

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

Egersund SpareBank was established in 1839 and everything we have done since then has been based on long-term thinking. The group's objectives are to stimulate growth and development. Based on the group's roots, history and solid position in Vestlandet, SpareBank 1 SR-Bank aims to become a leading financial group in Norway. 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 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.

SpareBank 1 SR-Bank's goal is to be an organisation that 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 and environmental efficiency.

1.2 Organisations and international principles supported by SpareBank 1 SR-Bank

Even though we, as the largest and leading financial services group in Sørlandet and Vestlandet, primarily focus on our immediate surroundings, we are just as interested in ensuring that everything we do is sustainable in a global perspective.

The group's sustainability work is based on the 17 UN Sustainable Development Goals. The UN Sustainable Development Goals are the world's joint action plan for a sustainable future. We want to support the Sustainable Development Goals (SDGs) through our operations. A wide-ranging internal project in the group resulted in a decision to focus on three SDGs in particular. While we support all of them, we recognise that it is through our three chosen SDGs that we have the greatest opportunity to have an impact. The group will particularly focus on:

SDG 5 Gender equality, SDG 8 Decent work and economic growth and SDG 13 Climate action.

These three SDGs are included in the group's sustainability strategy and each is linked to specific targets and measures.

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, we report to the UN Global Compact annually at the Advanced level.

In 2018, SpareBank 1 SR-Bank played an active role in setting up Global Compact Network Norway and sits on the network's board. The network's mission is to strengthen society's and companies' work within 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.

2019 saw the launch of the Principles for Responsible Banking (UNEP FI) to which SpareBank 1 SR-Bank has signed up. The UN Environment Programme (UNEP) has a partnership with the financial services sector called the United Nations Environment Programme – Finance Initiative (UNEP FI). The objective of the principles is to put the banking industry in a position where it can take a leadership role in achieving the SDGs and fulfilling the Paris Agreement.

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. SpareBank 1 SR-Bank's work on sustainability is based on the principles in these guidelines, which are in line with other guidelines for responsible business, such as the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

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 bank's operations and the GRI reporting has been integrated into the annual report.

SpareBank 1 SR-Bank supports the Initiative for Responsible Ship Recycling. This voluntary initiative was started by leading banks and advocates the responsible breaking up and recycling of vessels with the aim of minimising adverse consequences from any hazardous waste on board. The principles behind the Responsible Ship Recycling Standards (RSRS) will form part of our dialogue with shipping companies that wish to become, or already are, our customers. At the same time, these principles will form an integral part of our loan agreements and other terms and conditions.

SpareBank 1 SR-Bank and 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).

1.3 Sustainability is an integral component of the group’s operations

1.3.1 Governing documents

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

The sustainability strategy must be seen in conjunction with other governing documents, such as the group’s strategy and associated business plan, code of conduct, credit strategy, and other relevant policies and guidelines in the group. The principles and associated guidelines 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.



The figure shows how the governing documents have been incorporated into the group.

1.3.2 Stakeholder dialogue

The group maintains a good, open dialogue with the communities of which we are a part. Our priorities within the area of sustainability are based on this dialogue with customers and other stakeholders. The dialogue and cooperation with stakeholders is essential to the group's sustainability work. Without this information we would be unable to achieve our ambitions in the area of sustainability. The feedback is important for both our focus areas and our follow-up.

Our 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 our work in line with the SDGs and Paris Agreement, as well as our own ambitions based on the sustainability strategy.

The group has a number of natural forums and also creates its own forums for engaging in dialogue with our stakeholders. Our updated stakeholder dialogue can be found in the group's annual report.

1.3.3 Materiality analysis

A materiality analysis was conducted in spring 2018 as a basis for determining which sustainability themes the group should focus on in particular. The analysis indicates those areas where the group has a major influence, both positive and negative. It provides us with an overview of opportunities and areas of risk. This in turn determines the GRI indicators we report on. Figure 2 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 showed that the group should focus on the following:

- Economic crime
- Ethics and anti-corruption
- Personal data protection and information security
- Negative screening and exclusion
- Policy/guidelines for responsible credit
- Climate risk
- Local business development
- Product and service marketing
- Active ownership/green products/positive screening
- Banking practice
- Supply chain follow-up
- Diversity and equal opportunities

In the current strategy period up to 2021, the emphasis will be on further developing the bank's approach to sustainability in our core operations and financial services. This means that we will particularly work on responsible lending practices, managing climate risk, active ownership, positive screening, and launching new green products.

2. SUSTAINABILITY IN THE BANK'S DAY-TO-DAY 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 our 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 deliver as desired and planned in various phases of life. 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 must 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. Our guidelines for diversity and equal opportunities underscore that this is an important focus area for the group.

We have zero tolerance for 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 philosophy or disability. This is rooted in our *Overarching guidelines for diversity and equal opportunities*.

No one should feel bullied in our group. We have zero tolerance for 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. We systematically work to improve skills and the group offers good career development opportunities along customer, discipline and management pathways. We have routines and processes in place to ensure gender-balanced candidate pools for executive management positions in the group. 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. We have 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 we constantly focus on ensuring adherence to equal pay between the genders.

The group particularly focuses on SDG 5 Gender equality. The group 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 established 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. We take a broad perspective in how we plan for and nurture successors for the executive management team and work with talent development and mobility. We work to ensure 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 our customers, partners and investments are concerned, we point out in our *Overarching guidelines for diversity and equal opportunities* that all companies should have zero tolerance towards 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.

2.3 Combating money laundering and terrorist financing

The financial services industry has a particular social responsibility to prevent economic crime. We are responsible for ensuring that our operations are not exploited for illegal acts through our products and services. Fighting economic crime, such as preventing the proceeds of criminal activities being laundered and terrorist financing, is demanding and important work.

SpareBank 1 SR-Bank has an extensive framework of guidelines intended to prevent our operations being used for money laundering, tax evasion or terrorist financing. The framework is there to ensure that we comply with the statutory requirements in various processes through guidelines, customer measures, electronic monitoring, sanctions regulations, and procedures for internal control. We have committed to complying with the framework and guidelines in the Wolfsberg principles for combatting economic 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 we are 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, we maintain constant vigilance to prevent our customers falling victim to economic 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 our business partners and having zero tolerance for corruption, as well as working actively to combat money laundering and terrorist financing, we are contributing to sustainable social development.

2.4 Ethics and anti-corruption

SpareBank 1 SR-Bank has zero tolerance for corruption. The group has taken a clear stand: our sourcing processes and customer relationships must withstand the light of day and we must be transparent and clear about our 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 we invest in, at our providers of funds and at our suppliers. Our *General guidelines for sustainability* state that SpareBank 1 SR-Bank must not contribute to economic 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 about the group's activities and services in an open and honest manner.

Corruption puts long-term value creation at risk and creates distrust in society's systems. It can lead to court cases and fines, or other sanctions, as well as the loss of market access, assets, and the right to operate banking operations. There are many different forms of corruption and our *code of conduct* is intended to contribute to, among other things, fighting corruption, extortion, bribery, whitewashing, 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.

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.

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

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 completed an anti-corruption training module for SpareBank 1 SR-Bank's managers as part of our skills cycle. Our compliance control work is based on the ISO 37001 standard for anti-corruption. The control model complies with the ISO standard and the group prepares routines and control actions for the work. We 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.

Whistleblowing routines have been established 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 offices 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.

2.5 Personal data protection and information security

SpareBank 1 SR-Bank processes a large amount of personal data. The management of personal data is regulated by law and one of the most important duties we have is to protect the data exchanged between customers and the bank in our systems. The biggest concerns are system errors, access to data, and the online bank. SpareBank 1 SR-Bank has a policy and standard for personal data protection, as well as a number of guidelines and routines under these. The area of personal data protection is an annual cycle with risk-based internal controls, regular testing of the systems, and annual reviews of the systems with risk assessments.

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

Our membership of Finance Norway means 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. Our 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 guidelines state that it must vote in general meetings in 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 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, SpareBank 1 SR-Bank 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 SpareBank 1 SR-Bank takes the right risks in its change processes.

2.8 Environment

As a responsible financial services group, we take a proactive approach to environmental and climate challenges. 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.

We 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.

Our *General guidelines for sustainability* indicate that we 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. Our *Overarching guidelines for agriculture and nature* further specify our requirements.

2.10 Responsible sourcing

80% of our purchases are made through the SpareBank 1 Alliance, the remaining 20% are made by SpareBank 1 SR-Bank. The largest purchasing categories are marketing, IT systems, property operation, external consultants, and contracted personnel.

SpareBank 1 SR-Bank requires its suppliers, customers and partners to take a conscious approach to sustainability. Suppliers and partners are specifically required to respect basic requirements regarding the environment, social conditions and ethical business practices. Specific requirements are set to ensure compliance with laws and regulations relating to human rights, working conditions,

the environment and honourable activities. Our requirements for suppliers and partners are specified in our *Guidelines for sustainable purchasing*. The requirements in our guidelines 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.

We strive to ensure close cooperation and a good dialogue with our suppliers and partners. SpareBank 1 SR-Bank expects suppliers to communicate our guidelines to their subcontractors and contribute to their adherence to them, as well as work to ensure its own compliance with the requirements.

2.11 Social development through value creation

SpareBank 1 SR-Bank is interested in innovation and creating growth in skills-based jobs. Gründerhub is one of our 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. We have helped to educate many entrepreneurs since autumn 2015. This has created new jobs in many companies. We distribute awards to entrepreneurs through Sparebankstiftelsen SR-Bank as a means of encouraging entrepreneurship.

2.12 Support for non-profit causes

As part of our activities, we support measures that support good living conditions. Over the years, the group has contributed in the form of grants and sponsorship agreements to various organisations, clubs and associations. SpareBank 1 SR-Bank's largest shareholder is Sparebankstiftelsen SR-Bank with its stake of 28.3%. Sparebankstiftelsen SR-Bank keeps the savings bank tradition alive. The foundation can distribute profits, which it receives in the form of dividends from SpareBank 1 SR-Bank, as donations to non-profit causes. This is to be done in line with the foundation's vision of *Creating Value Together* as well as the foundation's values of *Together we must create, enrich and develop healthy communities*. This reinforces the bank's local presence and local engagement.

In 2018, we joined forces with Sparebankstiftelsen SR-Bank and established a foundation, G9alt Talentutvikling. The foundation will distribute up to NOK 5 million to talented young people in Rogaland, Hordaland and Agder within a 5-year period.

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. 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. Our credit strategy stresses that corporate customers must have a long-term perspective and their companies must comply with applicable laws and regulations, which include environmental considerations and human rights.

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

As a bank, we primarily finance small and medium-sized Norwegian enterprises. We aim to be a positive contributor and sparring partner in order to improve companies' awareness and practices related to sustainability. Our *General guidelines for sustainability* clarify our requirements for the environment, social conditions and corporate governance. The guidelines apply to the entire group and all business areas.

Our *Guidelines for sustainability for the corporate market* in SpareBank 1 SR-Bank further clarify our requirements in relation to granting credit. The guidelines require sustainability to be assessed as part of our credit processes. The purpose of the guidelines is to provide corporate advisers with a framework for assessing a company in relation to sustainability and ensuring that we carry out an assessment of the extent to which a customer's business model is sustainable.

Our expectations and requests in these guidelines are communicated to our customers through publication on the bank's website and through information for customers in connection with the establishment of new customer relationships and/or the processing of financing applications. If we become aware of any of our customers acting contrary to our expectations/requests we will talk to the customer and seek to achieve improvements. If this follow-up does not lead to improvements, we will set clear conditions for the bank'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 our corporate customers must be familiar with our sustainability guidelines for credit and review them annually. They provide guidance on the type of customers we want, what we expect of our customers, and what we lend money for.

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.

Guidelines for responsible investment in SpareBank 1 SR-Bank have been developed to support the bank's sustainability strategy and *General guidelines for sustainability*. The group has different investments with different purposes. This includes strategic ownership in subsidiaries and alliance companies, as well as purely financial investments. The guidelines apply to all of the bank's investments. SpareBank 1 SR-Bank's investments must always comply with the group's guidelines for sustainability, including, in particular, the group's overall sustainability strategy and *General guidelines for sustainability*.

SR-Forvaltning has guidelines for responsible investment that have been incorporated into the company's investment strategy. The guidelines are 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).

3.3 Cross sectoral expectations and requirements for responsible finance

3.3.1 Labour and human rights

Central to our work on sustainability is respecting international labour and human rights. In our *Overarching guidelines 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 our 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 guidelines specify requirements for an international framework for human rights and business, labour rights, vulnerable groups and international humanitarian laws, the Geneva Conventions.

Accordingly, the operationalisation of these guidelines 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 guidelines are rooted in our *Sustainability Strategy* and our *General guidelines for sustainability* and are applicable 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 agriculture, which in turn includes livestock.

Sustainable agriculture and conservation are an important concern for the group. Nature can be a renewable resource if it is managed sustainably. We want to be a driving force for sustainable development in our market area, and will work with our customers to achieve this. This means that our 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. We also want to contribute to sustainable agriculture and conservation internationally.

Our Overarching guidelines for sustainability: Agriculture and nature specify important areas within nature and agriculture. The guidelines are rooted in our *Sustainability Strategy* and our *General guidelines for sustainability* and are applicable to the entire group and all business areas.

The guidelines specify 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.

Our customers and business connections are also expected to respect the right to adequate and satisfactory food.

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 it provides credit. We expect 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. We expect such companies to report on sustainability in line with the international standards for reporting on sustainability, Global Reporting Initiative (GRI).

Our General guidelines for sustainability state 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 we become aware of any of our customers or companies acting contrary to our expectations/requests, we will start a dialogue with the customer to seek improvements. The companies are expected to report their activities in each country in which they operate. If our follow-up does not lead to improvements, we will set clear conditions for our continued involvement with the customer or the company. In the worst case scenario, we will consider ending the customer relationship. We also expect 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 for corruption. The group has taken a clear stand: our sourcing processes and customer relationships must withstand the light of day and we must be transparent and clear about our 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 we invest in, at our providers of funds and at

our suppliers. We also expect 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

Our *General guidelines for sustainability* clearly state that SpareBank 1 SR-Bank must not aid in the production of tobacco or the production of pornographic materials. They also specify that the group must not contribute to the 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 in general and for countries that have not ratified the Non-Proliferation Treaty, chemical weapons and biological weapons. 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 *Guidelines for sustainability for the corporate market* also specify 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. 3.4.2 Mining

The guiding principle for mining is that interventions in nature must be minimised and that, irrespective of local legislation, one must have plans in place to purify emissions and restore the landscape and repair interventions in it after the mining ends. We also require the proper treatment of run off and hazardous waste, and that employees must have good working conditions that pose a low risk to health. 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. We oppose mining that results in entire mountain tops be blasted away, the mining of uranium and open mining of oil sands/tar sands.

3.4.3 Coal power, coal mining and other controversial energy production

The world contains such large reserves of coal that mining the coal and burning it would alone be enough to destroy the climate. The Government Pension Fund Global's ethical exclusion list is a standard of measurement for excluding companies with a high proportion of earnings or operations linked to coal power. It is not sufficient for companies SpareBank 1 SR-Bank invests in or to which it

provides financing to adapt their company structure to satisfy the requirement concerning a maximum limit of 30% of earnings or activities linked to coal power. We expect the managers we distribute products from to refrain from investing in companies that actively circumvent exclusion criteria through structural adaptations and for them to share the objective of actually reducing the proportion of coal power and dependence on coal power, including in companies that are within the limits set by the Government Pension Fund Global for the proportion of coal power related earnings and activities. This entails using the power provided by ownership to actively influence companies to invest in alternative energy production methods, purification and planning for the replacement of coal power production with other and clean sources of energy production.

We want companies to work exclude controversial sources of energy and require hydropower plants to fulfil the seven principles of the World Commission on Dams.