

Policy for Employee and Human Rights



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1 BACKGROUND

Sparebanken Sør's mission is to "create sustainable growth and development for our region".

Sparebanken Sør is a regional savings bank, whose business model is an integrated value chain that encompasses the development, production and supply of financial products and services. Distribution of products through owner companies and partners is an important part of our business model. Sparebanken Sør serves customers through a combination of sales offices and digital solutions. The largest business areas are Lending (to the retail 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 accordance with regulatory framework conditions.

Our work on sustainability (ESG – Environmental, Social and Governance), which encompasses the climate and natural 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 that the bank should contribute to positive development within ESG, while safeguarding the bank's social responsibility in areas where the bank operates. Our work on sustainability is intended to strengthen our competitiveness and reduce the bank's ESG risk. As an employer, investor, lender and supplier of financial products and services, the bank will contribute to sustainable growth by strengthening the positive and reducing the adverse impacts on people, nature and society in general.

Compliance with the Norwegian Transparency Act, which encompasses employee and human rights, i.e. social conditions, is a key element of this policy.

Employee and human rights are an important part of Sparebanken Sør's sustainability efforts.

2 PURPOSE

The purpose of this policy is to safeguard fundamental human rights and decent working conditions.

In particular, this involves:

- helping increase awareness and visibility of our work, responsibilities and obligations relating to employee and human rights more visible
- helping increase awareness and visibility of our expectations and requirements for employee and human rights more visible
- ensuring that our work and practices relating to employee and human rights are satisfactory, comply with applicable regulations and are carried out in a sound and ethical manner
- explaining our procedures, systems and methodology etc. for work on employee and human rights
- ensuring that the public has access to information about how we handle adverse impacts on employee and human rights in accordance with the Norwegian Transparency Act

3 TARGET GROUP

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

Sparebanken Sør has separate policies for employee and human rights for customers, suppliers, business associates and partners.

4 ORGANISATION AND RESPONSIBILITY

The Board has a particular responsibility for ensuring that the policy and guidelines for suppliers are complied with in day-to-day operations.

The organisation of work relating to employee and human rights at Sparebanken Sør is presented in the diagram and description below:



The Board of Directors:

The Board of Directors has overall responsibility, including particular responsibility for ensuring that the policy and guidelines are complied with in day-to-day operations. This includes ensuring that due diligence is continuously carried out and monitored.

The board must approve overarching governing documents.

Chief Executive Officer (CEO):

The CEO is responsible for ensuring that the bank's strategy, policies and guidelines are implemented and that employee and human rights are safeguarded in the bank.

Sustainability/Group Support:

Sustainability/Group Support is responsible for coordinating this work. This encompasses the general framework, including governing documents, guidelines, systems and methodology, as well as coordination of reporting and information regarding the Norwegian Transparency Act.

This responsibility further encompasses gathering information, preparing reports, ongoing updating of relevant and significant information, and coordinating responses to requests for information relating to the Norwegian Transparency Act.

HR/Group Support:

HR/Group Support has operational responsibility for safeguarding employee and human rights within Sparebanken Sør.

This includes risk analyses, contact with and follow-up of employees, implementation of due diligence, and any risk-reducing measures. It also encompasses obtaining and organising data and information for reporting and requests for information, and other tasks required to comply with the Norwegian Transparency Act.

Divisions, line and staff

Divisions, line and staff have operational responsibility for day-to-day monitoring of employee and human rights in their own division and department and reporting to HR/Group Support.

General

All employees and managers at Sparebanken Sør are responsible for ensuring that Sparebanken Sør complies with the bank's obligations under the Norwegian Transparency Act, as well as with internal governing documents on employee and human rights.

Sparebanken Sør expects employees to speak openly and raise concerns regarding these matters, including violations of our policies and guidelines, with their managers and superiors or via other available reporting channels. Sparebanken Sør takes concerns seriously and addresses them in a timely manner.

Sparebanken Sør has zero tolerance for reprisals against anyone who speaks openly about behaviour they believe is unethical, illegal or incompatible with our guidelines, regardless of whether censurable conditions are discovered – provided that reports are made in good faith.

The guidelines support Sparebanken Sør's values and reflect areas the bank considers important.

Sparebanken Sør takes violations of our guidelines seriously. Depending on the severity of the violation, there may be consequences for employees (ranging from a warning to dismissal etc.).

Programmes for building the bank's employees' competence on employee and human rights, adapted to employees' individual work tasks, are an important area of efforts to comply with regulatory requirements and internal policies and guidelines.

5 FRAMEWORK CONDITIONS

5.1 Legislation and guidelines

The following laws and guidelines apply:

Social conditions:

- The Norwegian Working Environment Act and the Working Environment Regulations
- The Norwegian General Application Act and generally applied collective bargaining agreements
- The duty to act and the duty to report
- 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

Sparebanken Sør undertakes to comply with all legislation relevant to the bank's activities.

5.2 Governing documents

Sparebanken Sør has the following governing documents that are relevant for this policy:

Overarching and general governing documents:

- Corporate Governance
- Code of Conduct
- Sustainability Strategy
- Procedure for External and Internal Whistleblowing
- Complaints Procedure
- Policy for Employee and Human Rights (this policy)

- Guidelines for Employee and Human Rights (guidelines for operationalisation of “Policy for Employee and Human Rights”)

5.3 Commitments

UN Global Compact

Sparebanken Sør has signed up to the UN Global Compact. The Global Compact is the world’s largest initiative for work on sustainable development goals, and contains ten principles for responsible business drawn up by the UN. These principles are intended to ensure continuous improvements in human and employee rights and corporate governance, and to stop climate change and reduce loss of biodiversity.

By signing up to the UN Global Compact, the bank has committed itself to supporting these principles.

UNEP Principles for Responsible Banking

Sparebanken Sør has also endorsed the UN Environmental Programme (UNEP) Principles for Responsible Banking (PRB). The UN Environmental Programme aims to enable the banking industry to play a leading role in achieving the sustainable development goals and fulfilling the Paris Agreement and supporting these principles.

The 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 of the sustainable development goals.

Finance Norway’s “Roadmap for Green Competitiveness in the Financial Sector”

Sparebanken Sør will, together with the rest of the industry, work on following up the recommendations and principles in Finance Norway’s “Roadmap for Green Competitiveness in the Financial Sector”, which was published in June 2018.

6 GUIDELINES

6.1 General

Sparebanken Sør has guidelines and systems for identifying and monitoring risks associated with employee and human rights in our own organisation.

The bank works continuously and systematically to ensure that all our staff’s employee and human rights are properly safeguarded.

We expect all managers in the bank to act with integrity and promote an ethical culture that respects all people. The bank implements training programmes to build employees’ knowledge of and promote awareness, skills and leadership around fundamental human rights and decent working conditions.

We continuously carry out due diligence and risk assessments around employee and human rights, in order to identify, prevent and reduce risks and impacts in all areas of our operations. We regularly review the most prominent risks and report on them publicly.

We carry out assessments to identify actual and potential risks of as well as adverse impacts on employee and human rights that we may have caused or been complicit in. The bank adopts a risk-based approach.

The bank carries out continuous assessments of the various aspects covered by employee and human rights. If the bank finds that our business is not run in accordance with these guidelines, appropriate measures must be considered and, if necessary, implemented. 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.

Through continuous and systematic work, Sparebanken Sør will help address identified challenges through improvement, mitigating and preventive measures.

Sparebanken Sør's guidelines and systems must ensure:

- documentation of assessments, relevant decisions and processing
- communication channels between relevant executive management and responsible departments to share and document information relating to risks and decisions

More detailed information on operational follow-up of suppliers can be found in "Procedure for Employee and Human Rights".

6.2 Social conditions (Employee and human rights – Norwegian Transparency Act)

The bank's guidelines for compliance with the Norwegian Transparency Act are intended to safeguard fundamental human rights and the right to decent working conditions.

Sparebanken Sør undertakes to respect fundamental human rights and the right to decent working conditions and to communicate transparently with the public.

Sparebanken Sør aims to:

- avoid causing, or contributing to, adverse impacts on fundamental human and employee rights
- prevent or reduce adverse impacts on fundamental human and employee rights
- help improve fundamental human and employee rights for everyone, including vulnerable groups

In the event that Sparebanken Sør causes or contributes to adverse impacts on fundamental human and employee rights, we will offer or cooperate with processes to rectify the situation.

In these guidelines, fundamental human rights mean:

- the internationally recognised human rights established, inter alia, in the UN International Covenant on Economic, Social and Cultural Rights from 1966, the UN International Covenant on Civil and Political Rights from 1966 and the ILO core conventions on fundamental principles and rights at work

Based on our experience and knowledge of suppliers, 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:

- 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

In these guidelines, decent working conditions mean:

- work that safeguards fundamental human rights (as defined above), health, safety and the environment in the workplace, and that provides a living wage

Decent working conditions are closely linked with fundamental human rights. The bank has identified the following risk and focus areas as the most significant:

- 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

The above points have been identified based on knowledge and experience of our own business, our sector, and geographical affiliation. The risk and focus areas identified above may change in accordance with developments and over time, and are therefore subject to continuous assessment.

7 FOLLOW-UP, REPORTING AND INFORMATION

The bank prepares an annual report to meet the requirements of the Norwegian Transparency Act on social conditions (employee and human rights).

Key information relating to our work with suppliers on employee and human rights will be published on the bank's website.

Sparebanken Sør has clarified how *anyone* who would like information about the assessments Sparebanken Sør has made can contact the bank. Such enquiries are processed in accordance with the Norwegian Transparency Act.

Sparebanken Sør will publish its first annual account under the Norwegian Transparency Act by 30 June 2023.

More detailed information can be found in "Guidelines on Employee and Human Rights".

8 UPDATING

This policy will be updated annually, and in the event of changes in actual circumstances or the overall risk picture.