

Policy for New and Amended Products, Services, Procedures, Processes and Systems



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1 BACKGROUND

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

Our work on sustainability (ESG – Environmental, Social and Governance), which encompasses the climate and nature, 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 and reducing the negative impacts on people, society, climate and the natural environment.

Sparebanken Sør's policy is intended to ensure that the Bank's products, services, procedures, processes and systems do not contribute to violations of human or employee rights; or of product and service information, labelling and marketing, or data and information security regulations; or to corruption or the financing of terrorism, serious harm to the climate and natural environment or other unethical acts.

2 PURPOSE

This Policy applies to new and amended products, services, procedures, processes and systems. The Policy is intended to ensure that Sparebanken Sør acts responsibly and contributes to sustainable development in the purchase, sale and distribution of products and services.

This Policy establishes guidelines to ensure that the Bank's products and services are always compatible with regulatory requirements and with the Bank's ESG strategy and policy.

3 TARGET GROUP

Everyone at Sparebanken Sør with responsibility for products, services, procedures, processes or systems must have read and familiarised themselves with this Policy. Employees who are involved in product development or amending products, services, procedures, processes or systems must have a thorough understanding of the potential impact on risk of any changes to the relevant product, service, procedure, process or system.

4 GUIDELINES FOR APPROVAL OF NEW AND AMENDED PRODUCTS, SERVICES, PROCEDURES, PROCESSES AND SYSTEMS

These guidelines are intended to ensure that all new or significantly changed products, services, procedures, processes or systems at Sparebanken Sør are subject to a thorough and consistent approval process before they are launched.

The guidelines should ensure that the Bank meets regulatory requirements including:

- Section 6.1 of the Norwegian Regulations on Risk Management and Internal Control
- Basel Committee on Banking Supervision: Principles for the sound management of operational risk
- The Financial Supervisory Authority of Norway's module on Operational risk

- EBA / GL / 2017 / 11 Guidelines on Internal Governance
- Section 3 of the Norwegian ICT regulation (established criteria for acceptable risk)
- The Norwegian Personal Data Act including the GDPR
- Section 7 (3) of the Norwegian Act relating to Measures to Combat Money Laundering and Terrorist Financing

The guidelines should also ensure that all relevant risks are identified and analysed, so that the Bank is not exposed to undesired risk.

The guidelines should also ensure that the Bank complies with all relevant laws, regulations and internal governing documents. This includes assessments of:

- The risk of non-compliance with laws, regulations and internal governing documents
- Risks relating to products, services, processes and systems
- Risks of violations of privacy and IT security
- Risks of money laundering and the financing of terrorism

The process should also include an assessment of ESG, taking account of the following:

- The potential impact of the case on the climate and the natural environment
- The related risk of violations of human and employee rights
- The related risk for equality and diversity
- Any other ESG risks not covered by other items in the analysis

The guidelines for approval should also help ensure that the Bank's products are designed, communicated and marketed in a way that:

- avoids potential damage, loss or other negative consequences for our customers
- minimises the risk of conflicts of interest

There is a separate procedure and associated analysis for approval, "Risk assessment for new or amended products, services, procedures, processes and systems".

The following general requirements and principles apply to products, services, procedures, processes and systems where the Bank only has a distributor role:

- The Bank must use the information provided by the supplier, and have the relevant knowledge and ability to determine whether a consumer can be classified in the market segment defined by the supplier.
- The Bank must use the information provided by the supplier to give our customers a description of the main characteristics of the product, its risk and the total price to be paid for the product.
- If the Bank learns of any problems with the product characteristics, product information or market segment, the Bank must immediately inform the supplier of this.
- The Bank must assess whether the product/solution/process has a positive or negative impact in the area of ESG as described above for individual products.

5 ORGANISATION

Each individual division/product owner/system owner is responsible for ensuring that the policy and procedure are complied with and for initiating risk assessment of the product, process or system where relevant.

Risk Management is responsible for policy and risk assessment procedures, and must be involved in risk-assessment processes. Risk Management ensures that the AML Officer, the Data Protection Officer,

Compliance, Business Architect, IT Operations/IT Development, Sustainability and Risk Management review their respective areas and provide supplementary comments if necessary.

6 FOLLOW-UP AND REPORTING

After the launch of a new or significant change to a product, service, procedure, process or system, ongoing monitoring must be carried out to ensure that no incidents occur or have occurred that adversely affect customers or the Bank's interests, or mean that they do not achieve their desired effect.

The respective technical managers are responsible for systematically following up their portfolio and making ongoing assessments relating to errors, the need for rectification, risk-reducing measures or other changes.

The technical manager must conduct an annual assessment to map risk and establish whether there is a need for changes in the product, service or system portfolio.