

# Guidelines on Employee and Human Rights



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## 1 INTRODUCTION

Sparebanken Sør's "Policy for Employee and Human Rights" addresses how the bank safeguards employee and human rights in our own organisation. Compliance with the Norwegian Transparency Act is a key element of these guidelines.

These guidelines describe how the policy is to be operationalised and followed up at Sparebanken Sør.

## 2 TARGET GROUP

The policy applies to the Sparebanken Sør Group and all managers and employees of Sparebanken Sør.

## 3 SOCIAL CONDITIONS (EMPLOYEE AND HUMAN RIGHTS – NORWEGIAN TRANSPARENCY ACT)

### 3.1 The Norwegian Transparency Act

Key provisions of the Norwegian Transparency Act are reproduced below.

#### **Duty to carry out due diligence (Section 4, Norwegian Transparency Act)**

The enterprises shall carry out due diligence with respect to suppliers in accordance with the Act and the OECD Guidelines for Multinational Enterprises.

Due diligence means to:

1. embed responsible business conduct into the enterprise's policies
2. track the implementation and results of measures pursuant to Section 3
3. implement suitable measures to cease, prevent or mitigate adverse impacts based on the enterprise's prioritisations and assessments pursuant to Section 2
4. identify and assess actual and potential adverse impacts on fundamental human rights and decent working conditions that the enterprise has either caused or contributed toward, or that are directly linked with the enterprise's operations, products or services via the supply chain or business partners
5. communicate with affected stakeholders and rights-holders regarding how adverse impacts are addressed pursuant to Sections 3 and 4
6. provide for or cooperate in remediation and compensation where this is required

Due diligence shall be carried out regularly and in proportion to the size of the enterprise, the nature of the enterprise, the context of its operations, and the severity and probability of adverse impacts on fundamental human rights and decent working conditions.

#### **Duty to account for due diligence (Section 5, Norwegian Transparency Act)**

The enterprises shall publish an account of due diligence including:

1. a general description of the enterprise's structure, area of operations, guidelines and procedures for handling actual and potential adverse impacts on fundamental human rights and decent working conditions
2. information regarding actual adverse impacts and significant risks of adverse impacts that the enterprise has identified through its due diligence
3. information regarding measures the enterprise has implemented or plans to implement to cease actual adverse impacts or mitigate significant risks of adverse impacts, and the results or expected results of these measures

The account shall be made readily available on the enterprise's website and key information will be included in the sustainability report.

The account shall be updated and published no later than 30 June of each year and otherwise in case of significant changes to the enterprise's risk assessments.

### **Right to Information (Sections 6 and 7, Norwegian Transparency Act)**

Upon written request, any person has the right to information from an enterprise regarding how the enterprise addresses actual and potential adverse impacts regarding implementation of the Norwegian Transparency Act. This includes both general information and information relating to a specific product or service offered by the enterprise.

Information pursuant shall be provided in writing and shall be adequate and comprehensible. The enterprise shall provide information within a reasonable time and no later than three weeks after the request for information is received. If the amount of information requested makes it disproportionately burdensome to respond to the request for information within three weeks, the information shall be provided within two months of the request being received.

## **3.2 Risk areas**

The risk analysis will be based on:

- The Norwegian Transparency Act including:
  - OECD Guidelines for Multinational Enterprises
  - UN International Covenant on Economic, Social and Cultural Rights
  - UN International Covenant on Civil and Political Rights
  - ILO core conventions

The risk analysis, together with national conditions and the bank's assessments, will form the basis for establishing those areas of employee and human rights that pose the greatest risk of non-compliance and that must be prioritised in terms of due diligence and follow-up of suppliers.

Based on our experience and knowledge of our own organisation, the industry and the geographical areas in which we operate, as well as specific risk considerations, the bank has identified the following risk and focus areas as the most significant:

Human rights:

- gender equality, including equal pay for equal work of equal value
- no discrimination on any grounds
- the right to social security
- increasing the share of female managers

Employee rights:

- the right to freedom of association and to unionise
- good opportunities for career and personal development
- good and safe working conditions, health, safety and the environment in the workplace
- reasonable restrictions on working hours
- efforts to increase diversity within the bank

Relevant conventions and laws relating to the various rights are used as a basis for the assessments.

The bank has established KPIs for some of the prioritised risk and focus areas. The bank aims to establish KPIs in all relevant risk and focus areas.

Prioritised employee and human rights will be subject to ongoing evaluation and revision in the event of changes in the risk picture.

### 3.3 Initial risk analysis

A preliminary risk analysis is carried out for each risk and focus area based on the bank's risk analysis system.

A risk analysis must be performed to identify the most significant risks for selected risk focus areas.

Risk is identified based on quantitative and qualitative assessments.

Factors to be emphasised in relation to significant risk include:

- the number of employees potentially affected by the risk area
- the risks and impacts associated with the risk area in our own organisation
- the risks and impacts the risk area presents for society in general
- whether improvements can be made in the risk area, including in relation to industry-wide and national conditions
- the ease/difficulty with which improvements can be implemented in the risk area

The risk analysis and due diligence will be carried out based on risk-based prioritisation. This means that the scope of mapping and follow-up is adapted to the assessed risks as well as the bank's ability to influence the risk area.

Based on the risk analysis, areas of significant risk in terms of employee and human rights must be identified for further follow-up.

Significant risk in this procedure means high risk.

Based on the risk analysis, risk and focus areas with significant risk in terms of employee and human rights must be identified for further follow-up.

Risk and focus areas that are defined as posing a significant risk must be followed up through a detailed risk analysis and documentation. Risk and focus areas that are defined as not posing a significant risk must be followed up through monitoring, any necessary improvement measures and annual risk analyses.

### 3.4 Detailed risk analysis

A more detailed analysis must be carried out for risk and focus areas defined as posing a significant risk.

Risk and focus areas that are considered to pose a significant risk of causing adverse impacts on or violations of employee and human rights must be closely monitored and appropriate measures must be taken. Risk and focus areas that are not considered to pose a significant risk of causing potential adverse impacts on or violations of employee and human rights must be followed up through monitoring and annual risk analyses.

### 3.5 Measures – preventing or mitigating adverse impacts

Risk areas that are considered to pose a significant risk of causing potential adverse impacts on or violations of employee and human rights must be closely monitored with a view to redressing, mitigating or eliminating risks.

Sparebanken Sør must, when such conditions are identified:

- implement suitable measures to stop, prevent or mitigate adverse impacts
- assist in executing and following up measures
- communicate with affected stakeholders and rights-holders regarding how adverse impacts are addressed

- provide for or cooperate in remediation and compensation where this is required

Sparebanken Sør implements a number of improvement measures relating to employee and human rights, including in selected risk focus areas, even if there is no risk of adverse impacts on or violations of employee and human rights. The intention is to maintain a continuous focus on improvements.

Measures and follow-up of measures relating to employee and human rights will be coordinated with the duty to act and to report (ARP).

## 4 REPORTING

The bank prepares an annual “Account of Due Diligence” to meet the requirements of Section 5 of the Norwegian Transparency Act.

Based on the preliminary and detailed risk analyses, the officer responsible for the work will make an assessment and issue suitable recommendations. These recommendations may be that further quality assurance be carried out or that the company must consider implementing adequate measures. Alternatively, the conditions may be deemed to be satisfactory and no further measures are required. Relevant measures must be specifically assessed in each individual case. In extremely serious cases, the bank must also consider whether to inform the relevant public authorities.

The report is reviewed and actioned by group management, and sent to the board for information.

## 5 INFORMATION

### 5.1 Information

Information relating to the Transparency Act must be displayed on the bank’s website and include:

- general information about the Transparency Act and the bank’s work in this regard
- organisation
- business areas
- list of governing documents
- relevant general information on the account of due diligence in accordance with Section 5
- information channel
- annual report

The information on the website must be updated at least annually and on an ongoing basis in the event of significant changes in the risk profile.

### 5.2 Right to information

Upon written request, anyone has the right to receive information from an enterprise about how the enterprise handles actual and potential adverse impacts pursuant to [Section 4](#). This includes both general information and information relating to a specific product or service offered by the enterprise.

A request for information may be refused if:

- the request does not provide an adequate basis for identifying what the request applies to
- the request is evidently unreasonable
- the requested information relates to someone’s personal circumstances
- the requested information relates to technical equipment and procedures or operational or commercial matters concerning which it is desirable to maintain secrecy for competitive reasons

The right to information about actual adverse impacts on fundamental human rights that the enterprise is aware of applies regardless of the restrictions in the second paragraph.

The right to information does not encompass information that is classified according to the Norwegian Security Act or protected under the Norwegian Copyright Act.

The bank undertakes to provide the Norwegian Consumer Authority and the Norwegian Market Council with the information these authorities require to carry out their duties under the law. You can find more information on this in Sections 10 and 11 of the Norwegian Transparency Act.

### **5.3 Processing of information requests**

Information pursuant to Section 6 must be provided in writing and be adequate and comprehensible. Information must be provided within a reasonable time and no later than three weeks after the request for information is received. If the amount or type of information requested makes it disproportionately burdensome to respond to the request for information within three weeks, the information must be provided within two months of the request being received. The bank must then, no later than three weeks after the request for information has been received, inform the person requesting information in writing about the extension of the deadline, the reasons for the extension, and when the person requesting the information can expect to receive the information.

If the bank refuses a request for information, it must provide information about the legal basis for refusal and the right to request and the deadline for requesting further explanation of the refusal and about the Norwegian Consumer Protection Authority as a supervisory body.

Anyone who is refused a request for information may, within three weeks of the refusal being received, demand a more detailed explanation for the refusal. The explanation must be provided in writing as soon as possible and no later than three weeks after the request for further explanation is received.

## **6 FOLLOW-UP OF THE GUIDELINES**

### **6.1 Annual review**

The procedures in these guidelines must be implemented at least once a year, and otherwise in the event of significant changes in the risk picture.

## **7 COMPLAINTS**

Complaints regarding employee and human rights must be made in accordance with Sparebanken Sør's normal complaints procedure: <https://www.sor.no/globalassets/organisasjon/barekraft/rutine-kundeklager-sparebanken-sor.pdf>

## **8 WHISTLEBLOWING**

### **8.1 External whistleblowing (Norwegian Transparency Act)**

External notifications regarding employee and human rights must be made in accordance with Sparebanken Sør's ordinary whistleblowing procedure: <https://www.sor.no/globalassets/organisasjon/barekraft/varslingsrutine-ekstern-sparebanken-sor.pdf>

### **8.2 Internal whistleblowing**

Internal notifications regarding employee and human rights must be made in accordance with Sparebanken Sør's ordinary whistleblowing procedure: <https://www.sor.no/globalassets/organisasjon/barekraft/varslingsrutine-intern-sparebanken-sor.pdf>

## **9 INCIDENT DATABASE**

All incidents relating to violations of laws and guidelines regarding employee and human rights, corporate governance and the climate and natural environment must be registered in the bank's incident database. All complaints regarding such matters must also be registered in the incident database.

## **10 ARCHIVING**

A shared archive must be established where all information and documentation of initial and detailed risk analyses, supplier ledgers, documentation from suppliers and subcontractors and all other relevant information and documentation is stored. A comprehensive overview of all suppliers' risk classification in terms of employee and human rights, corporate governance and climate and the natural environment must be established and continuously updated.

## **11 SYSTEM FOR RISK ANALYSES, MEASURES AND FOLLOW-UP**

The system for risk analyses, measures and follow-up is shown in the appendix.

### **Appendix:**

System for risk analyses, measures and follow-up