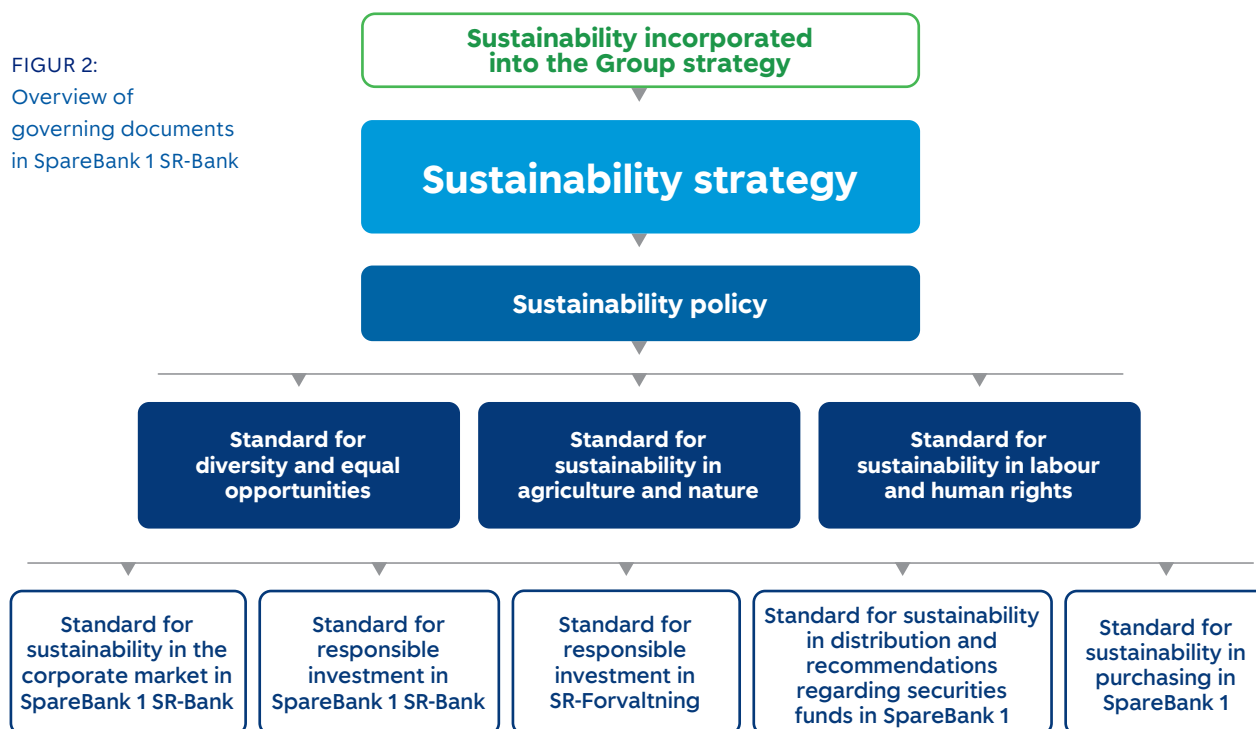
The board and executive management team have made sustainability a strategic priority area and the group's sustainability strategy is intended to clarify the work in this area. A clear sustainability strategy with associated guidelines is vital for good concrete sustainability work. The sustainability strategy provides guidelines for the group's work on sustainability and should support staff and managers in making decisions and their day-to-day work. The sustainability strategy must also clarify to customers and investors how sustainability is integrated into SpareBank 1 SR-Bank's operations and how it affects decisions. All of the group's customers, financial partners, investment partners and suppliers must be familiar with the group's sustainability strategy and governing guidelines.

SpareBank 1 SR-Bank's revised sustainability strategy and associated new climate strategy was adopted by the board in May 2020. The strategy's goal is for the group to be an organisation that takes a proactive approach to sustainability in all of its operations and takes responsibility for contributing to solutions to the climate and environmental challenges society faces. The climate strategy is based on a strategic evaluation of the group's exposure to climate risk and how developments in this area will affect the group in the run up to 2030.

The group wants to support the Paris Agreement in line with Norway's goal of cutting CO2 emissions by up to 50 per cent by 2030. The group must help and require corporate customers and suppliers to each have an active plan for how they can reduce their CO2 emissions. The group will also draw up specific targets for cutting greenhouse gas emissions in line with the Paris Agreement and Norway's commitments to limit global warming to well below 2 degrees Celsius by 2050.

The sustainability strategy has been integrated into the group strategy with the corresponding business plan. The sustainability strategy must be seen in conjunction with other governing documents, such as the code of conduct, credit strategy, and other relevant policies and standards in the group. Sustainability is included in the documentation and set of routines associated with credit and investments/management. The sustainability strategy and associated governing documents apply to all of the group's operations, including subsidiaries, irrespective of customer groups and organisational affiliation. Sustainability is included in the documentation and set of routines associated with credit and investments/management.

FIGUR 2:
Overview of
governing documents
in SpareBank 1 SR-Bank



1.5.1 UN Sustainable Development Goals

The group's sustainability work is based on the 17 UN Sustainable Development Goals (SDGs). The group has identified three SDGs where it can have the greatest impact through its core business. The SDGs the group particularly focuses on are SDG 5 Gender equality, SDG 8 Decent work and economic growth and SDG 13 Climate action. The SDGs are anchored in the sustainability strategy and targets have been drawn up with specific measures for each of these SDGs. These measures will be implemented during the defined strategy period, which lasts until the end of 2021.



The group's targets and the work on these in 2020:

Gender equality

1. Ensure women full and genuine participation, and equal opportunities to gain senior positions at all levels.
2. Equal pay
3. Strengthening women's role in personal finances.



Measures:

In 2020, the equality and diversity committee prepared the revised standard for diversity and equal opportunities that applies throughout the group. The standard points out that:

- The group has zero tolerance of any form of gender discrimination.
- All employees, regardless of gender and ethnicity, must have the same opportunities for equal careers and pay and the same development opportunities
- The group is striving to achieve a gender balance in its executive management and has set targets for this work

Throughout 2020, the group focused on good routines and guidelines for recruitment in order to achieve gender equality in the group. When a department recruits new employees, a thorough review must be conducted of the diversity, equality and equal pay situation in the relevant department. The relevant candidates' impact on the composition of the department must also be discussed. Gender balance is a factor that must be taken into consideration in nomination processes for various management programmes and succession planning. The goal is to ensure the development and supply of managers from both genders. SpareBank 1 SR-Bank has a good overview of the gender ratios in all positions at all levels

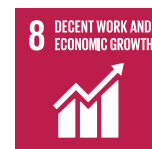
and has implemented differentiated measures that will result in the group achieving its objective in the next couple of years. The group allocated additional funds to a pot for equal pay in 2020.

In 2020, a comprehensive analysis of the gender equality between men and women in SpareBank 1 SR-Bank was conducted in connection with the group's target of improving women's personal finances skills. The analysis work resulted in concrete measures for improving gender equality in personal finances among the group's retail customers.

In 2020, digital legal services were launched through a collaboration between Justify, SpareBank 1 SR-Bank and SpareBank 1 Utvikling. This new technology makes it easier for customers to draw up cohabitation contracts and wills. This service should help more women achieve a more secure financial situation.

Decent work and economic growth

1. Stimulate sustainable growth and workplaces in our market area
2. Facilitate entrepreneurship, innovation and job creation
3. Promote a safe and secure working environment and fair working conditions
4. Work to make banking and financial services available to all



Measures:

Funding requirements are an important means of stimulating sustainable growth and development. In 2020, the group's corporate market focused on implementing a methodical framework for assessing sustainability (ESG scoring). ESG scoring is a long-term approach to managing and reporting sustainability and industry-specific climate risk.

SpareBank 1 SR-Bank established Gründerhub as early as 2015 in order to help create, and contribute to the growth of, the jobs of the future. Gründerhub educates and helps entrepreneurs develop their companies and has so far helped create around 340 new jobs through 270 companies. SpareBank 1 SR-Bank's impact analysis conducted in 2020 concludes that the group is helping to make money-transfer solutions available to everyone and to make home ownership achievable for retail customers by stimulating economic growth and new jobs in the corporate market. The group focuses on this work on a daily basis.

Climate action

1. The group wants to be climate neutral
2. Strengthen the group's ability to counteract, adapt to and mitigate the consequences of climate change
3. Strengthen customers' ability to counteract, adapt to and mitigate the consequences of climate change



Measures:

2020 was the group's first year in Finansparken, which is SpareBank 1 SR-Bank's head office. Finansparken is one of Europe's largest wooden commercial buildings and has achieved **BREEAM-NOR Outstanding** certification.

SpareBank 1 SR-Bank approved a revised sustainability strategy and associated new climate strategy in May 2020.

Extensive work was done on assessing environmental management systems throughout the year with the aim of cutting the group's greenhouse gas emissions. This work will continue in 2021.

In 2020, the group analysed its corporate portfolio on three levels: by analysing CO2 emissions in both the loan portfolio and in investments, through an impact analysis, and in relation to climate risk.

In 2020, SpareBank 1 SR-Bank was the 19th bank to sign up to the Poseidon Principles and has thus committed itself to achieving 50 per cent lower greenhouse gas emissions from shipping by 2050.

2. Sustainability integrated into SpareBank 1 SR-Bank's operations

2.1 Employees

The group complies with inclusive workplace company schemes and wants to ensure compliance with the ILO conventions issued by the UN's International Labour Organisation. The group supports their objective of promoting social justice and rights in working life, both internally and through the group's business areas.

The group will support employees and ensure that they have the opportunity to thrive and create value through their various life phases. The group's life phase policy enables employees to live as they want and have planned in various phases of their lives. It also encourages the group's seniors who want to follow the group's development to stay in work longer.

2.2 Diversity and equal opportunities

SpareBank 1 SR-Bank should be a good place to work for everybody. A workplace that employees experience as safe and pleasant, and where the individual's rights are properly safeguarded. The group's standard for diversity and equal opportunities emphasises that this is an important focus area for the group and that it applies to all processes in connection with employment and as an employee of the group.

The group has zero tolerance of any form of discrimination. All employees must have equal opportunities with respect to pay and career development, irrespective of age, ethnicity, national origin, heritage, skin colour, language, religion, sexual orientation, life stance or disability. This is anchored in the group's *standard for diversity and equal opportunities*.

No one should feel bullied in SpareBank 1 SR-Bank. The group has zero tolerance of verbal, physical and sexual harassment. All employees have both the right and a duty to report it if they or others are being subjected to this type of treatment. Routines have been prepared that describe how the group follows up and deals with reports of harassment. The objective is to ensure that reports of this

type are handled professionally and that everyone involved is taken care of in a proper and satisfactory manner.

The group wants to actively encourage equal careers for both genders within leading and heavily specialised positions. The group systematically work to improve skills and the group offers good career development opportunities along customer, discipline and management pathways. The group has routines and processes in place to ensure gender-balanced candidate pools for executive management positions. The group offers employees goal-oriented development initiatives, and there is an emphasis on increasing the proportion of women in those parts of the group where this is low.

SpareBank 1 SR-Bank strives to achieve equal pay between the genders and actively works to ensure that this is in place. One of the group's routines involves assessing the equal pay perspective when hiring for equal roles. The group has also used a dedicated equal pay pot to equalise disparities where the disparities have been the greatest. The work on equal pay, analyses, and equalisation of disparities is on the agenda in central in-house forums, and the group constantly focuses on ensuring adherence to equal pay between the genders.

The group particularly focuses on SDG 5 Gender equality. It is working on specific measures related to this goal. These include strengthening women's personal finances skills and taking concrete measures that prevent gender discrimination of customers. We are also working to ensure that both parties in a couple receive the same information in advice processes and in customer communication. This is a priority area for the group.

SpareBank 1 SR-Bank has a diversity and equal opportunities committee that advises the executive management team in relevant cases. The committee prepares analyses, makes recommendations, and follows up the group's work within this area. The diversity and equal opportunities committee actively focuses on an inclusive working environment and flexibility in the work situation that should make it simpler

to combine work and family obligations. The group takes a broad perspective when planning and nurturing successors for the executive management team and works on talent development and mobility. The group also strives to ensure a gender balance in recruitment pools and to promote equal opportunities at all levels of management, including for strategically high-profile positions and equal pay.

As far as the group's customers, suppliers, partners and investments are concerned, SpareBank 1 SR-Bank points out in its *standard for diversity and equal opportunities* that, among other things, all companies should have zero tolerance of all forms of gender discrimination, including verbal, physical and sexual harassment. It is also important to strive for the equal treatment of men and women through equal pay for equal work and a balance between men and women in senior positions, where this is possible and natural. SpareBank 1 SR-Bank expects its customers and partners to have a management system in place to prevent and reduce gender discrimination against its customers. Employment processes must be fair, and employees must be paid in line with the ILO's definition of a living wage: an income enabling a medium-sized family in a given economy to cover their basic needs.

2.3 Combating money laundering and terrorist financing

Fighting financial crime, which includes preventing the proceeds of criminal activities being laundered and terrorist financing, is demanding and important work. Ensuring that the industry is not exploited for financial crime through the misuse of the services and products being offered is part of the financial services industry's social mission. SpareBank 1 SR-Bank prepares an annual assessment of the risk of money laundering and terrorist financing linked to its operations, along with the associated risk mitigation measures.

A wide-range of key people in the group are involved in producing the risk assessment before it is considered by the board. Group guidelines for anti-money laundering and sanctions have been drawn up and are available to all employees and external parties on the group's website. Managers have to confirm on an annual basis that they take a conscious approach towards the risk associated with money laundering and terrorist financing, and that they are familiar with the guidelines and policy that is anchored in the group guidelines for anti-money laundering and sanctions.

SpareBank 1 SR-Bank also has an extensive framework of guidelines intended to prevent the group being used for money laundering, tax evasion or terrorist financing. The framework is there to ensure that the group complies with the statutory requirements in various processes through established routines, customer measures, electronic monitoring, sanctions regulations, and procedures for internal control.

The group has committed to complying with the framework

and guidelines in the Wolfsberg principles for combatting financial crime. The Wolfsberg principles establish requirements for, for example, transparency in customer transactions and how information on these is monitored and managed in line with the authorities' requirements.

Training plans have been produced for all employees and the group is aware of the consequences of failing to comply with the requirements of the Norwegian Money Laundering Act. In addition to striving to properly comply with legal requirements, the group maintains constant vigilance to prevent the group's customers falling victim to financial crime.

SpareBank 1 SR-Bank has committed itself to SDG 8 Decent work and economic growth. Creating good quality jobs is one of the greatest challenges all countries face in the lead up to 2030. By setting requirements for the group's business partners and having zero tolerance of corruption, as well as working actively to combat money laundering and terrorist financing, the group is contributing to sustainable social development.

2.4 Ethics and anti-corruption

SpareBank 1 SR-Bank has zero tolerance of corruption. The group has taken a clear stand: the group's sourcing processes, and customer relationships must withstand the light of day and the group must be transparent and clear about the group's attitude to corruption with respect to customers and business partners. Employees must under no circumstances use their position to achieve personal benefits or act in a manner that could harm the group's reputation. Zero tolerance applies within the organisation, at the group's customers, in companies the group invests in, at our providers of funds and at our suppliers. The group's *sustainability policy* states that SpareBank 1 SR-Bank must not contribute to financial crime such as corruption and money laundering. The group's activities are dependent on the confidence of customers, public authorities and society at large. SpareBank 1 SR-Bank must provide unbiased and correct information in an open and honest manner concerning the group's activities and services.

Corruption puts long-term value creation at risk and creates distrust in society's systems. SpareBank 1 SR-Bank's code of conduct and anti-corruption policy are intended to contribute to, among other things, fighting corruption, extortion, bribery, money laundering, fraud, terrorist financing, and the financing of other criminal activities. The code of conduct is intended to make people aware of the potential dilemmas and ensure that all of our employees maintain high ethical standards.

SpareBank 1 SR-Bank focuses on the board, management and employees receiving good training in the group's ethical framework and has established an anti-corruption e-learning course. It is vital that the board and executive management group, as well as advisers, have a good understanding of our ethical framework and this is part of the continuous work of ensuring the group

develops an ethical culture and ways of doing business. SpareBank 1 SR-Bank's code of conduct can be found here: www.sparebank1.no/content/dam/SB1/bank/sr-bank/om-oss/Samfunn/Etiske_retningslinjer.pdf

A specific anti-corruption policy has been produced and risk analyses are conducted based on working meetings with purchasing, accounting and employees in both the retail and corporate markets. The guidelines for anti-corruption and impartiality have been incorporated into the purchasing and credit policy, and partners and suppliers are sent a sustainability appendix which includes the anti-corruption guidelines.

The group has its own ethics committee, which regularly assesses whether the code of conduct satisfies the expectations and requirements of customers, suppliers and society as a whole. The ethics committee includes representatives of several business areas: the EVP, Communications and Sustainability, the EVP, HR and Business Support, legal, corporate market, retail market, compliance and AML, organisation and HR, credit activities, and union representatives from the Finance Sector Union of Norway.

All employees must sign the code of conduct every year. Annual refreshers on ethics are also provided via the authorisation scheme for financial advisers and the approval scheme for salespersons and advisers in non-life insurance. The anti-corruption work includes ensuring new employees read and sign the code of conduct. This is also included as a topic in Ethics Week.

The group has zero tolerance of corruption and compliance assessments are conducted in relation to compliance with the anti-corruption policy. The group review specific transactions and activities, planned and existing business connections, and various categories and groups of employees. The assessments take a risk-based approach and the inspections include financial and non-financial control actions. Reporting lines have been established and any measures are followed up in line with existing routines.

The group has whistleblowing routines for anonymous, written and verbal reports. The routines specify:

- that whistleblowers are protected against reprisals
- how reports should be submitted – externally anonymously or not anonymously via multiple channels, including via an application that uses an untraceable QR code
- the requirements that apply for processing reports

SpareBank 1 SR-Bank has established an external whistleblowing agreement with the law firm EY. The information will be treated confidentially by dedicated case officers in EY.

Board members are directly involved in the work on formulating and quality assuring the group's code of conduct each year, which also deals with anti-corruption.

The code of conduct was revised and updated in 2019. SpareBank 1 SR-Bank's code of conduct can be found here: www.sparebank1.no/content/dam/SB1/bank/sr-bank/om-oss/Samfunn/Etiske_retningslinjer.pdf

SpareBank 1 SR-Bank has established rules of conduct for our employees based on our code of conduct.

In SpareBank 1 SR-Bank:

1. all employees have a duty of confidentiality
2. all employees must keep their private finances in order
3. employees must under no circumstances use their position to achieve personal benefits or act in a manner that could harm the group's reputation
4. all employees must actively work to ensure a good working environment with mutual trust and respect
5. no employees may trade in real estate on their own account in violation of the group's guidelines
6. no employees may trade in securities on their own account in violation of the group's guidelines
7. all employees must be familiar, and comply, with the group's guidelines for information technology
8. all employees must act with caution in relation to their impartiality
9. no employees may run private businesses or participate in commercial boards of directors of any kind without the group having been informed in writing and approval having been given
10. special guidelines have been produced for whistleblowing
11. the EVP, Communication and Information bears overall responsibility for all communication with the media
12. failure to comply with the group's code of conduct may have consequences for an employee's employment relationship

2.5 Personal data protection and information security

SpareBank 1 SR-Bank's security and privacy strategy is to ensure the confidentiality, integrity and availability of information between the customer and the bank. SpareBank 1 SR-Bank has a large customer base and is therefore a stakeholder that processes customer information and personal data on a large scale. The personal data rules, which consist of the EU's General Data Protection Regulation (GDPR) and Norwegian Personal Data Act, provide strong protections for privacy. The regulations give customers more rights, and routines and procedures in the quality management system have been drawn up to safeguard these rights. Furthermore, SpareBank 1 SR-Bank's privacy statement ensures individuals have a right to information about how the group processes personal information in an easily accessible manner.

SpareBank 1 SR-Bank has formalised and incorporated definitions of roles and responsibilities for information security and privacy. A quality management system has been established with the group's governing documents for information security and privacy. Risk management processes have been established to constantly identify

and monitor risks. The processes are designed to ensure compliance with internal requirements, acts and regulations and that risks are mapped and managed. These processes cover both information security and privacy risks. Risk mitigation measures are registered, followed up, and reported via a dedicated measures database.

Both proactive and reactive measures are taken to prevent, detect, investigate and manage security incidents. These include established contingency plans, regularly conducting emergency response exercises, on-call arrangements and crisis teams tasked with efficiently managing major incidents. The group has a dedicated incident response team that monitors and follows up security incidents and discrepancies relating to the use of IT systems in the group 24/7.

SpareBank 1 SR-Bank has implemented a number of technical safety barriers and puts employees through regular information security and privacy training in order to avoid unwanted incidents. These are tangible, concrete measures that are designed to prevent human and technical errors. Should unwanted incidents and discrepancies related to information security and privacy nevertheless occur, these are registered, followed up and reported via a dedicated incident database. The incident database ensures that the group learns from discrepancies and avoids repeating similar ones.

Regular audits of both our organisation and external suppliers are conducted to ensure that the group's information security and privacy requirements are being properly addressed throughout the value chain.

2.6 Transparency

Everything SpareBank 1 SR-Bank does must withstand the light of day so that we can preserve confidence in the group and its integrity. We must also be able to account for our decisions and actions, including the decisions these are based on. This must be documented in line with the group's internal guidelines.

In our *standards for sustainability* we encourage our customers, partners and business connections to be transparent and employ good management models, this includes transparency surrounding ownership structures, transactions and documentation of compliance.

The group's membership of Finance Norway means that SpareBank 1 SR-Bank plays an active role when it comes to the regulatory conditions that affect the operations of Norwegian banks. We perform no lobbying activities in relation to international affairs. SpareBank 1 SR-Bank does not actively seek to influence regulatory affairs or legislation with regard to climate related factors. The group's customers or investment objects must not take part in lobbying activities designed to weaken climate policy.

SR-Forvaltning must be a responsible, active owner in its portfolio companies and its standards and guidelines

state that it must vote in the general meetings of those companies it is invested in through the equity fund portfolios. This is a systematic process that is carried out with the aid of voting instructions and an electronic platform. SR-Forvaltning reports on its voting every year.

2.7 Responsible information, communication and marketing

SpareBank 1 SR-Bank offers products and services that have a major impact on companies' and individuals' finances, including loan and credit agreements, savings, pensions and insurance products. This comes with a serious responsibility to help customers make informed choices when entering into agreements with the group. In line with the group's product management policy, customer segments should only be offered appropriate products and the products must be marketed in line with the requirements for good marketing practices. When determining how good marketing practices should be understood in each instance, the group refers to the special requirements for honesty and good business practices that apply to financial institutions, as well as any special disclosure obligations that apply, for example for the marketing of credit agreements. Among other things, the products' properties and terms and conditions must be clearly stated and be understandable to the customer group at which the marketing is targeted.

Guidelines ensure customers' interests and investor protection are safeguarded when they are being sold products and services. Credit policy guidelines, routines, and guidelines for the securities firm's activities, product and distribution strategy for financial instruments have been established, and routines, processes and work descriptions have been operationalised. Training is also provided via the authorisation scheme for financial advisers (AFR), training programmes via VPFF and VPF, and internal specialist days and training modules from SPAMA.

The group's product management policy requires that all new products and services, as well as material changes to these, must be risk assessed by relevant professional environments, approved by risk management and compliance, and passed by the executive management group. A standardised product, process and system scoring (PoPS) process has been established to meet this requirement, with weekly formalised case management meetings in which all relevant technical groups in the group participate. The process is intended to ensure that customer interests are adequately safeguarded in all new and changed products and services. The same risk assessment and decision-making process applies in the case of significant changes to customer-related processes, including communication and marketing.

2.8 Risk assessments and approval of new and changed products, processes and systems

As a financial services group, SpareBank 1 SR-Bank is subject to laws and guidelines that require quality assurance prior

to changes being made to the group's products, processes and systems. Besides requirements set out in laws and regulations, the group wants to take the right risks. The right risks are risks that are known, understood, accepted and in line with the company's interests and objectives. PoPS (product, process and system scoring) is the group's case management system for risk assessing and approving changes to products, processes and systems.

The system contains standardised questions and logical rules for informing and getting stakeholders and professionals involved depending on the changes being made. This ensures that:

- All products, processes and systems that are developed/changed in SpareBank 1 SR-Bank
- undergo a thorough assessment to ensure adherence to laws and regulations and that relevant risks are analysed and managed.
- Affected parties are involved at the right time and receive adequate information.
- Changes are anchored and approved at the correct level.
- Documentation of the assessments that have been made is available.

Managing changes through PoPS enables the group to satisfy the applicable requirements for risk assessing changes in financial institutions. At the same time, it ensures that the group takes the right risks in its change processes.

2.9 The environment

As a responsible financial services group, SpareBank 1 SR-Bank takes a proactive approach to environmental and climate challenges. SpareBank 1 SR-Bank has committed itself to SDG 13: Climate action.

We are constantly striving to be a resource-saving and environmentally-efficient organisation by setting requirements for our own organisation, suppliers, and partners. We are working to become a climate-neutral group and continually seeking to reduce the environmental impact of our operations. We use, develop and invest in technology in order to reduce our environmental impact. We help employees reduce their environmental footprint and make eco-friendly choices. Improving skills in this area helps to ensure that employees become more aware of their impact on the climate and environment, both through their personal actions and through their work in the bank.

The group registered energy and climate accounts based on the international *A Corporate Accounting and Reporting Standard*. This standard was developed by the *Greenhouse Gas Protocol Initiative – the GHG Protocol*. The climate accounts show tonnes of CO₂ that are direct and indirect emissions related to the group. These are greenhouse gas emissions that come from consumption due to, for example, travel, waste management, and energy use. Based on the climate accounts, the group can identify which sources impact the external environment and implement concrete measures to minimise them.

The group's *sustainability policy* indicates that the group should contribute to green competitiveness and sustainable value creation. SpareBank 1 SR-Bank must not contribute to serious environmental damage such as extensive greenhouse gas emissions and irreversible damage to vulnerable areas, ecosystems or groups of people. The group's *standard for sustainability in agriculture and nature* specifies the requirements in more detail.

2.10 Responsible sourcing

SpareBank 1 SR-Bank ASA requires the group's suppliers, customers and partners to take a conscious approach to sustainability. Sustainable purchasing involves suppliers' awareness of their supply chain and the work they do to reduce their negative impact on the environment, social conditions and conduct throughout their company's supply chain. SpareBank 1 SR-Bank ASA's largest purchasing categories are marketing, IT systems, property operation, external consultants, and contracted personnel.

Suppliers and partners are required to respect basic requirements regarding the environment, social conditions and conduct. Requirements are stipulated to ensure compliance with acts and regulations relating to human rights, working conditions, the environment and honourable activities. The group's requirements for suppliers and partners are specified in our *standard for sustainability in purchasing*. The requirements in the group's governing documents are based on key UN conventions, ILO conventions and national legislation in the place of production. Where national laws and regulations cover the same themes as the guidelines, the strictest requirements will apply.

SpareBank 1 SR-Bank ASA strives to ensure close cooperation and a good dialogue with our suppliers and partners. SpareBank 1 SR-Bank ASA expects suppliers to communicate the group's standard to their subcontractors and contribute to their adherence to them, as well as work to ensure its own compliance with the requirements.

SpareBank 1 SR-Bank ASA and SpareBank 1 Utvikling DA, which account for around 80 per cent of SpareBank 1 SR-Bank ASA's purchases, conduct risk assessments of the likelihood of their suppliers having a negative impact on the environment, social conditions and conduct. Based on this assessment, suppliers with an elevated risk of having a negative impact are monitored in order to ensure that they take a systematic and practical approach to their work on sustainability. This applies to both existing and new suppliers. If shortcomings are identified, the purchasing department engages with the supplier to ensure that the requirements are met.

For an overview of the assessment, please see SpareBank 1 SR-Bank's annual report.

2.11 Stimulating new jobs

SpareBank 1 SR-Bank is interested in innovation and creating growth in skills-based jobs. Gründerhub is one of the

group's initiatives for creating the jobs of the future. The first hub saw the light of day in autumn 2015 when the oil crisis hit Stavanger's business sector hard. Since then, hubs have been established in Bergen and Kristiansand in collaboration with capable partners. The group has helped to educate many entrepreneurs since autumn 2015. This has created new jobs in many companies. The group presents awards to entrepreneurs through Sparebankstiftelsen SR-Bank as a means of encouraging entrepreneurship.

2.12 Support for non-profit causes

As part of SpareBank 1 SR-Bank's activities, the group supports measures that are based on good living conditions, contributing to growth and development, and a desire for enterprising people to get more back for their efforts. SpareBank 1 SR-Bank's activities within community engagement and sponsorship are an extension of the group's day-to-day work. The aim is to start initiatives that can make a positive difference in SpareBank 1 SR-Bank's

local areas, achieve a clearer position in the market with the group's sponsorship strategy, and to link sponsorships closely to the group's sustainability goals.

SpareBank 1 SR-Bank's largest owner is Sparebankstiftelsen SR-Bank. Sparebankstiftelsen SR-Bank keeps the savings bank tradition alive. The Foundation may allocate profits, in the form of dividends from SpareBank 1 SR-Bank, for the distribution of gifts for generally beneficial purposes. This is to be done in line with the foundation's vision of "Creating Values Together" as well as the foundation's values of "Together we are to create, enrich and develop healthy communities". This reinforces the bank's local presence and local engagement. Together with Sparebankstiftelsen SR-Bank, the group helps talented young people develop through G9alt Talentutvikling. G9alt Talentutvikling is a foundation that distributes up to NOK 800,000 to talented young people in Rogaland, Vestland and Agder.

3. Responsible finance

In general, the group can have the biggest impact within responsible investments and loans/credit by using its influence to set requirements and steer capital in a sustainable direction. The group should be a sparring partner and positive contributor for SpareBank 1 SR-Bank's customers in the transition to a more sustainable society and business sector.

Therefore, one important focus area for SpareBank 1 SR-Bank is responsible finance and ESG factors.

3.1 Responsible credit

Credit is the bank's core business area and corporate customers constitute an important part of this. The group's credit strategy stresses that corporate customers must have a long-term perspective and their companies must be comply with applicable laws and regulations, which include environmental considerations and human rights.

The group's corporate market portfolio is well-diversified with an emphasis on commercial property, oil and gas, agriculture, and traditional industry.

As a bank, SpareBank 1 SR-Bank primarily finances small and medium-sized Norwegian enterprises. The group aims to be a positive contributor and sparring partner in order to improve companies' awareness and practices related to sustainability. The group's *sustainability policy* clarifies the group's requirements for the environment, social conditions and corporate governance. The standard applies to the entire group and all business areas.

The *standard for sustainability in the corporate market* in SpareBank 1 SR-Bank further clarifies the group's requirements in relation to granting credit. The standard requires sustainability to be assessed as part of the group's credit processes. The purpose of the standard is to provide corporate advisers with a framework for assessing a company in relation to sustainability and ensuring that SpareBank 1 SR-Bank carries out an assessment of the extent to which a customer's business model is sustainable.

The group's expectations and requests in the standard and policy are communicated to SpareBank 1 SR-Bank's customers through their publication on the group's website and through information provided to customers in connection with the establishment of new customer relationships and/or the processing of financing applications. If the group becomes aware of any of our customers acting contrary to the group's expectations/requests, the group will engage with the customer and seek to achieve improvements. If this follow-up does not lead to improvements, the group will set clear conditions for the group's continued involvement with the customer. In the worst case scenario, we will consider ending the customer relationship. When it comes to guidelines about not giving loans, these are followed up concretely when assessing applications for financing.

All employees who are in contact with the group's corporate customers must be familiar with SpareBank 1 SR-Bank's governing documents that deal with sustainability in credit and review these annually. They provide guidance on the type of customers the group wants, what it expects of our customers, and what SpareBank 1 SR-Bank lends money for.

For further information on SpareBank 1 SR-Bank's handling of responsible finance, please see SpareBank 1 SR-Bank's annual report.

3.2 Responsible asset management

Asset management is performed directly through the group's own investment activities and indirectly through SR-Forvaltning. Every company in which we invest in connection with asset management is checked to see whether they are involved in tobacco production, nuclear weapons, or serious environmental destruction, based on guidelines for observation and exclusion issued by the Norwegian Government Pension Fund Global.

A *standard for responsible investment* has been developed to support SpareBank 1 SR-Bank's *sustainability strategy* and *sustainability policy*. The group has different investments

with different purposes. This includes strategic ownership in subsidiaries and alliance companies, as well as purely financial investments. The standard applies to all of SpareBank 1 SR-Bank's investments. SpareBank 1 SR-Bank's investments must always comply with the group's governing documents for sustainability, including, in particular, the group's overarching *sustainability strategy* and *sustainability policy*.

SR-Forvaltning has a *standard for responsible investment* that has been incorporated into the company's investment strategy. The standard is based on, among other things, the internationally recognised principles in the UN Global Compact (UNGC) and the OECD Guidelines for Multinational Enterprises. ESG is taken account of in all investment processes. SR-Forvaltning is a member of the Norwegian Sustainable Investment Forum (Norsif) and has signed up to the UN Principles for Responsible Investment (UN PRI).

For further information on SpareBank 1 SR-Bank's handling of responsible capital management, please see SpareBank 1 SR-Bank's annual report.

3.3 Cross sectoral expectations and requirements for responsible finance

3.3.1 Labour and human rights

Central to the group's work on sustainability is respecting international labour and human rights. In the group's *standards for sustainability: Labour and human rights* lists some of the most important conventions, frameworks and guidelines in the area of human rights. This does not mean that other human rights are not important. These are also relevant to us and the group's customers and business connections to varying degrees, depending on the industry and whether or not you have a national or international business or supply chain. The standard specifies requirements for an international framework for human rights and business, labour rights, vulnerable groups and international humanitarian laws, the Geneva Conventions.

SpareBank 1 SR-Bank expects the group's customers and partners to have a management system for monitoring and, if necessary, correcting failures to comply with labour rights.

Accordingly, the operationalisation of these governing documents in the group's individual business areas is described in guidelines for the particular area in question, as well as in guides, procedural descriptions and checklists, where necessary. The standard is anchored in the group's *sustainability strategy* and the group's *sustainability policy* and applies to the entire group, including subsidiaries and all business areas.

3.3.2 Agriculture and nature

SpareBank 1 SR-Bank is an important partner for agriculture in our market area. Agriculture includes forestry and farming, which in turn includes livestock. SpareBank 1 SR-Bank expects its customers and partners

to strive for sustainable agriculture with good quality production such that the right to both sufficient and satisfactory food is met, and greenhouse gas emissions are minimised.

Sustainable agriculture and conservation are an important concern for the group. Nature can be a renewable resource if it is managed sustainably. SpareBank 1 SR-Bank wants to be a driving force for sustainable development in the group's market area and will work with SpareBank 1 SR-Bank's customers to achieve this. This means that the group's customers and business associates should consider whether their business has a negative impact on the climate, environment and nature, and perform targeted work to reduce their impact. They should also seek to strengthen the positive impact they can have on sustainable conservation. They should have their own guidelines in areas that are of relevance to their business and to their suppliers and other partners, including in contracts and specifications of requirements. The group also wants to contribute to sustainable agriculture and conservation internationally.

In the group's *standards for sustainability: Agriculture and nature* specify important areas within nature and agriculture. The standard is anchored in the group's *sustainability strategy* and in the group's *sustainability policy*. These apply to the entire group and all business areas.

The standard specifies requirements for biodiversity and genetic engineering, animal welfare, conservation areas, wetlands and peat, world heritage sites, endangered plant and animal species, chemical use and fertilisation, raw materials, and forests.

3.3.3 Tax

SpareBank 1 SR-Bank must not facilitate or advise companies or private individuals on tax evasion and expects the same of customers it invests in or to which the group provides credit. SpareBank 1 SR-Bank expects large multinationals with operations in multiple countries to report their earnings, surpluses, normal FTEs, public subsidies and paid taxes and charges (e.g. withholding tax, licence fees and company tax) country by country. The group expects such companies to report on sustainability in line with the international standards for reporting on sustainability, Global Reporting Initiative (GRI).

SpareBank 1 SR-Bank's *sustainability policy* states that customers and companies must be transparent about their ownership structures, ensure the organisation is organised in a manner that reflects its genuine production/value creation and not use legal loopholes for tax avoidance.

SpareBank 1 SR-Bank must not provide financial services to companies in tax havens and if the group becomes aware of any of SpareBank 1 SR-Bank's customers or companies acting contrary to the group's expectations/requests, the group will engage with the customer to seek improvements. The companies are expected to report their activities in

each country in which they operate. If the group's follow-up does not lead to improvements, it will set clear conditions for SpareBank 1 SR-Bank's continued involvement with the customer or the company. In the worst case scenario, we will consider ending the customer relationship. The group also expects companies to have a monitoring system for their customers and suppliers in this area.

3.3.4 Corruption

SpareBank 1 SR-Bank has zero tolerance of corruption. The group has taken a clear stand: the group's sourcing processes, and customer relationships must withstand the light of day and the group must be transparent and clear about the group's attitude to corruption with respect to customers and business partners. Employees must under no circumstances use their position to achieve personal benefits or act in a manner that could harm the group's reputation. Zero tolerance applies within the organisation, at the group's customers, in companies the group invests in, at the group's providers of funds and at the group's suppliers. SpareBank 1 SR-Bank also expects them to have established management systems that trigger immediate action if corruption is suspected. The companies and employees must have a conscious relationship to corruption and must be able to identify and handle any cases of corruption.

3.4 Expectations and requirements for companies operating within particular industries

3.4.1 Weapons, tobacco and pornography

The group's sustainability policy clearly states that SpareBank 1 SR-Bank must not aid in the production of tobacco or the production of pornographic materials. It also specifies that the group must not contribute to the use, development, testing, production, maintenance, trading, storage or transport of weapons or components exclusively designed for controversial weapons, including cluster bombs, anti-personnel mines, nuclear weapons, chemical weapons and biological weapons in general and for countries that have not ratified the Non-Proliferation Treaty. SpareBank 1 SR-Bank must not contribute to weapons being made available to countries under UN, EU or US sanctions.

SpareBank 1 SR-Bank's *standard for sustainability in the corporate market* also specifies that loans must not be granted to companies involved in supplying weapons, weapon systems, military systems or other military materiel to countries that commit breaches of human rights or if there is a high risk that the weapons will be used to commit serious breaches of international human rights or humanitarian rights. The same applies to conflict or war zones, countries where corruption is widespread, failed or vulnerable states, and/or countries that spend a disproportionately large proportion of their national budget on arms purchases.

3.4.2 The climate and energy production

The world faces massive global challenges due to climate change. Climate challenges primarily affect SpareBank 1 SR-Bank through climate risk.

SpareBank 1 SR-Bank is exposed through its own operations, although its primary exposure comes through the group's customers, loans and investments. A major part of the group's climate risk exposure comes from the lending portfolio in the corporate market.

As a financial actor, it is strategically important for SpareBank 1 SR-Bank to handle climate risk properly. As a major financial institution in Norway, the group has a key role to play in the transition to a low-emission society and in contributing to the green shift. For further information on how the group manages climate risk, please see SpareBank 1 SR-Bank's annual report.

The overarching goal of SpareBank 1 SR-Bank's *sustainability strategy*:

SpareBank 1 SR-Bank's objective is to be an organisation that takes a proactive approach to sustainability in all of its operations and takes responsibility for contributing to solutions to the climate and environmental challenges society faces.

The overarching goals of its climate strategy:

SpareBank 1 SR-Bank must be a driving force behind, and facilitator of, the necessary transition to a low-emission society. SpareBank 1 SR-Bank must ensure that the group's activities contribute to reductions in greenhouse gas emissions, both nationally and globally.

We will:

- Support the Paris Agreement in line with Norway's goal of cutting CO2 emissions by up to 50% by 2030. Our datum point is based on the Group's total emissions at the end of 2020.
- Help and require each of our corporate customers and suppliers to have a proactive plan for how they can cut their CO2 emissions.
- Set specific targets for cutting greenhouse gas emissions in line with the Paris Agreement and Norway's commitments to limit warming to well below 2 degrees Celsius by 2050.

SpareBank 1 SR-Bank will work with the industry to follow up on the recommendations of the [Roadmap for green competitiveness in the Norwegian financial sector](#), which was launched in June 2018. The roadmap has made the assessment of climate risk that is included as a natural part of the financial services industry's management responsibilities one of six main principles. Climate risk will also be followed up as part of the group's work on the global UN initiatives, Principles for Responsible Banking and Principles for Responsible Investment.

SpareBank 1 SR-Bank expects its customers to try and exclude controversial energy sources and contribute to a

greener shift in society. The group stipulates requirements through its financing and conducts ESG assessments of corporate customers based on selected criteria. More information about ESG assessments can be found in SpareBank 1 SR-Bank's annual report.

The group's *sustainability strategy*, as well as the associated governing documents, apply to all of the group's customers and partners, as well as the companies in which SpareBank 1 SR-Bank invests.

SpareBank 1 SR-Bank's *standard for sustainability in the corporate market* specifies that the group does not grant credit to companies involved in mining or power generation based on coal or that can in some manner be linked to nuclear power. This applies to all credit: existing and new credit commitments and project financing.

SpareBank 1 SR-Bank also does not grant credit for the extraction of tar sands, heavy crude, shale gas, or shale oil. This applies to all credit: existing and new credit commitments and project financing. In the production of oil and gas, the group expects companies to operate in a sustainable and prudent manner. SpareBank 1 SR-Bank expects companies not to operate in locations where the environmental impact of an accident would be unmanageable and companies to always adopt the best available techniques to mitigate the risk of accidents. Companies are also expected to have a contingency plan in place. The group expects waste from oil and gas extraction to be reduced and run-off and environmentally hazardous waste to be dealt with safely.

While developing new projects, companies' plans are expected to take into account the impact on the environment and health of dismantling production facilities, especially offshore drilling platforms.

There must be a focus on human rights and the employees must have good working conditions that result in low health risks. Employees must enjoy good, safe working conditions in which the risk to their health is low. Companies operating in conflict zones or areas with weak governance will only be accepted if they can document that they are not complicit in human rights violations. SpareBank 1 SR-Bank expects companies to have procedures for remedying any negative consequences that they have caused or contributed to in the area of human rights.

SpareBank 1 SR-Bank wants companies to work to exclude controversial energy sources and the group aims to increase the proportion of companies contributing to the increased use of renewable energy. The group wants to stimulate this through green business development.

As far as the production of biomaterials is concerned, SpareBank 1 SR-Bank expects the 12 principles established

by the Roundtable on Sustainable Biomaterials to be complied with and the seven principles of the World Commission on Dams are expected to be met by all types of hydropower plants.

3.4.3 Mining

In the group's *standard for sustainability in the corporate market*, SpareBank 1 SR-Bank clarifies that it does not grant loans to companies involved in mining or power generation based on coal or that can in some manner be linked to nuclear power. Nor does the group provide credit to companies involved in extracting uranium and asbestos or extracting or trading in conflict minerals.

As far as mining is concerned, it is a condition that any interventions in nature must be minimised and SpareBank 1 SR-Bank expects companies to operate in a sustainable and prudent manner. Companies must not to operate in locations where the environmental impact of an accident would be unmanageable, and companies are expected to always adopt the best available techniques to mitigate the risk of accidents. SpareBank 1 SR-Bank also expects companies to have a contingency plan in place. Mining waste must not be deposited in rivers or on the seabed. SpareBank 1 SR-Bank refrains from involvement in mining where entire mountain tops are removed and the establishment of new coal mines.

Regardless of local legislation, companies are expected to have plans for the purification of emissions and for the reversal and remediation of interventions in the natural world upon closure of a mine. The group also requires the proper treatment of run-off and hazardous waste, and that employees must have good working conditions that pose a low risk to health. Employees must enjoy good, safe working conditions in which the risk to their health is low. Companies operating in conflict zones or areas with weak governance will only be accepted if they can document that they are not complicit in human rights violations. SpareBank 1 SR-Bank expects companies to have procedures for remedying any negative consequences that they have caused or contributed to in the area of human rights.

Interventions in nature must also only be carried out in ways that ensure the rights and opportunities of indigenous to carry on a traditional lifestyle without unnecessary interruption. Companies are expected to enter into a dialogue to find such solutions. Special care must also be exercised in areas where the natural world is especially vulnerable, and mining must be avoided in areas where accidents or external impacts could result in irreparable damage to the environment. Companies should consider certification in line with certification schemes for certain types of minerals where this is appropriate and work with relevant standards and initiatives for certain minerals.