

# Sustainability report 2021



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# 1 INTRODUCTION

## 1.1 Sustainability strategy

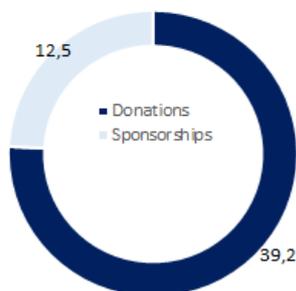
Sparebanken Sør's mission is to "create sustainable growth and development for our region". Sparebanken Sør is a regional savings bank, where the business model is an integrated value chain that includes the development, production and supplying of financial products and services. Distribution of products through owner companies and partners is an important part of the business model. Sparebanken Sør serves customers through a combination of sales offices and digital solutions. Digitalisation and an analytical approach characterise activities throughout the value chain. The largest business areas are Loans (to private and corporate markets) as well as Financing and Investment. We conduct our business activities within the framework of the company's strategy, corporate governance and ethical guidelines, and in line with regulatory framework conditions.

Sparebanken Sør has a long tradition of being a responsible corporate citizen. Our work on sustainability (ESG – Environmental, Social and Governance), which encompasses the climate and the environment, social conditions and corporate governance, is a natural continuation of the role the bank has played for almost 200 years. For Sparebanken Sør, sustainable development means contributing to positive development within ESG, as well as safeguarding the bank's social responsibility in areas where we operate. Our work on sustainability should strengthen our competitiveness and reduce the bank's ESG risk. As an employer, investor, lender and supplier of financial products and services, the bank should contribute to sustainable growth and development by strengthening the positive effects and reducing the negative impacts on people, society, climate and the environment.

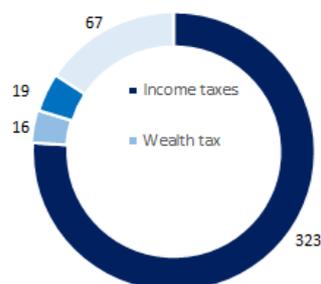
Sustainability is embedded and integrated in the bank's overall strategic plan. Sparebanken Sør will operationalise sustainability in all business areas, and will contribute to solutions to the sustainability challenges facing society. Sparebanken Sør supports the Paris Agreement and other relevant global and national sustainability initiatives.

As a savings bank, with both direct private ownership and community ownership, the bank aims to provide competitive returns to equity certificate holders and create sustainable growth and development in our region.

Donations and sponsorships 2021, MNOK



Tax contribution 2021, MNOK



Sparebanken Sør contributes to business and community development through active collaboration with customers, the public sector, business, research and educational environments. The bank contributes significant funds to a number of sports and cultural activities, societal functions and sustainable activities to stimulate sustainable development and growth in the region.

## 1.2 Framework

### 1.2.1 Sustainability library

All publicly available reports and governing documents related to the ESG area are available on the bank's website, under "English"/Sustainability"/"Sustainability library".

<https://www.sor.no/felles/om-sparebanken-sor/about/social-responsibility/sustainability-reports/>

### 1.2.2 Organisation

The bank's organisational structure for sustainability work:



ESG work is firmly embedded at Board and management level. You can find more details about organisation and responsibility in our Sustainability strategy, Sustainability library, Chap. 3 page 6.

### 1.2.3 GRI Standard (Global Reporting Initiative)

Sparebank Sør reports in compliance with GRI Standards Core Option. GRI Standards comprise a recognised global system and provide a framework for sustainability reporting (ESG). The GRI index is an integral part of the Sustainability report.

### 1.2.4 Fact Book

The Sustainability Fact Book is a supplement to the Sustainability report and the bank's overall reporting of sustainability. The fact book provides a brief summary of key issues, objectives and KPIs, as well as how GRI and various initiatives and principles the bank has endorsed are embedded in the various topics, cf. Sustainability library.

### 1.2.5 Governing documents, management and measurement systems

Good governing documents and management and measurement systems are important prerequisites for sustainability work. Governing documents have been prepared at an overarching level and at the more operative level for each of the different topic areas, cf. Sustainability library. In addition, the bank has a number of internal governing documents, procedures and guidelines for internal use, which are not publicly available for reasons of confidentiality.

Governing documents describe management control systems for the various topics, and how these are managed and followed up. Management systems for the relevant topics are as far as possible integrated into the bank's ordinary systems and procedures.

The bank has established KPIs for the various topics set out in Scorecard Appendix 2. These are followed up and measures for improvements are implemented as needed. Priority KPIs are integrated into the bank's overall risk management framework and included in quarterly reports to the board.

Management control systems, KPIs and methods are subject to ongoing assessments, development and revisions. The bank has a special focus on implementing goals related to priority ESG areas, such as climate emissions, EU taxonomy and principles for initiatives with which the bank is affiliated. Governing documents, management control systems, goals and methods will be evaluated and revised through annual auditing processes.

### 1.2.6 Scorecard and KPIs

ESG area	Indicator	UNIT	2019	2020	2021	Objective	
						Goal	Date
<b>SOCIAL CONDITIONS</b>	Percentage of female managers in total	%	35,5	38,5	38,9	40–60	2025
	Women's average pay compared to men	%	82,6	83,9	85,9	90–110	2025
	Employee satisfaction	%	81	84	N/A	> 80	
	Uptime customer solutions, SLA	%	99,7	99,6	99,77	99,7	
<b>CORPORATE GOVERNANCE</b>	Donations and sponsorships	NOK mill.	57,7	47,9	51,7		
	Customer satisfaction indicator, Private Market	Place no.	6	5	11	Top 3	
	Customer satisfaction indicator, Corporate Market	Place no.	5	3	7	Top 3	
	Green home loans, share of total home loans	%	N/A	N/A	18	50	2030
	Green loans commercial real estate, share of total loan	%	N/A	N/A	30	50	2030
	Sustainable bonds, Liquidity portfolio	NOK mill.	680	680	802	2.000	2022
	Green bonds (issued)	NOK mill.	5.100	5.102	5.103		
	Suppliers > NOK 1 million with environmental certification	%		84,8	80,0	100	2025
ESG Rating	Points			11,7	≤ 20		
<b>CLIMATE AND ENVIRONMENT</b>	Greenhouse-gas emissions (GHG), own activities (Baseline 2017)	tonnes CO2	418	273	254	≤ 231*	2030
	Reduction in GHG emission, own activities (Base line 2017)	%		46,8	50,4	55,0	2030
	GHG emissions, own activities	tonnes CO2			N/A	0 (NZE)	2050
	Reduction in GHG emissions from lending in 2030 (Baseline 2021)	%			N/A	40	2030
	GHG emission from lending in 2050	tonnes CO2			N/A	0 (NZE)	2050
	Reduction in GHG emissions from investment in 2030 (Baseline 2021)	%			N/A	40	2030
	GHG emission from investment in 2050	tonnes CO2			N/A	0 (NZE)	2050
	Energy intensity own real estate	kWh/m <sup>2</sup>	225	214	233		
	Electric power from renewable energy sources	%			94,1		
	Company cars that are electric	%	46	62	81	100	2023

\*\* For definitions of KPIs, see Appendix 2 Scorecard Definitions

There is an overview of all of the bank's KPIs in Appendix 2 to this report.

## 1.3 Initiatives



### 1.3.1 UN Global Compact

Sparebanken Sør has endorsed the UN Global Compact. The Global Compact is the world's largest initiative for work on sustainability and corporate social responsibility. The bank reported its first Communication on Progress (CoP) in Q1 2019.

### 1.3.2 UNEP FI PRB (United Nations Environment Programme Finance Initiative – Principles for Responsible Banking)

The UN Principles for Responsible Banking is a framework that describes roles, responsibilities and ambitions for actions to meet sustainability goals and targets of the Paris Climate Agreement. Sparebanken Sør is a signatory to UNEP PRB. For more information on how the bank integrates UNEP PRB's principles, cf. Sustainability library.

### 1.3.3 UNEP FI PRI (UN Environmental programme Finance Initiative – Principles for Responsible Investment)

Sparebanken Sør outsources its asset management operations, and is therefore not a signatory to UNEP PRI. The bank distributes securities funds from other fund managers and requires these to be members of UNEP PRI and comply with its principles.

### 1.3.4 Finance Norway "Roadmap for Green Competitiveness in the Norwegian Financial Sector"

Finance Norway has prepared a roadmap for green competitiveness in the financial sector with a vision for the financial services industry to be profitable and sustainable by 2030. Sparebanken Sør is in a continuous process of integrating these principles into strategic and operational processes.

### 1.3.5 UN Sustainable Development Goals

The UN Sustainable Development goals, which were adopted in 2015, represent a global plan to eradicate poverty, combat inequality and stop climate change. Sparebanken Sør supports all 17 sustainability goals and has identified certain goals that will have special priority. Prioritised sustainability goals, important measures and activities are shown in the figure below.

 <p>5 LIKESTILLING MELLOM KJØNNENE</p>	<p>Gender equality programme Whistleblowing and complaints Equal access to financial solutions and products</p>
 <p>8 ANSTENDIG ARBEID OG ØKONOMISK VEKST</p>	<p>ESG requirements for customers and suppliers ESG requirements for lending, investments and financing</p>
 <p>12 ANSVARLIG FORBRUK OG PRODUKSJON</p>	<p>Sustainable products and services Circular economy, reuse and waste management ESG requirements for credit, investments, financing and</p>
 <p>13 STOPPE KLIMAENDRINGENE</p>	<p>Integrate climate into credit processes TCFD report and greenhouse-gas reduction targets Green product framework</p>
 <p>17 SAMARBEID FOR Å NÅ MÅLENE</p>	<p>Member of the UN Global Compact Member of UNEP PRB/PRI Finance Norway</p>

Further details on measures and activities for supporting prioritised sustainability goals are listed below each topic.

### 1.3.6 TCFD (Task force on Climate-related Financial Disclosures) – climate reporting

TCFD is a supplement to the Sustainability report and the bank’s overall reporting of sustainability. The TCFD report provides an overview of the bank’s climate reporting, cf. Sustainability library.

### 1.3.7 PCAF (Partnership for Carbon Accounting Financials)

In 2021, Sparebanken Sør became a partner in PCAF. PCAF is a global collaboration between financial institutions that are working together to harmonise assessments of and information on greenhouse-gas emissions financed by loans and investments. The Group is rapidly growing and consists of a large number of banks and investors from around the world.

### 1.3.8 ESG Rating

Sparebanken Sør was ESG rated by Sustainalytics for the first time in 2021. The bank received a score of 11.7, which corresponds to low risk. More details are shown in the figure below.

## Sparebanken Sør AS

Regional Banks Norway OSL-SOR

ESG Risk Rating

**11.7**

Updated Oct 7, 2021

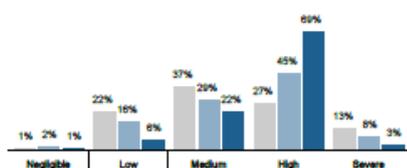
Not available

Momentum

**Low Risk**



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 <sup>st</sup> = lowest risk)	(1 <sup>st</sup> = lowest risk)
Global Universe	401/15096	4th
Banks	40/1070	5th
Regional Banks	8/432	3rd

## 2 STAKEHOLDER ANALYSIS

### 2.1 GRI standards – process

In 2019, Sparebanken Sør conducted stakeholder and performed materiality analyses based on the GRI standards. This process included an assessment and communication with the bank’s key stakeholders regarding material topics. The bank will regularly quality-assure and develop these processes with stakeholders. Sparebanken Sør has frequent communication with key stakeholders, where ESG is emphasised.

### 2.2 Stakeholders

Stakeholders are selected on the basis of business relationships, the importance they have for Sparebanken Sør, and the impact they have on sustainability, society and the bank’s business areas. Sparebanken Sør assesses relevant stakeholders on an ongoing basis, including potential new stakeholders.



## 2.3 Stakeholder groups (102–42)

Information about key stakeholders:

Stakeholders	Arena for dialogue	Regularly	Annually	As needed	Relevant topics	Measures
Customers (private customers and business customers).	Customer meetings, events, seminars.			X	Products, services and prices. Digital solutions and distribution.	Sustainable products. ESG in customer dialogue and credit processes.
Suppliers, procurement, IT, property.	Procurement and follow-up			X	Follow-up of delivery agreements, quality and solutions, SLA.	ESG requirements in tendering processes, follow-up and supplier dialogue.
Authorities, Central Bank of Norway, Financial Supervisory Authority of	Semi-annual meetings, ad-hoc meetings.	X	X		ESG risks, status and follow-up of regulatory requirements.	Ensure regulatory requirements and reporting.
Rating agencies, investors, brokers and analysts.	Meetings, events, rating processes.	X	X		Follow-up of ESG status, market development, financing etc.	Requirements and gaps in relation to ESG, reporting and issuance of green bonds.
Employees, employee representatives and safety representatives.	Employee interviews, events, general meetings.		X		Working environment, equality, professional topics such as sustainability, HSE etc.	Competency enhancement, employee surveys and a good working environment.
Owners, Foundation, Board of Trustees, and Board	Board meetings, regular meetings, general meeting.	X	X		Regulatory requirements, market expectations, operationalisation of ESG.	Ongoing information, follow-up, reporting of measures and development.
Media, newspapers, TV, radio and social media.	Quarterly results, marketing, random meetings.			X	The bank's work and activities in relation to ESG and the local community.	ESG information on the bank's website and social media.
Interest organisations, UN GC, PRB, Finance Norway.	Regular and random meetings, events, projects and courses	X			Development of ESG, implement principles, projects, KPIs etc.	Projects, courses, safeguard principles, development and reporting.
Subsidiaries / partly-owned companies.	Board meetings, general meetings, events.	X			Selected ESG topics, competence.	ESG and topics on the agenda of Board meetings.
Society in general.	Miscellaneous.			X	The bank's role as corporate citizen, contributions to the development of society and	Donations, sponsorships and the bank's engagement in the local community.
Partners	Events, projects, various meetings and gatherings.			X	Areas of cooperation for ESG, regulations, interest organisations.	Various cooperative projects.

The stakeholder groups are important because they can influence and provide input on how the bank should prioritise work on sustainability in terms of the choice of topics, measures and priorities.

### 3 MATERIALITY AND IMPACT ANALYSIS

#### 3.1 Materiality review

In 2019, several workshops were conducted with the aim of defining material topics, in compliance with GRI standards. A total of 15 people from the bank participated, including the CEO and division directors, as well as managers and professionals from relevant business areas.

The material topics have been selected on the basis of what our stakeholders believe is important, and what is important for Sparebanken Sør in relation to both risks and opportunities. The topics are also selected in relation to what is considered important for society, people and the environment. The topics are also selected on the basis of the ESG topics on which Sparebanken Sør's business areas have the most negative impact, and which topics the bank can directly or indirectly influence most positively.

The bank's core business mainly consists of lending, investments and financing of its own operations. The significant topics "Responsible lending" and "Responsible investment / financing" are limited to Sparebanken Sør's core business. Furthermore, the topics are limited to matters over which the bank has direct responsibility and control in its own value chain, in terms of customers, suppliers and partners. The theme "Responsible purchasing" is part of the external value chain, while other themes are more related to internal conditions and compliance. Delimitations of the theme Climate and Nature are set out in Chapter 7.

The bank has great influence through lending and investments, which also constitute the most important part of the bank's results and balance sheet. For this reason, climate and the natural environment are considered one of the most important areas in terms of both risks and opportunities, and is the area in which the bank can have the greatest positive and negative impact. This includes greenhouse-gas emissions, damage to the environment, resources and biodiversity. The bank also focuses on all the other selected topics within social conditions and business management. The topics are also selected on the basis of what opportunities the green transition represents, such as within sustainable products and services.

Based on an overall assessment of the stakeholder dialogues, bank strategy, corporate structure, financial plans etc., the analysis is considered adequate in 2021 as well. The assessment of relevant issues is a continual process.

The materiality matrix for Sparebanken Sør is as follows:

IMPORTANCE FOR STAKEHOLDERS	Most important	Responsible products and services	Responsible lending Financial crime Data protection and information security	
	More important	Climate and the environment Responsible investment/financing Responsible procurement Working environment and employee development	Equality and diversity Responsible business conduct	
	Important			
		Important	More important	Most important
IMPORTANCE FOR SPAREBANKEN SOCIETY AND SØR'S LONG-TERM VALUE CREATION				

## 3.2 Impact analysis

In 2021, Sparebanken Sør carried out an impact analysis based on a template from UNEP PRB. The purpose of the analysis is to identify the positive and negative impacts the bank's business model has on the UN's 17 Sustainable Development Goals, and prioritise the most important areas.

Retailmarket - Impact area			
Positiv påvirkning		Negativ påvirkning	
1	Employe	1	Climate
2	Inclusive healthy economies	2	Resource utilization and security
3	Housing	3	Inkluderende sunne økonomier
Business market - Impact area			
Positiv impacty		Negativ impact	
1	Employe	1	Climate
2	Resource utilization and security	2	Biodiversity and ecosystems
3	Housing	3	Waste

This analysis, together with the stakeholder analysis and the materiality matrix, forms the basis for prioritising sustainability work. For more information about the impact analysis, cf. Sustainability library.

## 4 SOCIAL CONDITIONS

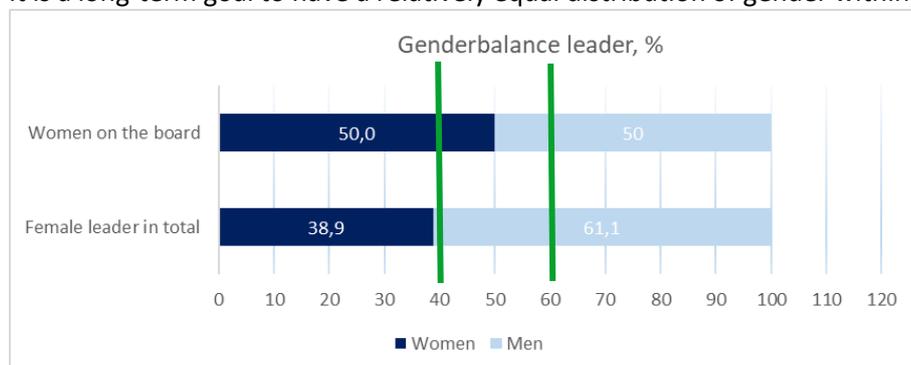
### 4.1 Diversity and equal opportunity

For Sparebanken Sør, diversity and equal opportunity mean equal rights and opportunities for all. This means that the bank creates security and an inclusive working environment, where everyone is valued for their qualities and talents and everyone can be themselves. The Policy for equality and diversity will assist Sparebanken Sør in its efforts to ensure equality and diversity in our own organisation and when working with customers, partners and suppliers, cf. Sustainability library.

The duty of activity and duty to issue a statement means that employers must not only report on the actual situation, but also implement measures to promote equality and prevent discrimination. Action plan for equality and diversity, see Appendix 3.

A Diversity and Equality Committee has been established. The bank makes determined efforts to promote diversity and prevent unequal treatment and discrimination. In 2021, a survey was conducted among part-time employees about involuntary part-time work. The result of the survey was that none of the respondents involuntarily work part-time.

It is a long-term goal to have a relatively equal distribution of gender within all job levels and business areas.



Diversity and equal opportunity are followed up in all parts of the organisation, and the bank's regulations safeguard this in recruitment and selection processes. The bank aims to increase the proportion of employees from ethnic backgrounds other than Norwegian.

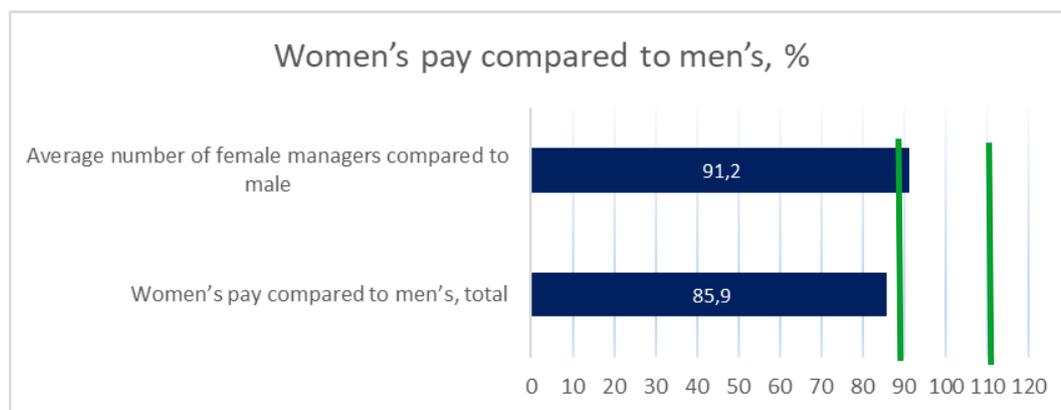
Sparebanken Sør is certified for equality and diversity through *Likestilt Arbeidsliv* (Equality in Working Life). *Likestilt Arbeidsliv* is a regional certification scheme for companies that are to contribute to gender equality and diversity in working life.

The certification scheme includes the following focus areas:



Training, in part through *Likestilt Arbeidsliv*, will improve competence in the area of equality and diversity.

Sparebanken Sør aims to ensure equal pay for equal work, regardless of gender, and our figures indicate a positive development. In 2021, local salary allocations were used to adjust for equal pay.



KPIs and goal attainment:

KPI	Description	Unit	Goal	Time	2019	2020	2021	Goal
KPI A1	Discrimination	Cases	0		0	0	0	✓
KPI A2	Percentage of female managers in total	%	40–60	2025	35,5	38,5	38,9	✓
KPI A3	Women's average pay compared to men	%	90–110	2025	82,6	83,9	85,9	✓

What has the bank achieved?	New initiatives moving forward
Recertified in <i>Likestilt Arbeidsliv</i> . Action plan for gender equality and diversity. Labour and human rights policy. Training in gender equality and diversity. Increased the number of employees with an ethnic background other than Norwegian. Increased the proportion of female managers, and women's average pay compared to men.	Assess/categorise different types of positions within the staff function to make equal pay considerations easier. Increase the number of employees with an ethnic background other than Norwegian. Focus on diversity in recruitment. Continue the work on the action plan.

## 4.2 Working environment and employee development

### 4.2.1 Working environment and HSE

Sparebanken Sør will be an attractive and inclusive workplace for all employees. The “Policy for labour and human rights” is intended to ensure that Sparebanken Sør works to safeguard employee and human rights in its own organisation, and in its work with customers, partners and suppliers, cf. Sustainability library.

The bank endeavours to ensure that all employees experience a good balance between work, home and leisure time. Sparebanken Sør offers employees various benefits, such as a defined contribution pension scheme, bonus schemes, subsidised loan schemes, private insurance, a fee-free bank account, company holiday cabins and the opportunity to purchase bank equity certificates at a discounted price.

Systematic work on health, safety and the environment (HSE) has a high priority for Sparebanken Sør. The bank has established a good framework, which includes an employee handbook, HSE handbook and several internal contractual committees. Sparebanken Sør provides occupational health services, offers health insurance for all employees, and has a cooperation with an occupational psychology service. Continuous efforts are made to ensure a good working environment, and considerable resources are used to stimulate employees to keep healthy through physical activity and exercise.

HSE measures are followed up through reviews for employees with particular responsibility for HSE. The bank closely follows up employees on sick leave.

### 4.2.2 Employee satisfaction

Sparebanken Sør measures employee satisfaction every two years based on Kantar’s employee satisfaction survey. Sparebanken Sør scores high, and in recent years, has scored above the industry average. We conduct employee interviews with all employees, including various measures and follow-up of improvement and development areas.

### 4.2.3 Competence and organisational development

Customers’ change in behaviour, technological developments and the focus on being a data-driven bank, are accelerating the need for new competence among employees. Sparebanken Sør is focused on facilitating professional development opportunities for all employees, and on ensuring that they are given opportunities to acquire the right competence in relation to the work they are to perform.

While the pandemic situation has affected everyone, it has also led to the use of new digital collaboration tools and has provided valuable insight into self-management and distance management. Training and education takes place in collaboration with both internal and external partners. New learning methods such as Teams and digital solutions have been used.

Through access to the bank’s digital learning platforms, E-guide, NanoLearning and Workplace, all employees at Sparebanken Sør have opportunities to acquire specially adapted competence from more than 100 courses. Over the past year, employees have spent over 2,000 hours on training through these channels. In addition, there are annual mandatory courses for training and updating in key topics such as ethics, money laundering, data protection and information security.

**65 hrs** AVERAGE TRAINING PER EMPLOYEE IN 2021

Training covers management, professional areas, products etc., as well as special topics. More details about training are available in Scorecard, Section 1.2.

Employees also participate in various competency enhancement activities through external digital courses and seminars.

Restructuring, employee development and recruitment of new skills to build a bank for the future are high priorities for Sparebanken Sør.



Of the 47 who were recruited in 2021, about 94 per cent have completed higher education.

Sparebanken Sør has provided funding for the establishment of new study programmes in the fields of economics, psychology and entrepreneurship in the region.

KPIs and goal attainment:

KPI	Description	Unit	Goal	Time	2019	2020	2021	Goal
KPI A4	Sick leave absence, total, %	%	≤ 4.0		4,75	2,7	3,7	V
KPIA5	Employee satisfaction	%	≥ 80		81	84	NA	
KPI A6	Percentage who have had an employee interview	%	100			100*	100*	V

\* It is mandatory to conduct employee interviews annually, but the figure of 100 per cent has not been quality assured in 2020 and 2021.

What has the bank achieved?	New initiatives moving forward
<p>Average training per employee 65 hrs. Most training has been offered via e-learning and digital channels. Update authorisation schemes.</p>	<p>Continue training activities. Employee satisfaction survey and employee interviews. Leadership development programme for all managers. Continue the Trainee Sør scheme. Continue the Internship programme with the University of Agder (UiA), where students gain practical experience in different professional areas of the bank.</p>

## 4.3 Data protection and information security

The bank relies on trust from its customers, public authorities and other stakeholders, and safe management of customer data and other information is therefore crucial for the bank. Sparebanken Sør processes personal data and manages information security in compliance with applicable laws, regulations and procedures, and requires our suppliers and partners to do the same.

### 4.3.1 Data protection

Sparebanken Sør processes personal data in accordance with the Personal Data Act, including the General Data Protection Regulation (GDPR). The regulations regulate the bank's gathering, storage, use and deletion of such information, among other things. Sparebanken Sør's employees have a statutory duty of confidentiality regarding all matters concerning customers. Only employees with an official need should have access to personal data concerning our customers. The bank will not collect any personal data other than what is necessary to serve the individual customer. Customers have the right to request access to their stored personal data at any time, to request a copy of their personal data and to have any inaccurate personal data rectified. Consent to the collection, use and sharing of data is ensured in the bank's procedures and guidelines for the Norwegian Personal Data Act, including the GDPR.

**9** REPORTED CASES TO THE NORWEGIAN DATA PROTECTION AUTHORITY REGARDING BREACHES OF DATA PROTECTION

**0** ORDERS FROM THE NORWEGIAN DATA PROTECTION AUTHORITY

Sparebanken Sør processes and manages large volumes of personal data, which places great demands on the bank's handling of customer information and compliance with key data protection principles. Data protection is about ensuring the confidentiality, integrity and accessibility of all personal data that is owned, processed or managed by the bank. Sparebanken Sør has appointed a data protection officer to assist with ensuring compliance with the bank's requirements for processing personal data.

A comprehensive framework for GDPR and data protection has also been established, which is used internally in the bank's work with data protection.

### 4.3.2 Information security

Sparebanken Sør is an important corporate citizen, and it is essential that the bank's solutions function properly, both for the bank's customers and for society in general.

The bank's procedures and infrastructure protect information about both the bank and its customers, including sensitive information, against cyberattacks. Bank services such as payment infrastructure (card payment, mobile banking, online banking, online business banking) are all part of the bank's critical infrastructure.

Security measures that protect customers' personal data and payment infrastructure consist of sound procedures, 24-hour monitoring and modern security mechanisms. A key part of this work is the "Policy for information security management, ISMS", based on ISO/IEC 27001.

KPIs and goal attainment:

KPI	Description	Unit	Goal	Time	2019	2020	2021	Goal
KPI B1	Orders, fines related to privacy by the Norwegian Data Protection Authority	Number	0		0	0	0	V
KPI B2	Uptime customer solutions, SLA, %	%	≥ 99.7		99,7	99,6	99,97	V
KPI B3	Serious digital fraud cases against the bank					0	0	V

What has the bank achieved?	New initiatives moving forward
<p>Various training measures, including mandatory training in data protection and information security for all employees.</p> <p>Established a number of procedures in connection with ISMS.</p> <p>New client platform, new security solutions, 24/7 monitoring and response system.</p>	<p>Training for all employees in data protection e-learning (NanoLearning).</p> <p>Further develop the KPIs for information security.</p> <p>Continue implementation of ISMS.</p> <p>Introduce a new solution for access control.</p>

## 4.4 Financial crime

Financial crime is a serious societal problem and a threat to both individuals and society. Banking and finance are important contributors to the fight against money laundering, financing of terrorism and corruption. Sparebanken Sør's overall goal is to combat financial crime. The bank has zero tolerance for all forms of financial crime, and will contribute toward a business community built on fair competition and legal activities.

Sparebanken Sør's efforts to combat financial crime are founded on applicable laws and regulations. The bank has a comprehensive framework of governing documents, policies and guidelines to ensure that the bank complies with laws and regulations to prevent financial crime, such as money laundering, fraud and financing of terrorism.

The bank's "Policy for anti-corruption and bribery" provides guidelines for the bank's stance and efforts to prevent corruption, trading in influence, bribery and use of facilitation payments. It can be found on the bank's website, cf. Sustainability library.

Transaction monitoring is one of the primary methods of detecting and analysing suspicious transactions that may indicate possible money laundering and financing of terrorism. Throughout 2021, the bank has monitored a significant number of suspicious transactions. In most cases, these suspicions prove to be unfounded. If there are grounds for investigation, the case is reported to Økokrim, the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime, as required under the Anti-Money Laundering Act.

The bank must have robust control and customer due diligence measures in place, as well as good internal management and monitoring systems. Sound procedures, proper training and necessary resources help to ensure that the bank is not utilised for financial crime. The work to prevent financial crime is challenging. In the past year, the bank has increased its resources and competence in this area.

As an element in the operationalisation of ESG in business areas, measures against financial crime have been integrated in policies and systems for monitoring credit processes, investments, financing and purchases.

KPIs and goal attainment:

KPI	Description	Unit	Goal	Time	2019	2020	2021	Goal
KPI C1	Internal corruption cases	Number	0		0	0	0	V
KPI C2	Internal fraud cases	Number	0		0	0	0	V
KPI C3	Suspicious of money laundering flagged	Number			8.900	18.900	18.933	
KPI C4	Suspicious of money laundering reported to Økokrim	Number				62	102	

What has the bank achieved?	New initiatives moving forward
<p>Completed compulsory e-learning in money laundering and terrorist financing for all employees.</p> <p>Reorganisation and increased resources, including legal expertise and analysts.</p>	<p>Continue training in topics for all employees.</p> <p>Further develop KPIs and goals.</p> <p>Routine project for revision of the entire anti-money laundering framework.</p>

Policy for anti-corruption and bribery. Procedures for fraud cases.	Project for improvement of transaction analysis and risk scoring model.
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## 4.5 Responsible products and services

### 4.5.1 Products and marketing

Sparebanken Sør is concerned with having transparent and understandable products and services, and marketing these in an ethical way so that customers can make good financial choices. There are strict requirements for product labelling, service information and marketing. The bank has a strong focus on advisory services and offering customers safe products, and on ensuring that the sale and marketing of products is conducted in a responsible manner in accordance with legislation. All financial advisers have approved authorisation that meets the requirements of the Finance Industry Authorisation schemes (FinAut), and have updated their competence as stated in the authorisation schemes. The bank has established guidelines for quality assurance and risk assessments of products, systems and services, and to ensure compliance with the requirements for information, labelling and marketing.

Sustainable products and services are an important tool for helping to meet the UN's Sustainable Development Goals, the Paris Agreement and the green transition. The bank works actively with sustainable products, and aims to increase the proportion of sustainable activities in our business areas.

The use of recognised frameworks, ethical product information and marketing will ensure that our products meet the classification criteria for sustainable products and services.

Guidelines and systems have been established for the registration, processing and follow-up of complaints related to violations of laws and guidelines for products, service information, labelling and marketing.

### 4.5.2 Green, social and sustainable Product Framework

Sparebanken Sør has established a "Green, social and sustainable Products Framework". The framework is based on internationally recognised principles. The purpose of the framework is to develop and disseminate sustainable products as an important contribution to the green transition. The bank will expand its range of sustainable products based on this framework and on current classification criteria, cf. Sustainability library.

### 4.5.3 Green & Sustainability Bond Framework

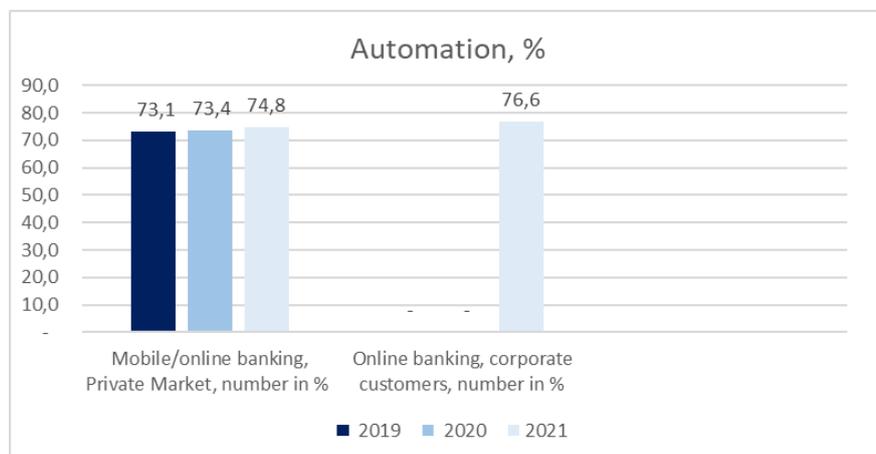
Sparebanken Sør has established two bond frameworks (2019 and 2022). The frameworks were established in accordance with ICMA (International Capital Market Association) standard principles for green, social and sustainable bonds. The framework that was updated in 2022 also requires the proceeds from the bond issues to be allocated to projects that are defined as green and sustainable in accordance with the EU taxonomy. Green and sustainable financing enables the bank to contribute to the realisation of customers' green and sustainable projects.

### 4.5.4 Digitalisation

Digitalisation of processes and distribution of products and services are important tools for contributing to a sustainable transition. Digital solutions lead to more self-service of financial products and services, and reduced travel activity. Sustainable products and activities will help to reduce negative and increase positive impacts on the ESG area. Sparebanken Sør will continue to facilitate solutions that can contribute to a more sustainable development.

Sparebanken Sør is a member of *Digital Samhandling Offentlig Privat* (Digital Collaboration Public Private), which is a collaboration to digitalise and streamline important processes in society. This collaboration contributes to the realisation of several of the UN's Sustainable Development Goals.

Sparebanken Sør is at the forefront in terms of automated financial products and services.



Mobile and online banking figures reflect active users of mobile and online banking as a percentage of active customers (engagements of over NOK 1,000).

KPIs and goal attainment:

KPI	Description	Unit	Goal	Time	2019	2020	2021	Goal
KPI D1	Lost cases, breach of product/service information	Number	0		0	0	0	V
KPI D2	Lost cases, breach of marketing communications	Number	0		0	0	0	V

What has the bank achieved?	New initiatives moving forward
<p>Green, Social and Sustainable Product Framework.</p> <p>Updated Green &amp; Sustainable Bond Framework.</p> <p>Revised procedure for risk assessments of products, services, processes and systems.</p>	<p>Develop a "Policy for product and service information and marketing of products and services".</p> <p>Further develop digital services and sustainable products.</p>

## 5 CORPORATE GOVERNANCE

### 5.1 Responsible business conduct

Sparebanken Sør will conduct itself with honesty and transparency. All activities at Sparebanken Sør will always be conducted in accordance with applicable laws and regulations. The bank will require customers, suppliers and partners to follow relevant legislation and international conventions in the countries in which they operate. Corporate governance will ensure that the bank does not contribute to the violation of human and employee rights, corruption, unacceptable greenhouse-gas emissions, serious environmental damage or other acts that may be perceived as unethical or irresponsible.

Sparebanken Sør has joined several national and global initiatives to help meet various important objectives within the ESG area.

#### 5.1.1 Ethics

Sparebanken Sør has a code of conduct to ensure that all parts of the organisation understand and respect the ethical standards. The code of conduct applies to all employees, and describes, for example, how employees should respond to challenges related to impartiality and conflicts of interest, participation in other

commercial activity, as well as trading in financial instruments. All employees review the code's ethical guidelines on an annual basis. An annual update on ethics is provided as part of the various authorisation schemes for the bank's financial advisers.

The bank has held a code of conduct refresher course for all departments.

### 5.1.2 Customer complaints

The bank has sound systems and procedures in place for handling customer complaints, cf. Sustainability library. Complaints may come from various channels, and good solutions have been established for receiving, registering, handling and reporting complaints, and for implementing measures. In 2021, a total of 70 customer complaints were reported. Most were resolved without liability for the bank, while in other cases, a settlement was reached with the customer. Total settlement payments from the bank in 2021 amounted to about NOK 86,000.

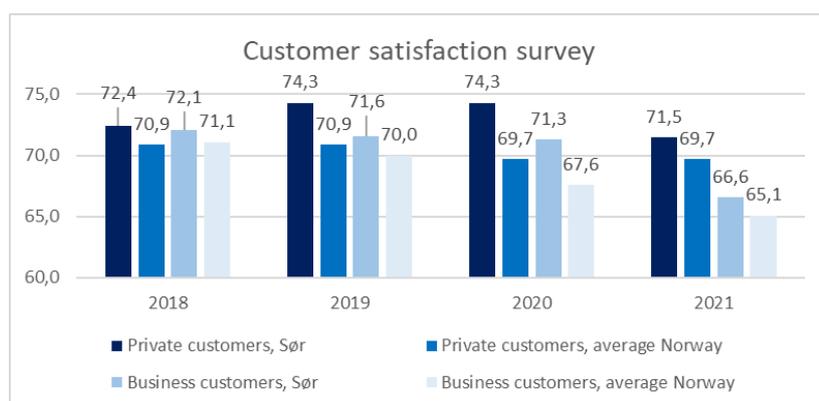
### 5.1.3 Whistleblowing

Sparebanken Sør aims to be a safe and positive workplace. The bank wishes to facilitate a culture of freedom of expression and has established whistleblowing procedures to prevent, identify and rectify censurable conditions. Employees are encouraged to report any censurable conditions they have become aware of, or that they have experienced themselves. A procedure has also been established for external third-party notifications. The bank's whistleblowing procedures, cf. Sustainability library.

Whistleblowing can take place through several channels, also anonymously. Anonymous whistleblowing cases are sent directly to an independent external third party, BDO AS. Sound procedures have been established for reporting, follow-up and measures. In 2021, there were four whistleblowing cases, which have been processed in accordance with the bank's whistleblowing procedures. Measures have been implemented for all whistleblowing cases.

### 5.1.4 Customer satisfaction

Responsible and ethical business activities in all areas are essential for trust and good customer relationships. Although the bank did not achieve its ambition of being among the three banks that scored the highest in 2021, the bank scores high on customer satisfaction in EPSI Norway's annual bank survey. The bank is above the industry average for both private and corporate customers.



### 5.1.5 ESG Regulations

In 2019, the EU presented its green growth strategy the "European Green Deal" with a goal of ensuring more sustainable economic development with less pollution and lower greenhouse-gas emissions, better health, increased quality of life and new jobs. In the wake of the Green Deal, the EU has established a number of measures and regulations that affect the financial sector. As a member of the EEA Agreement, it is natural

for the Norwegian market to closely follow what is happening in the EU. Sparebanken Sør will therefore be affected by a number of forthcoming measures for sustainable finance in the near future. The bank has started a major interdisciplinary project to meet the new requirements and establish ownership for the further work.

### Ongoing sustainability work at the bank in 2022

Just before Christmas, the bank started an interdisciplinary project with active involvement from various business areas. The aim of the project is to increase competence in sustainable finance, so that the bank can continue to develop its sustainability work in light of the forthcoming regulations. In the project, the bank is looking in particular at the EU taxonomy and the Disclosure Regulation, a report on Corporate Social Responsibility in accordance with the Section 3-3(c) of the Norwegian Accounting Act, and the Norwegian Transparency Act.

The EU taxonomy is comprehensive and requires work with data collection, updating systems and reporting solutions. The bank has recently initiated work on mapping the taxonomy eligibility of the exposure in the lending portfolio, in order to be able to identify which economic activities are affected by the taxonomy, and to then be able to calculate the Green Assets Ratio (GAR), i.e. what proportion of the business volume within lending and investments meets the requirements of the EU taxonomy.

Furthermore, the bank is working to establish a good working methodology to ensure compliance with the forthcoming reporting and disclosure obligation. The bank will work with procedures for integrating sustainability risk into its investment decisions. The bank undertakes not to engage in incorrect marketing of sustainable products. A clear workflow in the project is communication and marketing, which will ensure that the information on sustainable products conforms to the taxonomy, as well as ensure that the information is published on the company's website and in other periodic reporting.

In light of the new changes implemented through Section 3-3(c) of the Norwegian Accounting Act in July 2021, the bank will continue to work on its assessment of significant sustainability risk. The work of integrating sustainability risk into the business areas, due diligence assessments and risk assessments is dynamic. The bank has already done some work on climate risk, mentioned in Section 7.4, and will continue to work on this. The bank refers to the work with the duty of activity and duty to issue a statement, which deals with one part of Section 3-3(c) and is discussed in more detail in Chapter 4. In order to meet the new requirements in the Norwegian Transparency Act, the bank will establish various work processes that address internal and external control and ensure good processes and reporting for compliance with the forthcoming regulations.

In the EU, efforts are being made to include sustainability risk in the Capital Requirements Directive. The European Banking Authority (EBA) has been instructed by the EU Commission to assess whether adjustments should be made to banking capital requirements Pillar 1 and Pillar 2 as a result of ESG factors. It is expected that the EBA will present its final advice in 2023. Sparebanken Sør will continue to work on how ESG risk is to be assessed as part of the bank's existing risk management and risk appetite, and will closely monitor the work of the EBA.

### KPIs and goal attainment:

KPI	Description	Unit	Goal	Time	2019	2020	2021	Goal
KPI E1	Customer satisfaction indicator, Private Market	No.	≤3		6	5	11	X
KPI E2	Customer satisfaction indicator, corporate market	No.	≤3		5	3	7	X
KPI E3	Complaint cases lost at the Norwegian Financial Service	Number	0		0	0	0	V
KPI E4	Whistleblowing cases internal and external	Number	0		0	0	4	X
KPI E5	ESG Rating Sustainalytics, Low risk ≤ 20 points	Points	20				11,7	V

What has the bank achieved?	New initiatives moving forward
<p>Refresher course in the bank's code of conduct for all departments</p> <p>Completed impact analysis according to UNEP PRB.</p> <p>ESG rating: Low Risk.</p> <p>Established and implemented several policy documents and guidelines within ESG.</p> <p>Established projects to comply with the EU taxonomy and ESG regulations.</p>	<p>Continue the work of implementing the UN Global Compact, UNEP PRB and Finance Norway's principles.</p> <p>Continue work with ESG regulations.</p> <p>Facilitate solutions for EU taxonomy.</p> <p>Customer satisfaction surveys conducted by EPSI.</p> <p>Continue operationalisation of ESG in the business areas.</p> <p>Continue to develop governance systems, goals and methods.</p>

## 5.2 Responsible lending

For Sparebanken Sør, responsible lending means to focus on climate and the environment, social conditions and good corporate governance in lending and management. The main objective is to achieve a good long-term return with an acceptable level of risk and to contribute to sustainable development.

Lending to private customers and business customers represents the bank's core operations, and this is likely the area in which the bank can have the greatest positive impact on sustainable development. This especially applies to the business market, in terms of the climate and the environment.

Strategic guidelines for work with the lending portfolio:

- Reduce the negative impacts that the lending portfolio has on greenhouse-gas emissions, the environment, social conditions and corporate governance, primarily through measures for improvements and sustainable products, but also through exclusion criteria for industries and customers.
- Contribute to increasing knowledge about ESG and to help customers make more sustainable choices.
- Manage the bank's ESG risk according to measures of risk and risk tolerance.
- Take advantage of opportunities for increased earnings through new products, services, industries and markets as a result of the green transition.

An important element of sustainable development is to increase the proportion of sustainable activities, products and services.

The bank's "Policy for responsible credit lending" will ensure that industries and customers involved in the violation of human and employee rights, corruption, unacceptable greenhouse-gas emissions, serious damage to the environment or other actions that may be considered unethical or irresponsible are not represented in the bank's lending portfolio, cf. Sustainability library.

### 5.2.1 Greenhouse-gas emissions

The bank has used PCAF data and method based on balance to calculate greenhouse-gas emissions from the Corporate Market. For "Residential real estate" in the private market and the industry "Sales and operation of real estate", the bank has used energy classes for calculating CO2 emissions. For other loans in the private market, which make up a very small part of loans to the private market, the same emission factors have been used as for home loans.

Industry	Total lending NOK mill.	Scope 1 Tonnes CO2	Scope 2 Tonnes CO2	Scope 3 Tonnes CO2	Scope 1,2 and 3 Tonnes CO2	Tonnes CO2 per NOK mill. lending
Mortgage	75.736				156.774	2,07
Other loan and credit	1.813				3.753	2,07
<b>Private customers</b>	<b>77.549</b>				<b>160.527</b>	<b>2,07</b>
Agriculture and related services	861	113.354	112	31.709	145.175	168,61
Forestry and related services	171	2.495	13	3.067	5.576	32,60
Fishing, trapping and aquaculture	465	5.995	48	11.915	17.959	38,62
Mining	51	2.121	6	2.155	4.282	83,39
<b>Industry</b>	<b>741</b>	<b>7.145</b>	<b>169</b>	<b>32.701</b>	<b>40.015</b>	<b>54,00</b>
Energy production and supply	48	48	0	75	123	2,59
Water, wastewater and waste disposal	80	5.071	14	5.111	10.196	127,42
Construction of buildings / construction	5.358	13.148	288	291.899	305.335	56,99
Retail	1.519	20.646	53	29.233	49.933	32,87
Transport	594	5.283	100	40.456	45.840	77,17
Hotels, restaurants and tourism	430	4.903	153	11.361	16.417	38,18
Information and communication	152	214	10	1.473	1.697	11,19
Financing and insurance	233	836	5	1.455	2.296	9,85
Sale and operation of real estate	21.144	16.722	2.939	72.379	92.040	4,35
Professional services	478	7.131	46	12.496	19.673	41,11
Business services	343	8.919	36	13.861	22.816	66,53
Public administration	2	1	1	23	25	13,79
Education	1.328	1.021	518	12.967	14.507	10,92
Healthcare and social services	2.055	2.730	2.794	50.577	56.102	27,30
Cultural activities	429	770	192	14.959	15.920	37,09
Other services	3.018	31.994	1.941	72.035	105.970	35,11
<b>Corporate customers</b>	<b>39.500</b>	<b>250.550</b>	<b>9.438</b>	<b>711.908</b>	<b>971.896</b>	<b>24,60</b>

Sparebanken Sør's lending portfolio consists mainly of customers with low greenhouse-gas emissions. There is little statistical basis available for benchmarking greenhouse-gas emissions from the lending portfolio. Previous calculations based on data on greenhouse-gas emissions from Statistics Norway indicate that the bank's greenhouse-gas emissions from lending are significantly lower than the average in the financial industry, which the industry composition also indicates.

The bank will work to improve data and methods for calculating greenhouse-gas emissions from the lending portfolio.

### 5.2.2 Risk and opportunity

ESG represents both risk and opportunity. It represents risk primarily through weakened earnings and/or increased losses due to inability or unwillingness to adapt to a low-emission society. Physical risk due to more extreme weather can also lead to increased losses. It represents opportunity as a result of new business areas through access to new technology, markets, industries, customers and products.

By setting requirements for greenhouse-gas emissions from lending, as well as increasing the share of sustainable products, the bank can reduce and manage ESG risk.

Global and national regulations and initiatives, including the EU Green Deal and the EU taxonomy, will lead to a strong shift towards more sustainable financial activities, products and services in the future.

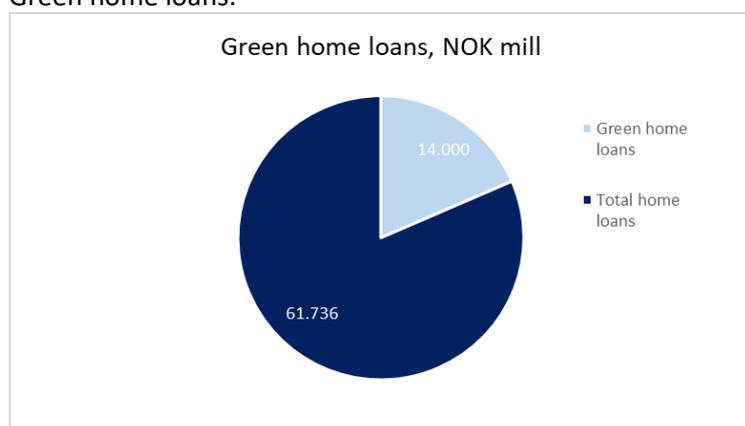
### 5.2.3 Private Market

Most loans in the private market are home loans. The ESG risk in the private market is primarily related to climate and the environment, i.e. climate change and the impact of natural disasters on the value of our pledged property in connection with home loan financing.

The negative impact of the private market on the ESG area is relatively limited, and is mainly related to greenhouse-gas emissions from energy consumption for housing, behaviour and consumption patterns.

It is important to have good guidelines and solutions both to manage risk, and to reduce the negative and increase the positive impact on ESG. To that end, Sparebanken Sør offers “Green home loans”.

Green home loans:



Sparebanken Sør currently has a portfolio of “Green home loans” according to the bank’s framework of about NOK 14,000 million. The figure has been assessed somewhat cautiously with regard to the data basis as well as uncertainty related to future regulations. The bank has ambitions to increase the proportion of green home loans.

Sparebanken Sør has a portfolio of car loans of about NOK 780 million, which are managed through Brage Finans AS. The table below shows the proportion of green cars (EVs) that are financed.

Private cars (car loans and leasing)	Sales 2020	Sales 2021	Portfolio
Total financing, cars, NOK mill.	N/A	409,0	779,5
Green financing, cars (electric), NOK mill.	N/A	104,2	185,6
Green financing, cars (electric), %	N/A	25,5	23,8

The bank also offers social products to young adults in the process of purchasing a home, such as BSU (Young people’s housing savings), Boligspar and Førstehjemslån (First home loan), at good terms.

KPIs and goal attainment:

KPI	Description	Unit	Goal	Time	2019	2020	2021 Baseline	Goal attainment
KPI F1	Green home loans, growth	%	≥ 10	Annually				
KPI F2	Green home loans, %	%	≥ 50	2030			18	

### 5.2.4 Corporate Market

The bank’s portfolio for the corporate market includes various industries, primarily in the SME segment. The largest industry in terms of lending volume is commercial real estate.

The ESG risk in the corporate market is primarily related to increased losses and reduced earnings for the bank as a result of conditions related to the climate and the environment. Such conditions could have a major

impact on the bank, customers and industries in terms of physical risk and adaptation risk. This can lead to changes in the supply and price of greenhouse-gas emissions, input factors and markets, as well as the demand for products and the ability to survive.

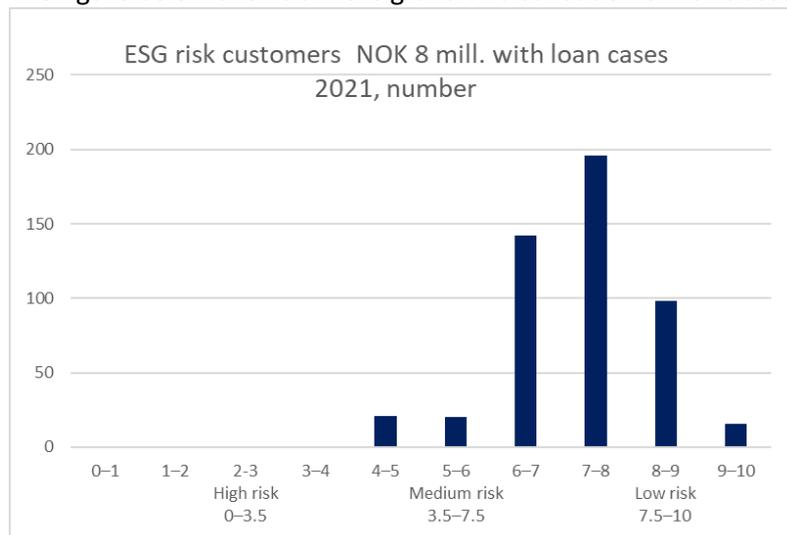
Sparebanken Sør has integrated an ESG module, with a special focus on climate in the bank’s credit processes. The EGS module is mandatory for all loan cases for customers with an engagement greater than NOK 8 million. The module provides a risk class for ESG risk, based on a weighted score of climate, the environment, social conditions and corporate governance. ESG risk class creates a basis for managing processes, authorities and price. The purpose is to map the ESG risk for customers and the loan application, as well as to be able to implement measures to reduce the customer’s ESG risk.

Data from the ESG module is collated for reporting by case, customer and portfolio.

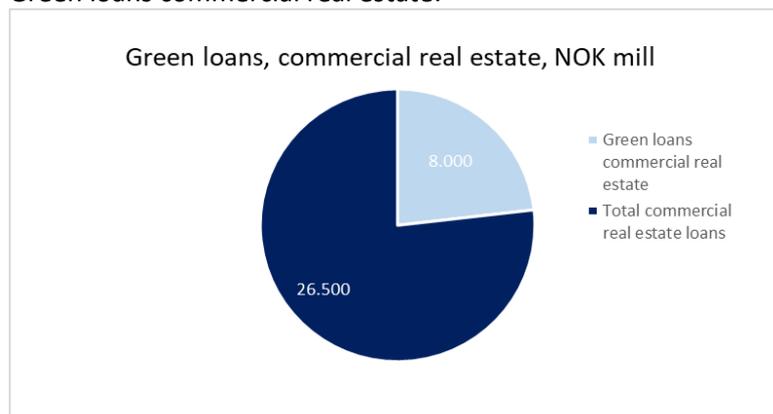
The module was implemented in April 2021. The figure below shows how ESG risk is divided into risk classes for customers with an engagement or application of greater than NOK 8 million, and who have had loan cases in 2021. The results must be considered with caution, as the bank and client account managers’ have only had brief experience with the ESG module, and the basis for analysis is limited. Improvements are also being made to the ESG module. However, the results indicate that there is a relatively low ESG risk in the analysed cases, which corresponds well with our industry composition and analyses of greenhouse-gas emissions.



The figure below shows a more granular distribution of risk classes based on points.



### Green loans commercial real estate:



Sparebanken Sør currently has a portfolio of “Green loans for commercial real estate” according to the bank’s framework of about NOK 8,000 mill. The figure has been assessed somewhat cautiously with regard to the data basis as well as uncertainty related to future regulations. Sør has ambitions to increase the proportion of green loans for commercial real estate.

Sparebanken Sør has a portfolio of trucks and construction machinery of about NOK 1.174 million, which is managed through Brage Finans AS. The table below shows the proportion of green cars (EVs) that are financed.

Trucks and construction machinery (leasing)	Sales 2020	Sales 2021	Portfolio
Total trucks / construction machinery, NOK mill.	N/A	476,8	1173,7
Green trucks / construction machinery, NOK mill.	N/A	18,4	28,3
Green trucks / construction machinery, %	N/A	3,9	2,4

### KPIs and goal attainment:

KPI	Description	Unit	Goal	Time	2019	2020	2021 Baseline	Goal attainment
KPI F3	Green loans commercial real estate, growth	%	≥ 10	Annually				
KPI F4	Green loans commercial real estate	%	≥ 50	2030			30	

What has the bank achieved?	New initiatives moving forward
<p>Integrated ESG module in credit processes in the Corporate Market Division (BM).</p> <p>Increased knowledge of ESG risk among all corporate market employees through training.</p> <p>Established KPIs for green home loans and green commercial real estate.</p> <p>Established “Green home loans for young people”.</p> <p>Contribute to the bank’s customers taking ESG risk more seriously, through ESG analysis and questions.</p>	<p>Further develop ESG module in credit processes in the Corporate Market Division (BM).</p> <p>Increase the proportion of Corporate Market (BM) customers who are ESG-classified (up to 100 per cent).</p> <p>Have more ESG information automatically integrated in the bank’s case systems for both the Private Market Division (PM) and the Corporate Market Division (BM).</p> <p>Further develop management goals and KPIs for ESG.</p> <p>Integrate ESG KPIs in the bank’s overall risk framework and risk reporting.</p> <p>Continuing training in ESG risk.</p> <p>Increase proportion of sustainable activities and products.</p> <p>Evaluate solutions for ESG and climate risk in the extension of credit and home loans.</p> <p>Evaluate climate calculator in the private market.</p>

## 5.3 Responsible investments and financing

Investments are an important business area for Sparebanken Sør, where the bank can have a major positive impact in terms of sustainable development. The “Policy for responsible investments and responsible securities” will ensure that the fund products distributed by Sparebanken Sør are sustainable and in accordance with our ESG requirements and conditions, cf. Sustainability library.

Financing is a major and important part of the bank’s work, but it is not defined as a separate business area.

Responsible investment/financing entails safeguarding the environment, social conditions and good corporate governance in the management. The investment and financing operations must be carried out in such a way that the bank does not contribute to the violation of human and employee rights, corruption, unacceptable greenhouse-gas emissions, serious environmental damage or other acts that may be perceived as unethical or irresponsible.

Sparebanken Sør aims to make sustainable and profitable investments and offer a competitive range of financial instruments to our customers, while allowing the bank to meet our ESG commitments.

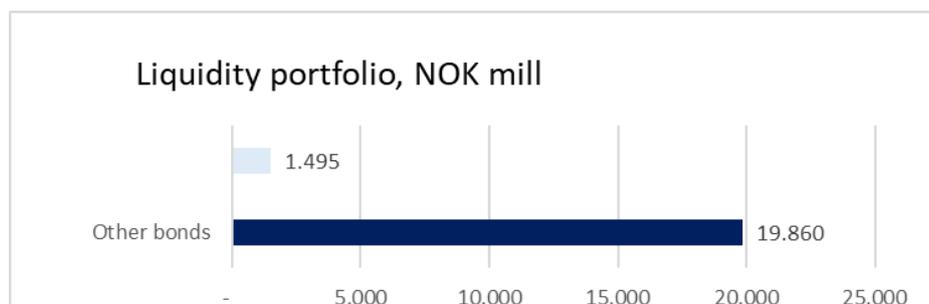
### 5.3.1 Investments in the liquidity portfolio

In order to be able to manage the Group’s liquidity risk in accordance with the objectives adopted by the Board, Sparebanken Sør has established a liquidity portfolio consisting of particularly liquid interest-bearing securities with high credit quality. The composition of the portfolio is based on statutory requirements and guidelines adopted by the Board. The investments are made in securities that are traded in established markets, where the bond issuers are subject to regulatory requirements for ESG. This includes guidelines related to financial crime and terrorist financing, and to human and employee rights. The issuers in which investments are made are also domiciled in regions where there is emphasis on risk related to the environment, nature and the climate.

Sparebanken Sør wants to help the financial market channel investments into sustainable business. The bank’s ambition is to increase the proportion of green investments in the liquidity portfolio, taking into account relevant instructions from the authorities.

The portfolio’s ESG risk must be assessed periodically, and at least once a year. If the assessment identifies breaches of the bank’s guidelines, the reason for and the seriousness of the breach must be evaluated. A thorough assessment of the underlying matters and the reason for the ESG breach must be carried out before any investment is realised.

The bank’s liquidity portfolio is considered to entail low risk for breaches of the bank’s ESG guidelines.



Sparebanken Sør aims to increase the share of sustainable investments in its liquidity portfolio.

KPIs and goal attainment:

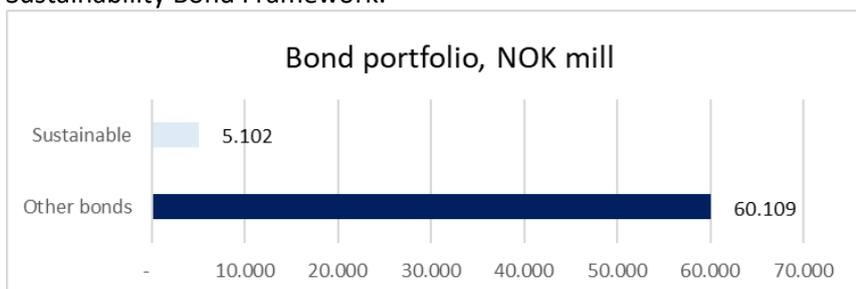
KPI	Description	Unit	Goal	Time	2019	2020	2021	Goal
KPI G1	Sustainable bonds liquidity portfolio	NOK mill.	2.000	2022		650	1495	

### 5.3.2 Financing

Sparebanken Sør has established a special “Green Sustainability Bond Framework”, which describes how to carry out the issuance of sustainable bonds by the bank or by Sparebanken Sør Boligkreditt AS. The guidelines in the framework follow the financial market’s established standards for such bond issues. When using the framework, the bank is obliged to the bond investors to use the proceeds from the bond financing for green and sustainable purposes. The framework defines the sustainable enterprises to which capital can be channelled. The bank emphasises ensuring that the bond framework reflects guidelines established in the EU’s sustainability taxonomy and the bank’s framework for sustainable lending activities.

Sparebanken Sør contributes to the green transition through the issuance of sustainable bonds to a large investor base at home and abroad. Through sustainable financial activity, the bank will also focus on the opportunity to influence loan customers’ ESG choices through the credit processes.

Sparebanken Sør Boligkreditt AS has issued a Green Covered Bond in the amount of EUR 500 million. The bank’s “Impact and allocation report” shows how bond financing has been used, cf. Sustainability, Green & Sustainability Bond Framework.



KPIs and goal attainment:

KPI	Description	Unit	Goal	Time	2019	2020	2021	Goal
KPI G2	Sustainable bonds issued	NOK mill.			5.100	5.103	5.102	

The bank has no targets for issued sustainable bonds, but has ambitions to increase the proportion of such bonds

### 5.3.3 Investments in subsidiaries and companies in which the bank holds an ownership interest

Sparebanken Sør Group includes the bank’s wholly and partly owned companies. Sparebanken Sør Boligkreditt AS is closely integrated with the bank’s financial activities. In addition, Sparebanken Sør has significant ownership positions in Sørmeglere AS, Frende Holding AS, and Brage Finans AS, which are also consolidated in the income statement and balance sheet.

The bank also has other ownership positions in companies that are of strategic importance to the bank’s business operations, of which VIPPS is one of the most important.

Sparebanken Sør emphasises that companies in which the bank has significant ownership positions must comply with the bank’s guidelines for sustainable business. Sparebanken Sør aims to be a positive contributor to increasing the companies’ focus on sustainability and wants to stimulate sustainable development through investment decisions. ESG must therefore be emphasised when the bank has the opportunity to exercise active ownership, and this is dictated by the size and importance of the bank’s ownership position.

The bank’s guidelines state how the bank’s exercise of ownership in companies in which the bank has real influence must be followed up, and how any breaches of the guidelines should be handled.

### 5.3.4 Investments made by fund managers in fund products distributed by the bank

Sparebanken Sør does not engage in fund management itself but distributes fund products through Norne Securities. Through its partly owned product company, Norne Securities, the bank distributes funds from reputable fund managers affiliated with UNEP FI PRI (UN Principles for Responsible Investment), and complies with the investment principles of UNEP FI PRI.

Sparebanken Sør requires Norne Securities to distribute funds that comply with the bank’s “Policy for responsible investment and responsible securities trading”. Norne Securities has confirmed that all distributed funds will comply with the bank’s policy. Sparebanken Sør has Product Management procedures for the handling and approval of fund products. In the event of changes in service offerings, the bank is increasingly emphasising principles for sustainable investments. In 2020, ESG was added to the bank’s product approval procedure. When expanding external funds, there is a strong focus on sustainable alternatives.

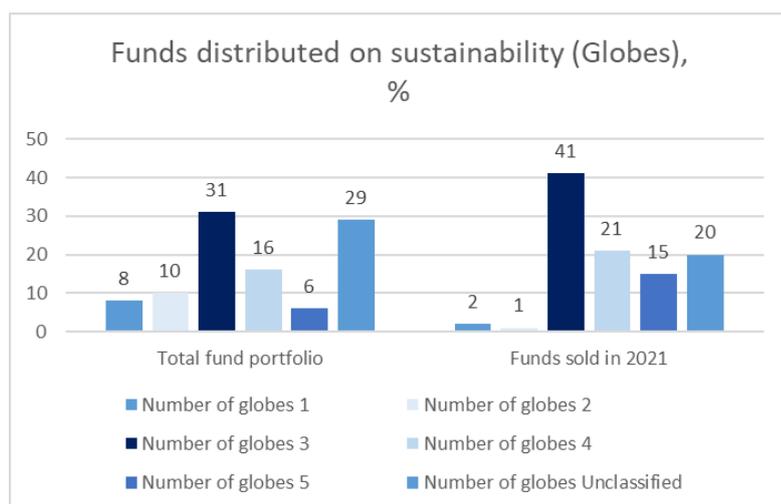
Norne Securities is in the process of ESG classifying the fund products that Sparebanken Sør distributes through Norne Securities, and as of 31 December 2021, the funds have the following classification in terms of sustainability.

	Number of globes					Unclassified
	1	2	3	4	5	
Total fund portfolio	8	10	31	16	6	29

\* Five globes are given to funds that are among the top 10 per cent in their fund category, and one globe is given to funds that are among the weakest 10 per cent in their fund category, based on Morningstar’s definition.

The EU’s taxonomy was adopted through an EU Regulation in the summer of 2020 and sets out guidelines/frameworks for criteria for determining whether a financial activity can be considered sustainable. All investment firms must classify whether investments (funds) are sustainable in accordance with the classification criteria in the framework.

The portfolio of funds distributed by Sparebanken Sør, and new sales of funds in 2021, broken down by sustainability based on the number of globes (classification of sustainability) are shown in the chart below.



\* Five globes are given to funds that are among the top 10 per cent in their fund category, and one globe is given to funds that are among the weakest 10 per cent in their fund category, based on Morningstar’s definition.

What has the bank achieved?	New initiatives moving forward
ESG classification of the fund portfolio. Procedure for product approval with increased focus on sustainability.	Continue classification of the fund portfolio. Ambition to increase the proportion of sustainable funds.

<p>Increased proportion of sustainable funds distributed.</p> <p>Goal of an increased proportion of sustainable bonds in the liquidity portfolio.</p>	<p>Ensure compliance with regulatory requirements, including changes in MiFID II, which entail requirements that customers' "sustainability preferences" must be included in suitability assessments.</p>
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## 6 RESPONSIBLE PROCUREMENT

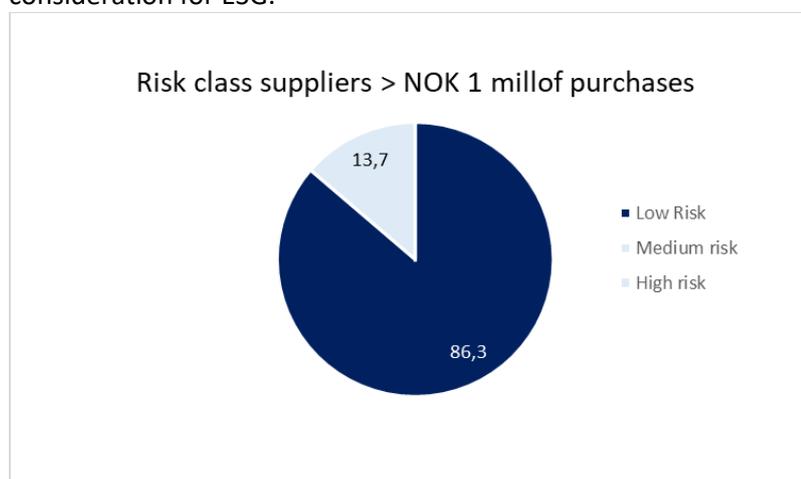
In 2021, Sparebanken Sør bought goods and services for about NOK 450 mill. The largest procurement categories include IT systems, property management, marketing, external consultants and contracted personnel. Most of the procurement takes place through the bank's procurement agreements. Suppliers with delivery agreements > NOK 1 million account for about NOK 357 million, corresponding to about 80 per cent of total procurements.

The bank's "Policy for responsible procurements" sets requirements for how suppliers relate to climate and the environment, social conditions and corporate governance, cf. Sustainability library. The policy will ensure that procurements are conducted in such a way that the bank does not contribute to the violation of human and employee rights, corruption, unacceptable greenhouse-gas emissions, serious environmental damage or other acts that may be perceived as unethical or irresponsible.

All suppliers with deliveries > NOK 1 million must sign a delivery declaration to confirm that they will comply with the bank's policy. It is essential that procured products are of good quality, delivered at competitive prices, and produced and distributed in a responsible manner. The bank emphasises sustainability for its suppliers, with focus on ESG as an evaluation criterion during tendering processes. As a starting point, all procurements should have the least possible negative impact on the climate, the environment and natural resources, social conditions, and it should be possible to recycle and reuse them to the greatest possible extent. Under otherwise equal conditions, the bank prioritises local suppliers who are environmentally certified.

Through tendering processes, requirements and supplier follow-up, the bank will encourage suppliers to maintain a conscious and positive approach to ESG.

The bank has established a risk-based system for use in the classification and follow-up of suppliers. This system is based on Bank policies and includes quantitative and qualitative issues and assessments with consideration for ESG.



The bank's suppliers have a low ESG risk. This has to do with the fact that a large portion of our suppliers are large IT suppliers, state-owned companies, companies that provide payment services and products to the financial sector.

Suppliers monitoring is adapted to the suppliers' risk profile, size and the bank's ability to exert an influence.

The bank has not identified any suppliers that have a significant potential for a negative impact on ESG.

KPIs and goal attainment:

KPI	Description	Unit	Goal	Time	2019	2020	2021	Goal
KPI H1	Suppliers with an approved supplier declaration	%	100			71,5	83,0	X
KPI H2	Suppliers with environmental certification	%	100			84,4	80,0	X
KPI H3	Suppliers that are risk classified	%	100			86,7	100	V
KPI H4	Suppliers > 1 MNOK that are assessed social conditions	%	100				100*	V
KPI H5	Suppliers > 1 MNOK assessed related to environment	%	100				100*	V

What has the bank achieved?	New initiatives moving forward
Integration of ESG policies and procedures in supplier monitoring and tenders.	Continue operationalisation of ESG in procurement processes and follow-up. Policy for outsourcing of IT services. Supplier manager in place. Questionnaire for key ESG topics integrated in the supplier interview. Ensure supplier compliance with requirements in the Norwegian Transparency Act.

## 7 CLIMATE AND THE ENVIRONMENT

### 7.1 Introduction

Climate and environmentally related challenges constitute a major risk to society and the bank. At the same time, these challenges also represent opportunities. The bank's strategy, business models and financial development are affected by climate and environmental risks and opportunities.

Focus has primarily been on climate change. In the future, however, there will be a greater focus on issues related to nature and the environment. This will be strengthened through a "Nature Agreement" which is expected to be put in place in the near future. Climate and the natural environment are closely integrated, and the environment will be given its natural place in the work on ESG in the future.

Through the UN Global Compact and UNEP Principles for Responsible Banking, Sparebanken Sør is committed to supporting a precautionary principle for challenges relating to the climate and the natural environment.

Sparebanken Sør's approach to climate change and the environment is twofold:

- Direct influence from the bank's own operations.
- Indirect impact by the bank's business activities.

Impact relates to how the bank's commercial activities are impacted by – and in turn impact – the climate and the natural environment.

Sparebanken Sør has created a "Policy for climate and the environment", which will ensure that the bank has clear principles and guidelines stating the bank's requirements and expectations for customers, suppliers and partners, cf. Sustainability library.

Sparebanken Sør aims to contribute to reducing greenhouse-gas emissions and negative impact on the environment. The goal is to facilitate a more sustainable development in the bank and with its customers, suppliers and partners.

## 7.2 Impact on climate and the natural environment by the bank's own activities

The bank's greenhouse-gas emissions and negative impact on the environment through its own activities are very limited. The bank will follow up issues for the climate and the environment through an environmental



management system, and is Eco-Lighthouse certified, based on the head office model and the new criteria for the finance sector.

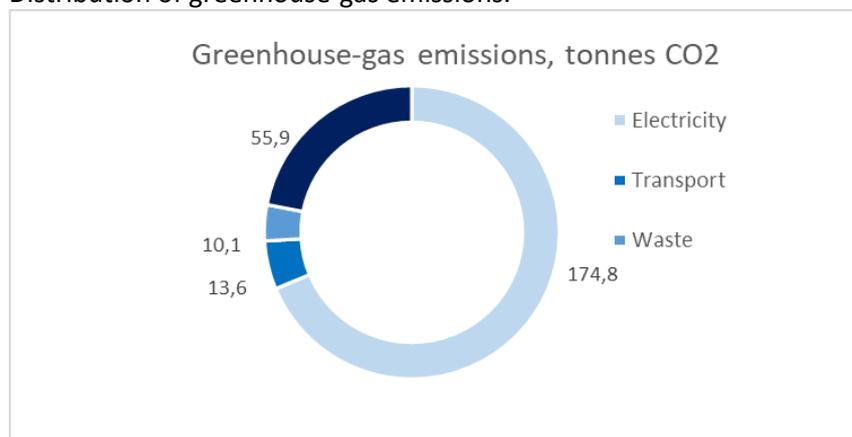
The bank's status and development with regard to greenhouse-gas emissions based on the GHG protocol and resource consumption:

Greenhouse-gas emissions	2019	2020	2021
Greenhouse-gas emissions Scope 1, tonnes of CO <sub>2</sub> e	22,8	19,0	13,6
Greenhouse-gas emissions Scope 2, tonnes of CO <sub>2</sub> e	195,5	181,3	174,8
Greenhouse-gas emissions Scope 3, tonnes of CO <sub>2</sub> e	199,2	72,7	66,0
Total greenhouse-gas emissions, tonnes of CO <sub>2</sub> e	417,5	273,0	254,4
No. of employees	429	442	594
Greenhouse-gas emissions per employee	0,97	0,62	0,43
Heated area, m <sup>2</sup>	23.964	23.004	26.769
Energy consumption, 1,000 kWh per year	5.383	4.926	6.250
Energy consumption, kWh per m <sup>2</sup>	225	214	233

All subsidiaries and companies in which Sparebanken Sør has dominant ownership interests are included in the climate accounts for 2021.

Sparebanken Sør's greenhouse-gas emissions show a positive development. A significant part of the reduction in greenhouse-gas emissions from 2020 to 2021 is due to changes in emission factors. Changes in the Electric Nordic mix, i.e. electricity consumption, constitute the most significant contribution.

Distribution of greenhouse-gas emissions:



The bank's greenhouse-gas emissions are primarily related to energy consumption and travel.

KPIs and goal attainment:

KPI	Description	Unit	Goal	Time	2017 Baseline	2020	2021	Goal attainment
KPI I1	Total greenhouse-gas emissions, own activities	tonnes CO2			512,7	273,0	254,4	
KPI I2	Reduction in greenhouse-gas emissions, accumulated	%	55	2030		46,8	50,4	V
KPI E3	Reduction in greenhouse-gas emissions		0 (NZE)	2050				

For more information on climate accounts, cf. Sustainability reports.

## 7.3 Impact on the climate and the natural environment from our business areas

Sparebanken Sør will work to help our customers, suppliers and partners reduce their impact on the climate and the environment. External business activities have the strongest negative impact on the climate and the environment.

The bank is able to have the strongest positive influence in the following business areas:

- **Lending:** Increase the proportion of sustainable loans and reduce the share of loans with a strong negative impact on the climate and the environment. This especially applies to business customers.
- **Investment:** Increase the proportion of investments in sustainable activities and enterprises and reduce the proportion of investments in enterprises with a negative impact on the climate and the environment.
- Furthermore, the bank will make use of the Green & Sustainable Bond Framework for the issuance of sustainable bonds.

The use of sustainable technology, products and distribution solutions that are closely linked to the business areas mentioned above are the key factors in contributing to sustainable development.

Measures and guidelines for operationalising climate-related risks and opportunities in business areas are described in more detail under the topics in this report, and in the TCFD report.

KPIs and goal attainment:

KPI	Description	Unit	Goal	Time	2017	2020	2021 Baseline	Goal attainment
KPI I4	Total greenhouse-gas emissions lending	tonnes CO2						
KPI I5	Reduction in greenhouse-gas emissions lending	%	40	2030				
KPI I6	Reduction in greenhouse-gas emissions lending		0 (NZE)	2050				

KPIs and goal attainment:

KPI	Description	Unit	Goal	Time	2017	2020	2021 Baseline	Goal attainment
KPI I4	Total greenhouse-gas emissions investments	tonnes CO2						
KPI I5	Reduction in greenhouse-gas emissions investments	%	40	2030				
KPI I6	Reduction in greenhouse-gas emissions investments		0 (NZE)	2050				

In 2022, the bank will work to measure and, if possible, establish a baseline for greenhouse-gas emissions from the business areas based on data 31.12.2021.

## 7.4 TCFD, Task Force on Climate-related Financial Disclosures

TCFD is a recognised method of climate reporting. Below is a brief summary of the structure and key points of the TCFD report.

Climate is not only about risk; it is also about business opportunities presented by climate-related challenges.

The main climate risks for the bank are:

**Transition risks:**

These are risks associated with transitioning to a zero-emission society, and involve political and regulatory aspects, technology, markets and reputation. Transitional risks involve the ways in which climate-related conditions may impact the bank’s business activities.

**Physical risks:**

Acute risks due to extreme weather conditions leading to hurricanes, floods etc. Chronic risks are long-term climate changes that affect temperature, sea levels etc. Physical risks involve how climate-related conditions, such as extreme weather, may impact the bank’s business activities. Climate-related risks and opportunities will affect the bank’s strategy, business activities and financial development from both a short-term and long-term perspective. The four main points are briefly highlighted in the table below:

Corporate governance	<p>Management of climate-related risks and opportunities.</p> <p>The Board has determined that ESG and climate change will be prioritised areas in the strategic plan, and will operationalise these areas in the business activities. It is essential to focus on both climate-related risks and opportunities, and how these affect the business areas and the bank’s financial development. Climate risks encompass the bank’s business activities, but more importantly, climate risks affect the bank’s business model and business areas.</p>
Strategy	<p>Effects of climate-related risks and opportunities on the bank’s strategy, business areas and financial planning.</p> <p>Climate is not only about risk, but also about business opportunities.</p> <p>Major climate-related risk factors:</p> <ul style="list-style-type: none"> <li>• Risk of increased default and loss, stranded assets, increased capital requirements, and more expensive financing.</li> <li>• Risk of the loss of reputation and customers, and reduced market shares.</li> </ul> <p>Major climate-related opportunities:</p> <ul style="list-style-type: none"> <li>• Increased revenue and cost reductions through new sustainable products, digitalisation, access to new markets and industries for the circular economy, reuse etc.</li> <li>• Better access to, and more reasonably priced, financing and capital, and reduced capital requirements.</li> </ul>
Risk management	<p>Systems and processes the bank uses to identify, assess and manage climate-related risks.</p> <p>The risk is greatest in the lending business area, where residential and commercial real estate amount to about 80 per cent of the total portfolio. The bank has policies with requirements and exclusion criteria in these business areas. ESG with special focus on climate is integrated in credit processes in the Corporate Market Division (BM). A framework for risk appetite and risk tolerance for ESG and climate risks is being created.</p>
Goals and methods	<p>Calculations and goals for assessment, and methods used to manage climate-related risks and opportunities.</p> <p>Sparebanken Sør aims to reduce its own greenhouse-gas emissions by 55 per cent by 2030, and become climate neutral in accordance with the Paris Agreement by 2050. Scenario analyses will be designed to assess whether climate-related risks and opportunities are in accordance with the bank’s strategy, risk appetite and risk limits. Management goals and indicators for climate risk will be further developed on an ongoing basis. The bank will have particular focus on integrating climate-related indicators of risk and opportunity from the EU taxonomy, and from UNEP PRB, when available.</p>

In 2022, Sparebanken Sør will continue the work of operationalising and further developing TCFD.

For more information about the TCFD report, cf. Sustainability reports.

What has the bank achieved?	New initiatives moving forward
<p>Established targets for greenhouse-gas emissions from the business areas.</p> <p>Competence building.</p> <p>Established partnership in PCAF.</p> <p>Integrated ESG in credit processes for the corporate market.</p> <p>Reduced greenhouse-gas emissions in own business.</p>	<p>Further develop KPIs, goals and measurement methods for the climate and the environment.</p> <p>Continue the work with TCFD.</p> <p>Work to establish a baseline for greenhouse-gas emissions from the business areas.</p> <p>Increase knowledge about climate risk in the organisation.</p> <p>Continue work on the Eco-Lighthouse certification scheme and measures to reduce greenhouse-gas emissions from own business.</p>

## 8 APPENDIX 1: GRI

GRI Standard – General Disclosures 2016		2021	
GRI Standard: Core Option			
GRI	Description	Source	Comments
Standard			
Organisational profile			
102-1	Name of the organisation	Sparebanken Sør	
102-2	Most important products and services	Board of Directors' Report	
102-3	Location of head office	Kristiansand	
102-4	Country in which the business operates	Norway	uu
102-5	Ownership and legal form	<a href="https://www.sor.no/globalassets/organisasjon/corporate-governance-sparebanken-sor-.pdf">https://www.sor.no/globalassets/organisasjon/corporate-governance-sparebanken-sor-.pdf</a> - page 3	
102-6	Markets served	Annual report, page 9, 63	
102-7	Size and scale of the organisation, number of employees, business areas, net sales revenue, balance sheet, products and services	Annual report, page 7, 9, Scorecard section 1.1	The annual report provides information on business areas, revenues, balance sheet etc.
102-8	Number of employees by region, gender, type of employment, employment contract, full-time and part-time	Scorecard, section 1.1	All the bank's offices are located in a relatively small geographical area in Norway, and are for reasons of size and geographical location defined as one region
102-9	Description of the company's supply chain	Sustainability report, Chap. 6	
102-10	Significant changes to the organisation's size, structure, ownership or value chain during the reporting period	No changes of a significant nature.	
102-11	How the "Precautionary principle" is handled in the organisation		The bank has adopted the UN Global Compact's "precautionary" principles
102-12	External initiatives or principles in the economic, environmental or social area that the organisation supports or has adopted	Sustainability report, Section 1.3	
102-13	Membership to industry organisations or other associations, and national/international lobby organisations		Sparebanken Sør is a member of Finance Norway
Strategy			
102-14	Statement from the CEO on the relevance of sustainability to the organisation and its strategy for addressing sustainability	Annual report, page 5	
Ethics and integrity			
102-16	The organisation's values, principles, standards and norms of behaviour	<a href="https://www.sor.no/felles/om-sparebanken-sor/about/social-responsibility/ethics-and-transparency/">https://www.sor.no/felles/om-sparebanken-sor/about/social-responsibility/ethics-and-transparency/</a>	
Governance			
102-18	The organisation's governance structure, including the highest governance body and committees responsible for decision-making on financial, environmental and social matters.	Sustainability report section 1.2.2, <a href="https://www.sor.no/felles/om-sparebanken-sor/about/social-responsibility/ethics-and-transparency/">https://www.sor.no/felles/om-sparebanken-sor/about/social-responsibility/ethics-and-transparency/</a>	
Stakeholder engagement			
102-40	Stakeholder groups that the organisation is in dialogue with	Sustainability report, Section 2.3	
102-41	Percentage of employees who are covered by collective bargaining agreements		All the employees are covered by the central agreement with Bank & Finance
102-42	Describe how the organisation selects relevant stakeholders	Sustainability report, Section 2.2	
102-43	Describe the organisation's approach to stakeholder engagement, including the frequency of engagement by type and stakeholder group.	Sustainability report, Section 2.3	

102-44	Key topics and concerns raised through stakeholder engagement, and how the organisation has responded to this, including through its reporting.	Sustainability report, Section 2.3	
<b>Reporting practice</b>			
102-45	List of all the units that are included or not included in the organisation's consolidated financial statements or similar documents.	For a company overview, please refer to the annual report, notes 26	The sustainability report covers Sparebanken Sør (parent bank), Sparebanken Sør Boligkreditt AS and Sparebanken Sør Verdipapirforetak AS. All subsidiaries and companies in which Sparebanken Sør has dominant ownership interests are included in the climate accounts for 2021. Results from subsidiaries and results from ownership interests in product companies are included in the Group's accounts and annual report, but these companies are not integrated into the sustainability report. All figures are as at 31 December 2021, or figures that have arisen in 2021.
102-46	Describe the process of defining the report's content, impacts and boundaries, and the implementation of the reporting policies	Sustainability report, Section 3.1	The sustainability report is limited to the Group's financial institutions, i.e. Sparebanken Sør (parent bank), Sparebanken Sør Boligkreditt AS and Sparebanken Sør Verdipapirforetak AS.
102-47	List the material topics that have been identified in the process of defining the reporting content	Sustainability report, Section 3.1	
102-48	Report any restatement of previous reports and the reason for the changes		There have been no reformulations from previous reports.
102-49	Report significant changes from previous reporting periods regarding material topics where there are any impacts and the organisation's involvement in these		There have been no significant changes from previous reports on material topics.
102-50	Reporting period	01.01.2021–31.12.2021	
102-51	Date of previous report	01.01.2020–31.12.2020	
102-52	Reporting cycle	Annually	
102-53	Contact point for questions regarding the report or its content	Magne Kvaslerud	
102-54	Reporting level, the Core or Comprehensive alternative.	Sustainability report point 1.2.3	
102-55	GRI Index	GRI Core Option, based on standards 2016. Sustainability report attachments 1	
102-56	Practice for external verification of the reporting	Audit report, Sustainability report Appendix 4	The GRI index has been audited by Sparebanken Sør's auditor, PWC

# Material Topics

GRI Standard	Description	Source/Comments	
<b>Responsible business conduct (financial performance and indirect financial impact)</b>			
103-1	Describe the delimitations and impact of material topics	Sustainability report, Section 3.1, 5.1	
103-2	Describe the management systems, obligations and goals for material topics	Sustainability report, Section 1.2.5; Scorecard, Sections 2.1 and 2.2; Fact book, page 8	
103-3	Describe the evaluation of management systems and measurement systems for material topics	Sustainability report, Section 1.2.5; Fact book, page 8	
201-1	Direct economic value generated and distributed	Annual financial statements, page 24 and 25; Scorecard, Section 2.1	
201-2	Financial implications and other risks and opportunities due to climate change	<a href="https://www.sor.no/globalassets/organi sasjon/barekraft/2021-tcf-d-rapport-engeisk-sparebanken-sor.pdf">https://www.sor.no/globalassets/organi sasjon/barekraft/2021-tcf-d-rapport-engeisk-sparebanken-sor.pdf</a>	
KPI E4	Sparebanken Sør aims to have a low risk in terms of ESG rating. This means a score lower than 20 points on the Sustainalytics rating scale.	Sustainability report, Section 1.3.8	Sparebanken Sør shall have a low risk on the ESG rating. This means a score lower than 20 points on the Sustainalytics rating scale
<b>Financial crime</b>			
103-1	Describe the delimitations and impact of material topics	Sustainability report, Section 3.1, 4.4	
103-2	Describe the management systems, obligations and goals for material topics	Sustainability report, Section 1.2.5; Scorecard, Section 1.4 and 6; Fact book, page 6	
103-3	Describe the evaluation of management systems and measurement systems for material topics	Sustainability report, Section 1.2.5; Fact book, page 6	
KPI C3	Suspicious of money laundering flagged	Sustainability report, Section 4.4	
KPI C4	Suspicious of money laundering reported to Økokrim		
205-3	Confirmed incidents of corruption and actions taken	No incidents	No incidents of corruption
<b>Climate and environment</b>			
103-1	Describe the delimitations and impact of material topics	Sustainability report, Section 3.1, <a href="https://www.sor.no/globalassets/organi sasjon/barekraft/2021-tcf-d-rapport-sparebanken-sor.pdf">https://www.sor.no/globalassets/organi sasjon/barekraft/2021-tcf-d-rapport-sparebanken-sor.pdf</a> – pages 5 and 6	The climate accounts cover the entire Sparebanken Sør Group, i.e. including all subsidiaries in which we have ownership interests of 50 per cent or more, and includes all emission sources that the organization physically controls
103-2	Describe the management systems, obligations and goals for material topics	Sustainability report, Section 1.2.5; Scorecard, Section 3; Fact book, page 12	
103-3	Describe the evaluation of management systems and measurement systems for material topics	Sustainability report, Section 1.2.5; Fact book, page 12	
302-1	Direct energy consumption within the organisation	Sustainability report, Section 7.2, <a href="https://www.sor.no/felles/om-sparebanken-sor/about/social-responsibility/sustainability-reports/">https://www.sor.no/felles/om-sparebanken-sor/about/social-responsibility/sustainability-reports/</a>	
305-1	Direct (Scope 1) GHG emissions	<a href="https://www.sor.no/globalassets/organi sasjon/barekraft/carbon-accounting-2021-sparebanken-sor.pdf">https://www.sor.no/globalassets/organi sasjon/barekraft/carbon-accounting-2021-sparebanken-sor.pdf</a>	
305-2	Energy indirect (Scope 2) GHG emissions	<a href="https://www.sor.no/globalassets/organi sasjon/barekraft/carbon-accounting-2021-sparebanken-sor.pdf">https://www.sor.no/globalassets/organi sasjon/barekraft/carbon-accounting-2021-sparebanken-sor.pdf</a>	The reason why 2017 has been chosen as the baseline for goals for greenhouse-gas reductions is that it is the first year with complete climate data. There has been no recalculation of climate data since 2017
305-3	Other indirect (Scope 3) GHG emissions	<a href="https://www.sor.no/globalassets/organi sasjon/barekraft/carbon-accounting-2021-sparebanken-sor.pdf">https://www.sor.no/globalassets/organi sasjon/barekraft/carbon-accounting-2021-sparebanken-sor.pdf</a>	
KPI I2	Reduksjon klimautslipp egen virksomhet, (Base line 2017)	Sustainability report section 7.2, Scorekort section 3	
KPI I5	Reduction in climate emissions lending	Sustainability report section 7.3, Scorekort section 3	Work is underway in 2022 to establish a base line in 2021, based on data 31.12.2021
KPI I8	Reduction in climate emissions investments	Sustainability report section 7.3, Scorekort section 3	Work is underway in 2022 to establish a base line in 2021, based on data 31.12.2021

Responsible procurement (environmental impact)			
103-1	Describe the boundaries and impact of material topics	Sustainability report, Section 3.1, 6,1	
103-2	Describe the management systems, obligations and goals for material topics	Sustainability report, Section 1.2.5; Scorecard, Section 2.5; Fact book, page 11	
103-3	Describe the evaluation of management systems and measurement systems for material topics	Sustainability report, Section 1.2.5; Fact book, page 11	
308-1	New suppliers that have been assessed against environmental criteria		There are eight new suppliers with annual deliveries greater than NOK 1 million, which have been assessed against environmental criteria. These constitute 100 per cent of new suppliers with deliveries in 2021 that are greater than NOK 1 million.
308-2	Negative environmental impacts in the supply chain	Sustainability report section 6	No suppliers or subcontractors have been identified as having a negative environmental impact. There are several suppliers which are in the process of implementing an environmental management system. No supplier agreements have been excluded due to negative environmental impact.
Diversity and equal opportunity (work/employees)			
103-1	Describe the delimitations and impact of material topics	Sustainability report, Section 3.1, 4.1	
103-2	Describe the management systems, obligations and goals for material topics	Sustainability report, Section 1.2.5; Scorecard, Section 1.1; Fact book, page 3	
103-3	Describe the evaluation of management systems and measurement systems for material topics	Sustainability report, Section 1.2.5; Fact book, page 3	
401-1	Number of new hires and employee turnover	Scorecard section 1.2	
401-2	Benefits provided to full-time employees that are not provided to part-time employees		Part-time employees have the same welfare schemes as full-time employees
401-3	Number of employees on parental leave	Scorecard section 1.2	100% returned to the bank after parental leave
405-1	Composition of governing bodies, management and employee categories	Scorecard section 1.1	
405-2	Ratio of basic salary and remuneration of women to men	Scorecard section 1.1	
406-1	Number of incidents of discrimination and actions taken	Scorecard section 1.2	There is no incidents of discrimination
Working environment and employee development			
103-1	Describe the delimitations and impact of material topics	Sustainability report, Section 3.1, 4.2	
103-2	Describe the management systems, obligations and goals for material topics	Sustainability report, Section 1.2.5; Scorecard, Section 1.2; Fact book, page 4	
103-3	Describe the evaluation of management systems and measurement systems for material topics	Sustainability report, Section 1.2.5; Fact book, page 4	
404-1	Average hours of training per year per employee	Scorecard section 1.2	Categorization at job level will be reported from 2022
404-2	Programmes for upgrading employee skills and transition to retirement		The bank has no programme for transition to retirement.
404-3	Percentage of employees receiving regular performance and career development reviews	Scorecard section 1.2	All employees have a mandatory employee interview at least once a year
Responsible procurement (social)			
103-1	Describe the delimitations and impact of material topics	Sustainability report, Section 3.1, 6	
103-2	Describe the management systems, obligations and goals for material topics	Sustainability report, Section 1.2.5; Scorecard, Section 2.5; Fact book, page 11	
103-3	Describe the evaluation of management systems and measurement systems for material topics	Sustainability report, Section 1.2.5; Fact book, page 11	
414-1	New suppliers that have been assessed against social criteria		There are eight new suppliers with annual deliveries greater than NOK 1 million, which have been assessed against social criteria. These constitute 100 per cent of new suppliers with deliveries in 2021 that are greater than NOK 1 million.

414-2	Negative social impacts in the supply chain		No suppliers or subcontractors have been identified as having a negative social impact. No suppliers have been observed to have made significant improvements in social conditions. No supplier agreements have been excluded due to negative social impact.
<b>Responsible products and services (product information and marketing)</b>			
103-1	Describe the delimitations and impact of material topics	Sustainability report, Section 3.1, 4.5	
103-2	Describe the management systems, obligations and goals for material topics	Sustainability report, Section 1.2.5; Scorecard, Section 1.5; Fact book, page 7	
103-3	Describe the evaluation of management systems and measurement systems for material topics	Sustainability report, Section 1.2.5; Fact book, page 7	
417-2	Instances of non-compliance with requirements concerning product and service information and labelling (Norwegian Financial Services Complaints Board)		There are no cases of complaints, fines or warnings regarding requirements for information and labelling of products and services. Neither are there complaints regarding voluntary requirements for information and labelling of products
417-3	Cases of non-compliance with requirements related to communications and marketing (Norwegian Financial Services Complaints Board)		There are no cases of complaints, fines or warnings regarding non-compliance with communications and marketing. Neither are there complaints regarding voluntary requirements for compliance with communications and marketing.
KPI B2	Service level agreement (SLA), uptime in % for customer systems.	Scorecard section 1.3	
<b>Data protection and information security</b>			
103-1	Describe the delimitations and impact of material topics	Sustainability report, Section 3.1,4.3.1, 4.3.2	
103-2	Describe the management systems, obligations and goals for material topics	Sustainability report, Section 1.2.5; Scorecard, Section 1.3; Fact book, page 5	
103-3	Describe the evaluation of management systems and measurement systems for material topics	Sustainability report, Section 1.2.5; Fact book, page 5	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Scorecard section 1.3	
<b>Responsible products and services</b>			
103-1	Describe the delimitations and impact of material topics	Sustainability report, Section 3.1, 4.5	
103-2	Describe the management systems, obligations and goals for material topics	Sustainability report, Section 1.2.5; Scorecard, Section 1.5; Fact book, page 7	
103-3	Describe the evaluation of management systems and measurement systems for material topics	Sustainability report, Section 1.2.5; Fact book, page 7	
417-2	Incidents with non-compliant information and communication about products and services (Norwegian Financial Services Complaints Board)	Scorecard section 1.5	There are no cases of complaints, fines or warnings regarding requirements for information and communication about products and services. Neither are there complaints regarding voluntary requirements for information and
417-3	Incidents with non-compliant marketing of products and services	Scorecard section 1.5	There are no cases of complaints, fines or warnings regarding marketing of products and services. Neither are there complaints regarding voluntary requirements for marketing of products and services.

Responsible credit			
103-1	Describe the delimitations and impact of material topics	Sustainability report, Section 3.1, 5.2	
103-2	Describe the management systems, obligations and goals for material topics	Sustainability report, Section 1.2.5; Scorecard, Section 2.3; Fact book, page 9	
103-3	Describe the evaluation of management systems and measurement systems for material topics	Sustainability report, Section 1.2.5; Fact book, page 9	
FS8	The monetary value of products and services developed to make an environmental difference	Sustainability report, Section 5.2.3 and 5.2.4; Scorecard, Section 2.3	The monetary value of products and services is related to of green mortgages and green loans to commercial real estate
Responsible investments and financing			
103-1	Describe the delimitations and impact of material topics	Sustainability report, Section 3.1, 5.3	
103-2	Describe the management systems, obligations and goals for material topics	Sustainability report, Section 1.2.5; Scorecard, Section 2.4; Fact book, page 10	
103-3	Describe the evaluation of management systems and measurement systems for material topics	Sustainability report, Section 1.2.5; Fact book, page 10	
KPI G1	Green bonds in the liquidity portfolio	Scorecard section 2.4	
KPI G2	Issued green bonds	Scorecard section 2.4	

## 9 APPENDIX 2: Score card

KPI (regarding definitions, see last page in Scorecard, Appendix 2)	GRI	UNIT	2019	2020	2021	Objective		Ambition
						Goal	Date	
<b>1. SOCIAL CONDITIONS</b>								
<b>1.1 EQUALITY AND DIVERSITY</b>								
<b>Equality report</b>								
Total number of employees		Number	446	457	476			
FTEs		FTEs			464			
Women		%	50,0	49,5	48,3			
Men		%	50,0	50,5	51,7			
Percentage of employees under 30		%			6,1			
Percentage of employees between 30 and 50	GRI 102-8	%			42,4			
Percentage of employees over 50		%			51,5			
Part-time women		%	8,5	9,0	7,3			
Part-time men		%	0,9	1,1	0,4			
Temp positions women		Number	11,6	7,6	3,3			
Temp positions men		Number	11,2	11,0	3,1			
<b>Percentage of women by position and category</b>								
Percentage of female managers in total		%	35,5	38,5	38,9	40-60	2025	
Female managers Level 1 (CEO)		%						
Female managers Level 2 (Group management)		%	33,3	25,0	37,5			
Female managers Level 3 (Division management teams)	GRI 405-1	%	26,7	30,0	21,9			
Female managers Level 4 and 5 (Bank managers, Ass. bank managers)		%	47,5	46,8	53,5			
Percentage of women on the Board		%	50,0	50,0	50,0	40-60		
Percentage of female Authorised financial advisers		%			55,0			
Percentage of female Financial advisers		%			42,1			
Percentage of female Business advisers		%			31,4			
Percentage of female Customer service representatives		%			80,0			
<b>Percentage of employees in different positions by age</b>								
Management Level 2 under 30 years		%			-			
Management Level 2 between 30 and 50 years		%			50,0			
Management Level 2 over 50 years		%			50,0			
Management Level 3 under 30 years		%			-			
Management Level 3 between 30 and 50 years		%			44,0			
Management Level 3 over 50 years		%			56,0			
Management Level 4/5 under 30 years		%			-			
Management Level 4/5 between 30 and 50 years		%			43,0			
Management Level 4/5 over 50 years		%			60,0			
Authorised financial advisers under 30 years		Number			2			
Authorised financial advisers between 30 and 50 years	GRI 102-8	Number			44			
Authorised financial advisers over 50 years	GRI 405-1	Number			54			
Financial advisers under 30 years		Number			32			
Financial advisers between 30 and 50		Number			63			
Financial advisers over 50 years		Number			5			
Business advisers under 30 years		Number			-			
Business advisers between 30 and 50 years		Number			60			
Business advisers over 50 years		Number			40			
Customer service representatives under 30 years		Number			13			
Customer service representatives between 30 and 50 years		Number			13			
Customer service representatives over 50 years		Number			73			

KPI	GRI	UNIT	2019	2020	2021	Objective		Ambition
						Goal	Date	
<b>Women's pay compared to men's</b>								
Women		NOK	574.995	600.867	638.079			
Men		NOK	695.945	716.414	742.463			
Women's average pay compared to men		%	82,6	83,9	85,9	90-110	2025	
Women's pay compared to men's, median		%			89,2			
Women's median pay women		NOK	561.985	574.168	616.800			
Men's median pay men		NOK	638.021	662.689	691.648			
Average number of female managers compared to male	GRI 405-2	%	87,5	93,3	91,2			
Management level 1 (CEO)		%			84,4			
Management level 2		%	83,2	85,4	87,7			
Management level 3		%	91,7	89,1	104,4			
Management level 4		%	100,0	101,0	92,0			
Business consultant		%		91,7	95,5			
Authorised Financial Adviser		%		95,8	99,4			
Customer service representative		%		95,8	101,9			
<b>1.2 WORKING ENVIRONMENT AND EMPLOYEE DEVELOPMENT</b>								
<b>Employees</b>								
Average age		years		49,5	49,1			
Average age recruited		years		35,8	36,4			
Average age leaving		years			54,2			
Number of women leaving		Number		13	17			
Number of men leaving		Number		10	12			
Recruited women in total		Number		21	20			
Percentage of women recruited in total		%			42,6			
Percentage of recruited women under 30		%			5			
Percentage of recruited women between 30 and 50		%			95			
Percentage of recruited women over 50		%			0			
Recruited men in total		Number		16	27			
Percentage of recruited men in total	GRI 401-1	%			57,4			
Percentage of recruited men under 30		%			40,7			
Percentage of recruited men between 30 and 50		%			44,5			
Percentage of recruited men over 50		%			14,8			
Recruits with higher education		%		91,9	93,7			
Turnover women		%		2,9	3,2			
Percentage turnover women under 30		%			17,6			
Percentage turnover women between 30 and 50		%			29,4			
Percentage turnover women over 50		%			53,0			
Turnover men		%		2,2	1,7			
Percentage turnover men under 30		%			10			
Percentage turnover men between 30 and 50		%			10			
Percentage turnover men over 50		%			80			
<b>Training</b>								
Average training per woman		hours/year	35,0	40,0	65,0			
Average training per man		hours/year	35,0	40,0	65,0			
Average training per employee, (categorised from 2022)		hours/year		40,0	65,0			
Employees who have had training in Ethics		Number			476,0			
Employees who have had training in Ethics		%		100,0	100,0			
Employees who have had training in Sustainability		Number			476,0			
Employees who have had training in Sustainability		%		100,0	100,0			
Employees who have had training in Data Protection, GDPR	GRI 404-1	Number			476,0			
Employees who have had training in Data Protection, GDPR		%		100,0	100,0			
Employees who have had training in Information Security		Number			476,0			
Employees who have had training in Information Security		%		100,0	100,0			
Employees who have had AML training		Number			386,0			
Employees who have had AML training		%			100,0			
Managers who have had AML training		Number			90,0			
Managers who have had AML training		%			100,0			
Managers who received training in HSE		Number		15	13			

KPI	GRI	UNIT	2019	2020	2021	Objective		Ambition
						Goal	Date	
<b>Working environment</b>								
Discrimination		Cases	0	0	0			0
Employee satisfaction		Score	81	84	N/A	≥ 80		
Percentage had employee interview		%	100	100	100			100
Sick leave absence, total, %		%	4,75	2,70	3,72			≤ 4.00
Sick leave absence, short, %		%	0,52	0,53	0,49			
Sick leave absence, medium, %		%	0,57	0,68	0,69			
Sick leave absence, long, %		%	3,66	1,49	2,53			
Sick leave for child's illness, women		Days			223			
Sick leave child's illness, men		Days			119			
Parental leave – average number of weeks, women	GRI 401-3	Weeks			19			
Parental leave – average number of weeks, men	GRI 404-3	Weeks			8			
Number of men entitled to parental leave	GRI 406-1	Number			12			
Number of men who took parental leave		Number			12			
Men who returned to work after leave, after 12 months		Number			12			
Men who take continuous parental leave		Number			17			
Number of women entitled to parental leave		Number			11			
Women who took parental leave		Number			11			
Women who returned to work after leave, after 12 months		Number			11			
<b>1.3 DATA PROTECTION AND INFORMATION SECURITY</b>								
Cases reported to the Norwegian Data Protection Authority regarding t		Number		12	9			
Orders, fines related to privacy by the Norwegian Data Protection Ager		Number	0	0	0			0
Data protection complaints from external parties		Number			0			
Data protection complaints from supervisory authorities	GRI 418-1	Number			0			
Identity leaks, theft and loss of customer data		Number			0			
Uptime customer solutions, SLA		%	99,7	99,6	99,77	≥ 99.7		
Serious digital fraud cases against the bank (hacking etc.)		Number		0	0			0
<b>1.4 FINANCIAL CRIME</b>								
Internal corruption cases		Number	0	0	0			0
Internal fraud cases	I 205-3	Number	0	0	0			0
Suspicious of money laundering flagged		Number	8.900	18.900	18.933			
Suspicious of money laundering reported to Økokrim		Number		62	102			
<b>1.5 RESPONSIBLE PRODUCTS AND SERVICES</b>								
Lost cases, breach of product and service information		Number	0	0	0			0
Lost cases, breach of marketing communications	GRI 417-2	Number		0	0			0
Mobile/online banking Private Market, active unique users > NOK	GRI 417-3	%	73,1	73,4	74,8			
Online banking, corporate market		%	N/A	N/A	76,6			
<b>2. CORPORATE GOVERNANCE</b>								
<b>2.1 SOCIETY</b>								
			2019	2020	2021			
Donations to local community		NOK mill.	45,9	36,1	39,2			
Sponsorship agreements		NOK mill.	11,8	11,8	12,5			
Tax expenses Group		NOK mill.	342	307	323			
Wealth tax		NOK mill.	20	24	16			
Employer's national insurance contributions	GRI 201-1	NOK mill.	47	60	67			
Financial tax	GRI 203-2	NOK mill.	18	16	19			
Payroll tax		NOK mill.	103	105	105			
Total taxes and fees		NOK mill.	530	512	530			
Net salaries/pensions and other benefits		NOK mill.	533	552	606			
Cash dividend to shareholders		NOK mill.	0	219	125			
Growth capital, retained earnings		NOK mill.	1130	766	952			

KPI	GRI	UNIT	2019	2020	2021	Objective		Ambition
						Goal	Date	
<b>2.4 RESPONSIBLE BUSINESS</b>								
Customer satisfaction indicator, Private Market		%	74,3	74,3	71,5			
Customer satisfaction indicator, Corporate Market		%	71,6	71,3	66,6			
Customer satisfaction indicator, Private Market		Place no.	6	5	11	Top 3		
Customer satisfaction indicator, Corporate Market		Place no.	5	3	7	Top 3		
Complaint cases reported to Norwegian Financial Services Complaints		Number		12	9			
Complaint cases lost at the Norwegian Financial Services Complaints		Number	0	0	0			0
Whistleblowing cases, internal		Number	0	0	2			0
Whistleblowing cases, external		Number	0	0	2			0
ESG Rating, according to Sustainalytics rating scale, Low risk ≤ 20 pair		Points			11,7	≤ 20		
<b>2.3 RESPONSIBLE CREDIT</b>								
Green home loans		NOK mill.		N/A	14.000			
Green home loans, annual growth		%		N/A	N/A	≥ 10	Annually	
Green home loans, share of total home loans		%		N/A	18,0	50	2030	
Green loans commercial real estate		NOK mill.		N/A	8.000			
Green loans commercial real estate, annual growth		%		N/A	N/A	≥ 10	Annually	
Green loans commercial real estate, share of total com. real estate		%		N/A	30	50	2030	
<b>2.4 RESPONSIBLE INVESTMENTS AND FINANCING</b>								
Sustainable bonds (issued)		NOK mill.	5.100	5.103	5.102			
Sustainable bonds		NOK mill.		680	1.495	2.000	2022	
Liquidity portfolios		NOK mill.		0	0			
Percentage of policy breaches own investments		NOK mill.		0	0			
Percentage of policy breaches liquidity portfolio		NOK mill.		0	0			
Percentage of policy breaches Fund managers		NOK mill.		0	0			
<b>2.5 RESPONSIBLE PROCUREMENT</b>								
Total procurements		NOK mill.	400	440	447			
Total procurement suppliers > NOK 1 mill.		NOK mill.		365	357			
Total procurement suppliers > NOK 1 mill.		%		80,6	79,8			
Suppliers > NOK 1 million approved Supplier declaration		% volume		71,5	83,0	100		
Suppliers > NOK 1 million with environmental certification		% volume		84,8	80,0	100		
Suppliers > NOK 1 million that are risk classified		% volume		86,7	100,0	100		
Suppliers > NOK 1 million assessed in relation to social condition		% volume			100,0	100		
Suppliers > NOK 1 million assessed in relation to environmental		% volume			100,0	100		
Suppliers > NOK 1 million violation of Policy		Number		0	0			0
<b>3. CLIMATE AND ENVIRONMENT</b>								
Greenhouse-gas emissions (GHG), own activities (Baseline 2017)		tonnes CO2	418	273	254	231	2030	
Reduction in GHG emission, own activities (Base line 2017)		%		46,8	50,4	55,0	2030	
GHG emissions, own activities		%			N/A	0 (NZE)	2050	
Reduction in GHG emissions from lending in 2030 (Baseline 2021)		%			N/A	40	2030	
GHG emission from lending in 2050		tonnes CO2			N/A	0 (NZE)	2050	
Reduction in GHG emissions from investment in 2030 (Baseline 2021)		%			N/A	40	2030	
GHG emission from investment in 2050		tonnes CO2			N/A	0 (NZE)	2050	
Energy intensity own real estate	GRI 305-1 GRI 305-2 GRI 305-3	kWh/m²	225	214	233			
Electric power from renewable energy sources		%			94,1			
Greenhouse-gas emissions Scope 1		tonnes CO2	23	19	14			
Greenhouse-gas emissions Scope 2		tonnes CO2	196	181	175			
Greenhouse-gas emissions Scope 3		tonnes CO2	199	73	66			
Company cars that are electric		%	46	62	81	100	2023	

KPI DEFINITIONS	UNIT	Comments
<b>SOCIAL CONDITIONS</b>		
<b>Percentage of female managers by position</b>		
Percentage of female managers	%	Number of female managers at management level 1 to 4 (CEO, Group Management, Management Groups Divisions, Bank Manager and Ass Bank Manager) in relation to the total number of managers at levels 1-4
<b>Women's pay compared to men's</b>		
Women	NOK	Average fixed salary for female permanent employees in relation to the average fixed salary for male permanent employees
<b>Working environment</b>		
Employee satisfaction	Score	Score based on employee satisfaction in Kantar's survey, where 100 points is the top score
<b>DATA PROTECTION AND INFORMATION SECURITY</b>		
Uptime customer solutions, SLA	%	Level of availability of the customer-oriented banking services Nettbank, Mobilbank and Nettbedrift, measured as the number of minutes of operating time in relation to the number of minutes per day, in accordance with the defined opening hours in SLA (Service Level Agreement)
Serious digital fraud cases against the bank (hacking etc.)	Number	Fraud cases against the bank of a digital nature that have resulted in significant costs or harm to the bank
<b>CORPORATE GOVERNANCE</b>		
<b>SOCIETY</b>		
Donations to local community	NOK mill.	Gifts and sponsorships to the local community paid out in 2021
<b>RESPONSIBLE BUSINESS ACTIVITIES</b>		
Customer satisfaction, Private Market	%	EPSIS survey among Norwegian banks. The survey gives a total score on customer satisfaction, where 100 is the best score, and scores provide a basis for ranking the banks participating in the survey
Customer satisfaction indicator, Corporate Market	%	EPSIS survey among Norwegian banks. The survey gives a total score on customer satisfaction, where 100 is the best score, and scores provide a basis for ranking the banks participating in the survey
ESG Rating Sustainalytics	Points	ESG risk according to Sustainalytics' rating scale for ESG risk (sustainability). Limits for risk categories, cf. Sustainability report, Section 1.3.8
<b>RESPONSIBLE CREDIT</b>		
Green home loans	%	Share of green mortgages (balance) based on the bank's framework Green & sustainability Bond Framework in% of total mortgages
Green loans commercial real estate	%	Share of green loans for commercial real estate (balance) based on the bank's framework Green & sustainability Bond Framework in% of total loans for commercial real estate
<b>RESPONSIBLE INVESTMENTS AND FINANCING</b>		
Sustainable bonds (issued)	NOK mill.	Book value of sustainable bonds issued in accordance with the bank's framework for bonds, cf. Green & Sustainability Bond Framework
Sustainable bonds Liquidity portfolios	NOK mill.	Market value of bonds in the liquidity portfolio that satisfy the requirements for a green bond as defined in the bank's financial document. This is because the bond must be 1) Defined as green bond 2) Marketed as green bond 3) Covered bond LCR 1 & 2 or 0-guards in LCR 1a and 4) Second party opinion. The liquidity portfolio is a liquidity portfolio that the banks are required to hold for liquidity reasons by the authorities.
Percentage of policy breaches, own investments	NOK mill.	Violation of the bank's Policy for responsible investments and responsible securities trading
Percentage of policy breaches liquidity portfolio	NOK mill.	As for investments
Percentage of policy breaches	NOK mill.	As for investments

<b>RESPONSIBLE PROCUREMENT</b>		
Total procurement suppliers > NOK 1 mill.	NOK mill.	Total procurements from a supplier in 2021
Total procurement suppliers > NOK 1 mill.	%	Total procurements from all suppliers with purchases larger than NOK 1 million in % of the bank's total procurements
Percentage of suppliers > NOK 1 million approved Supplier declaration	% volume	% in volume of suppliers with purchases > NOK 1 million who have approved supplier declaration
Percentage of suppliers > NOK 1 million that are environmentally certified	% volume	% in volume of suppliers with purchases > NOK 1 million that are certified according to the Eco-Lighthouse certification scheme or ISO 14001
Percentage of suppliers > NOK 1 million that are risk classified	% volume	% in volume of suppliers with purchases > NOK 1 mill that are classified according to the bank's classification system
Percentage of suppliers > NOK 1 million violation of Policy	Number	Number of suppliers > NOK 1 million that are in breach of the bank's "Policy for responsible purchasing"
<b>CLIMATE AND ENVIRONMENT</b>		
Climate emissions own business, (Base line 2017)	tonn CO2	Total climate emissions in CO2 equivalents scope 1 - 3 from own business, (ie not including scope 3 from loans and investments), in accordance with the climate accounts prepared in accordance with the GHG protocol
Reducing climate emissions own business	%	Reduction of climate emissions scope 1-3 from own business (ie not including scope 3 for lending and investments), in accordance with GHG protocol in relation to base line 2017.
Reducing climate emissions lending	%	Ambition to reduce climate emissions scope 1 - 2 which is included in the bank's climate accounts from lending, (ie not including scope 3), based on methods and data that the bank uses measured in relation to the established Base line. The goal is to establish Base line in 2022, based on data 31.12.2021
Reducing climate emissions investments	%	Ambition to reduce climate emissions scope 1 - 2 which is included in the bank's climate accounts from investments (ie not including scope 3), based on methods and data that the bank uses measured in relation to the established Base line. The goal is to establish Base line in 2021, based on data 31.12.2021
Energy intensity	kwh/m2	This indicator is an expression of energy intensity, ie consumption of energy in kwh per. m2 heated area
Electric power from renewable energy sources	%	Renewable energy sources are defined as electric power with guarantees of origin.

## 10 APPENDIX 3: Plan of action ARP

Area	Description of measures	Purpose of measures	Goal for measures	Status	Responsible for implementation	Long-term results
Embedding	Equality and diversity – recertification as a topic at management and employee gatherings in 2021. Regular information on intranet/Workplace throughout the year.	Raise awareness of the Bank’s work on equality and diversity. Create a better understanding and culture for equality and diversity in the organisation (at all levels). Employees are not sufficiently aware of the Bank’s work on equality and diversity.	Generate pride in the organisation – attractive workplace. Good reputation.	Adopted by KL	HR manager	No employees have indicated discrimination in the employee survey. Low turnover (less than x%). High degree of satisfaction in the employee survey (better than industry average).
Embedding	New topics for equality and diversity are included in the 2022 employee survey (questions on harassment and discrimination are already present).	Raise awareness of the Bank’s work on equality and diversity among bank employees. Create a better understanding and culture for equality and diversity in the organisation (at all levels). Employees are not sufficiently aware of the Bank’s work on equality and diversity.	Generate pride in the organisation – attractive workplace. Good reputation.	Adopted by KL	HR manager	No employees have indicated discrimination in the employee survey. Low turnover (less than x%). High degree of satisfaction in the employee survey (better than industry average).
Embedding	Include equality and diversity as topics in the form used for employee interviews.	Raise awareness of the Bank’s work on equality and diversity among bank employees. Create a better understanding and culture for equality and diversity in the organisation (at all levels). Employees are not sufficiently aware of the Bank’s work on equality and diversity.	Generate pride in the organisation – attractive workplace. Good reputation.	Adopted by KL	HR manager	No employees have indicated discrimination in the employee survey. Low turnover (less than x%). High degree of satisfaction in the employee survey (better than industry average).
Inclusive working environment	Consider using Quiz from LDO at department meetings in the Bank, or purchase/develop NanoLearning on the subject.	In the 2019 employee survey, x% of employees stated that they had been subject to bullying or harassment (0 in 2020).	Prevent bullying, harassment and exclusion. Build good attitudes and culture.	Adopted by KL	HR manager	No employees have indicated bullying, harassment or exclusion in the employee survey; no notifications of harassment.
Inclusive working environment	A risk assessment of harassment, sexual harassment and exclusion at work will be conducted.	In the 2019 employee survey, x% of the employees stated that they had been subject to bullying or harassment (0 in 2020). Will the situation with working from home involve a greater risk of exclusion?	Prevent bullying, harassment and exclusion. Develop good attitudes and culture.	Adopted by KL	Gender Equality Committee	No employees have indicated bullying, harassment or exclusion in the employee survey; no notifications of harassment.
Recruitment	Awareness and special attention to diversity during recruitments to management positions in divisions where one gender is under-represented.	Women are under-represented in management positions in all divisions, apart from the PM division.	The proportion of women in management positions at the Bank should be increased.	Adopted by KL	HR manager	The percentage of women in management positions should be at least 40% by 2026.
Recruitment	Develop an image database for use in job adverts that reflects diversity.	The Bank wishes to signal diversity through a conscious use of images.	Greater diversity	Adopted by KL	MR/Marketing manager	Greater diversity.
Recruitment	Prepare standard texts for use in job adverts.	Research shows that women and men perceive the wording in job adverts differently.	More women as applicants for management positions and IT positions.	Adopted by KL	HR manager	Greater diversity among qualified applicants to job adverts.

Area	Description of measures	Purpose of measures	Goal of measures	Status	Responsible for implementation	Long-term results
Recruitment	Offer positions in the Bank to individuals with other ethnicities who are in Trainee Sør traineeships.	The Bank has a low proportion of employees from different ethnic backgrounds. The Bank has generally recruited a number of employees from among individuals who were employed in temporary positions.	The proportion of employees with different ethnicities should reflect the proportion in the customer base.	Adopted by KL	HR manager	Increased diversity among employees; at least 10 new employees with an ethnicity other than Norwegian by 2026.
Recruitment	Offer summer jobs / temp jobs and internships to people with different ethnicities.	The Bank has a low percentage of employees from different ethnic backgrounds. The Bank has generally recruited a number of employees from among individuals who were employed in temporary positions.	The proportion of employees with different ethnicities should reflect the proportion in the customer base.	Adopted by KL	HR manager	Increased diversity among employees; at least 10 new employees with an ethnicity other than Norwegian by 2026.
Facilitation	Offer work training to people in collaboration with the Norwegian Labour and Welfare Administration (NAV).	Become a responsible corporate citizen – part of the Bank's sustainability efforts.		Adopted by KL	HR manager	The Bank should accept people for work training each year.
Full-time culture	Assess unwanted part-time work through the survey.	Part-time employees may be entitled to an increased position percentage when there is a need for more staff.	Reduce the number of part-time positions.	Adopted by KL	HR manager	Maintain a strong full-time culture.
Life stage	Offer working from home solutions for employees with care responsibilities.	Facilitate options for employees with care responsibilities to combine work and family/private life.	Increase the number of full-time positions at the Bank.	Adopted by KL	HR manager/managers	Maintain a strong full-time culture.
Life stage	Create a procedure for follow-up of employees who are on leave, including an interview when restarting after finishing leave.	Currently, the type and method of follow-up for employees on leave is hit or miss.	Employees on leave that are starting work again should have a good overview of their opportunities for facilitation at work.	Adopted by KL	HR manager	Equal career opportunities for both men and women.
Life stage	Encourage men / signal that men who wish to take a longer leave of absence than the statutory paternity leave may do so.	Men only take statutory paternity leave. The Bank would like to contribute to better equal opportunities in society.	Men at the Bank take more than the statutory paternity leave.	Adopted by KL	HR manager/managers	Equal career opportunities for men and women.
Equal pay	Introduce a regular equal pay allocation during local negotiations.	Based on average wage considerations, men earn more than women in some areas and levels at the Bank. In terms of average wages at the corporate level, inequalities are generally due to the top management levels (Levels 1–3) being mostly men (70/30) and the lowest-paid job categories being mostly made up of women (80/20).	Remove any wage inequalities that may be related to gender, based on the goal of equal pay for equal work.	Adopted by KL	KL / Recruitment committee	More equal pay between women and men.
Equal pay	Assess the different positions in staff environments based on the perspective of equal pay for equal work.	It is currently difficult to assess positions from an equal pay perspective. Different titles and professional areas are difficult to compare.	It should be easier to implement equal pay assessments.	Adopted by KL	HR manager	Equal pay for equal work

## 11 APPENDIX 4: Audit report

**Til styret i Sparebanken Sør**

## **Uavhengig uttalelse vedrørende Sparebanken Sør sin bærekraftsrapportering**

Vi har blitt engasjert av Sparebanken Sør for å kontrollere om sparebankens bærekraftsrapportering for 2021 er utarbeidet i overensstemmelse med Global Reporting Initiative (GRI) Standard Core Option, og for å undersøke om indikatorer for bærekraft er beregnet, estimert og rapportert i overensstemmelse med de definisjoner og forklaringer som er gitt i forbindelse med hver indikator for bærekraft.

- Sparebanken Sør sin GRI Indeks for 2021 er en oversikt over hvilke bærekraftstemaer Sparebanken Sør anser som vesentlige for deres virksomhet og hvilke resultatindikatorer Sparebanken Sør bruker for å måle og rapportere resultater knyttet til bærekraft, sammen med en henvisning til hvor informasjonen om bærekraft er rapportert. Sparebanken Sør sin GRI Indeks for 2021 er tilgjengelig og inngår i Sparebanken Sør sin bærekraftsrapport for 2021. Vi har kontrollert om Sparebanken Sør har utarbeidet en GRI Indeks for 2021 og om informasjonen er presentert i overensstemmelse med Standarder publisert av The Global Reporting Initiative Core Option ([www.globalreporting.org/standards](http://www.globalreporting.org/standards)) (Kriterier)
- Indikatorer for bærekraft er rapportert i Bærekraftsrapport 2021, kapittel 1.2.6 "Scorekort og KPI". Scorekortet inneholder resultatindikatorer for bærekraft som Sparebanken Sør måler og følger opp. Sparebanken Sør har definert indikatorene for bærekraft og forklart hvordan de måles i vedlegg 2 "KPI Definisjoner" (kriterier). Vi har undersøkt grunnlaget for målingen og i hvilken grad indikatorene for bærekraft er kalkulert, estimert og rapportert i henhold til gjeldende kriterier.

### **Ledelsens ansvar**

Ledelsen er ansvarlig for Sparebanken Sør sin bærekraftsrapportering og for at den er utarbeidet i overensstemmelse med kriterier som beskrevet over. Ansvarer omfatter å utforme, implementere og vedlikeholde en intern kontroll som sikrer at Sparebanken Sør utarbeider en GRI Indeks og måler og følger opp indikatorer for bærekraft.

### **Vår uavhengighet og kvalitetskontroll**

Vi er uavhengige av selskapet i overensstemmelse med lov og forskrift og Code of Ethics for Professional Accountants (IESBA Code) og med de etiske kravene som er relevante for vårt oppdrag, og vi har oppfylt våre etiske forpliktelser i samsvar med disse kravene og IESBA Code. Vi anvender ISQC 1 [NORSK] – Kvalitetskontroll for revisjonsfirmaer som utfører revisjon og forenklet revisorkontroll av regnskaper samt andre attestasjonsoppdrag og beslektede tjenester og opprettholder et omfattende system for kvalitetskontroll inkludert dokumenterte retningslinjer og prosedyrer vedrørende etterlevelse av etiske krav, faglige standarder og gjeldende lovmessige og regulatoriske krav.

## **Revisors oppgaver og plikter**

Vår oppgave er å gi en uttalelse som gir moderat sikkerhet om Sparebanken sin bærekraftsrapportering basert vår kontroll.

Vi har foretatt våre kontroller og avgir vår uttalelse i samsvar med standard for attestasjonsoppdrag "ISAE 3000 Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon". Et attestasjonsoppdrag som skal gi moderat sikkerhet, har et betydelig mindre omfang enn et attestasjonsoppdrag som skal gi betryggende sikkerhet, både med hensyn til risikovurderingshandlingene, herunder forståelsen av den interne kontrollen, og handlingene som utføres for å håndtere de anslåtte risikoene.

Vårt arbeid innebærer utførelse av handlinger for å innhente bevis for at Sparebanken Sør sin GRI Indeks for 2021 er utarbeidet i overensstemmelse med GRI Standard Core Option, samt at indikatorer for bærekraft er målt i tråd med definisjoner gjengitt i vedlegg 2 "KPI Definisjoner". De valgte handlingene avhenger av vårt skjønn, herunder vurderinger av risikoene for at Sparebanken Sør sin bærekraftsrapportering inneholder vesentlig feilinformasjon, enten det skyldes misligheter eller feil. Ved en slik risikovurdering tar vi hensyn til den interne kontrollen som er relevant for utarbeidelsen av Sparebank Sør sin bærekraftsrapportering. Formålet er å utforme kontrollhandlinger som er hensiktsmessige etter omstendighetene, men ikke å gi uttrykk for en mening om effektiviteten av den interne kontrollen. Vår kontroll omfatter også en vurdering av om de anvendte kriteriene er hensiktsmessige.

Våre kontroller omfattet møter og diskusjoner med representanter fra Sparebanken Sør som er ansvarlige for utarbeidelse av GRI Indeksen og for rapportering av indikatorer for bærekraft som rapporteres i scorekort som presenteres i bærekraftsrapportens kapittel 1.2.6. Vi har også satt oss inn og forstått sparebankens interne kontroller og rutiner for rapportering av nøkkeltall for bærekraft. Vi har innhentet og gjennomgått relevant informasjon som understøtter utarbeidelsen av indikatorer for bærekraft. Vi har evaluert fullstendigheten av indikatorene for bærekraft og kontrollert om kalkulasjoner og estimater av indikatorene for bærekraft er nøyaktige.

Etter vår mening er innhentet bevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

## **Konklusjon**

Basert på de utførte handlingene og de innhentede bevisene er vi ikke blitt oppmerksomme på forhold som gir oss grunn til å tro at Sparebanken Sør sin GRI Indeks for 2021 ikke er, i alt det vesentlige, utarbeidet i overensstemmelse med krav i GRI Core Option.

Basert på de utførte handlingene og de innhentede bevisene, er vi ikke blitt oppmerksomme på forhold som gir oss grunn til å tro at kalkulasjoner, estimering og rapportering av indikatorer for bærekraft i Bærekraftsrapport 2021, kapittel 1.2.6 "Scorekort og KPI" ikke, i det alt vesentlige, er utarbeidet i overensstemmelse med de definisjoner som er presentert i vedlegg 2 "KPI Definisjoner".

Kristiansand, 10. mars 2022  
**PricewaterhouseCoopers AS**

  
Hanne Sælemyr Johansen  
Statsautorisert revisor