

# Sustainability Fact Book

2021



## A RESPONSIBLE CORPORATE CITIZEN

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 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 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 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.






### Materiality matrix:

The materiality matrix shows priority topics:

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				




Sparebanken Sør reports according to the GRI standard (Global Reporting Initiative), and has joined several national and global initiatives that work to meet the sustainability development goals and the Paris Agreement.

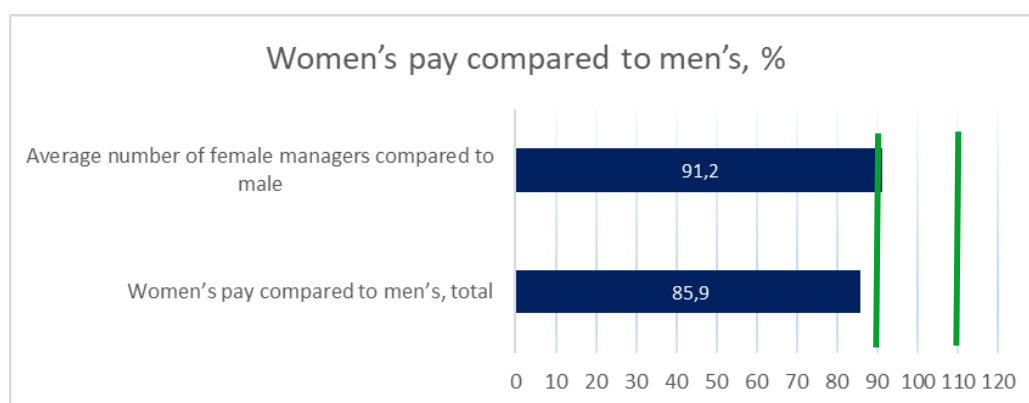
Sparebanken Sør supports all the sustainable development goals, and has identified certain goals that the bank has a special focus on.

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

## SOCIAL CONDITIONS



### Equality and diversity

Focus area	SDG	What have we achieved?	New initiatives moving forward
For Sparebanken Sør, diversity and equal opportunity mean equal rights and opportunities for all. Equality and diversity play an important role in promoting fairness, innovation and competitiveness. Equality and diversity create equal rights and opportunities for everyone to participate in the employment market and to contribute to the development of society.	  	<p>Recertified in <i>Likestilling Arbeidsliv</i>. Action plan for gender equality and diversity. Labour and human rights policy. Competence development. 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.</p>	<p>Assess/categorise different types of positions within staff functions to make equal pay considerations easier. Increased the number of employees with an ethnic background other than Norwegian. Focus on diversity in recruitment. Continue the work on the action plan.</p>
Governing documents	Equality and diversity policy, Labour and human rights policy, Employee handbook, Ethics document, HSE handbook. Board Diversity Policy.		
GRI Index	GRI Index: 401-1, 401-2, 401-3, 405-1, 405-2, 406-1		
Sør index	KPI A1. KPI A2, KPI A3		
UN Global Compact Principles	2: We will make sure that we are not complicit in violations of human rights 6: We will uphold the elimination of discrimination in the context of employment and occupation		
Responsible	Corporate Staff Division		



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	✓


## Working environment and employee development

Focus area	SDG	What have we achieved?	New initiatives moving forward
Sparebanken Sør will be an attractive and inclusive workplace for all employees. Technology, regulatory changes and changes in customer behaviour imply a need for training and new competence. Organisational development is important for building a bank for the future.	 	<p>Average training per employee 65 hrs.</p> <p>Most training has been offered via e-learning and digital channels.</p> <p>Update authorisation schemes.</p>	<p>Continue training activities.</p> <p>Employee satisfaction survey and employee interviews.</p> <p>Leadership development programme for all managers.</p> <p>Continue the Trainee Sør scheme.</p> <p>Continue the Internship programme with the University of Agder (UiA), where students gain practical experience in different professional areas of the bank.</p>
Governing documents	Equality and diversity policy, Labour and human rights policy, Employee handbook, HSE handbook, Ethics document.		
GRI Index	GRI Index: 404-1, 404-2, 404-3		
Sør index	KPI A4, KPI A5, KPI A6		
UN Global Compact Principles	3: We will uphold the freedom of association, and the right to negotiations		
Finance Norway Principle	4: Increase climate competence and capacity in the financial sector		
Responsible	Corporate Staff Division		

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


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

## Data protection and information security

Focus area	SDG	What have we achieved?	New initiatives moving forward
Sparebanken Sør processes personal data and maintains information security in a reassuring way, in line with applicable laws, regulations and procedures. We requires our suppliers and partners to do the same. It is crucial that the bank process customer data and other information in a secure manner.		Various training measures, including mandatory training in data protection and information security for all employees. Established a number of procedures in connection with ISMS. New client platform, new security solutions, 24/7 monitoring and response system.	Training for all employees in data protection e-learning (NanoLearning). Further develop the KPIs for information security. Continue implementation of ISMS. Introduce a new solution for access control.
Governing documents		Policy for processing of personal data, Processing of personal data, Privacy policy, Policy for information security management system, ISMS.	
GRI Index		GRI Index: 418-1	
Sør index		KPI B1, KPI B2, KPI B3	
UN Global Compact Principles		10: We will fight corruption, extortion and bribery	
Responsible		Corporate Staff Division (Privacy) and Business Development Division (Information Security)	




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	✓
KPI B2	Uptime customer solutions, SLA, %	%	≥ 99.7		99,7	99,6	99,97	✓
KPI B3	Serious digital fraud cases against the bank					0	0	✓

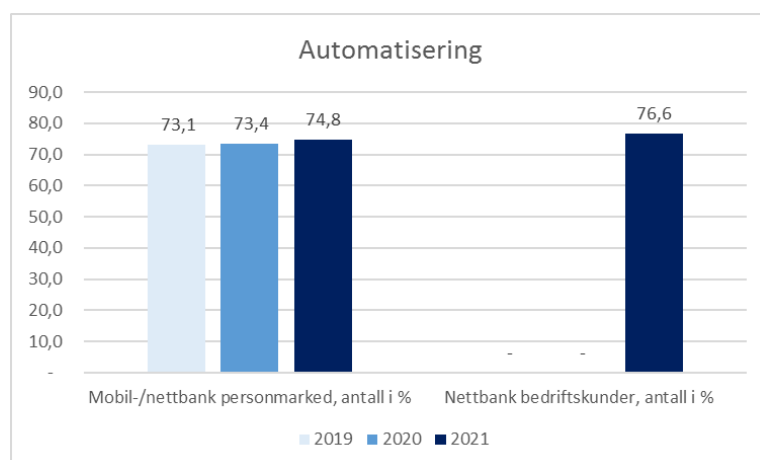
## Financial crime

Focus area	SDG	What have we achieved?	New initiatives moving forward
Financial crime is a serious societal problem and a threat to individuals and society. The bank's goal is to help fight financial crime, as well as ensure healthy financial performance. The bank has key information, and can help detect financial crime.		Completed compulsory e-learning in money laundering and terrorist financing for all employees. Reorganisation and increased resources, including legal expertise and analysts. Policy for anti-corruption and bribery. Procedures for fraud cases.	Continue training in topics for all employees. Further develop KPIs and goals. Routine project for revision of the entire anti-money laundering framework. Project for improvement of transaction analysis and risk scoring model.
Governing documents	Policy for anti-corruption and bribery, Policy for anti-money laundering and terrorist financing, Anti-money laundering document.		
GRI Index	205-2, 205-3		
Sør index	KPI C1, KPI C2, KPI C3, KPI C4		
UN Global Compact Principles	10: We will fight corruption, extortion and bribery		
Responsible	Risk Management Division		

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

## Responsible products and services

Focus area	SDG	What have we achieved?	New initiatives moving forward
Sparebanken Sør will have transparent and understandable products and services, and communicate and market these in an ethical way so that customers can make good financial choices. The bank will facilitate safe and reliable sustainable activities, products and services, in order to contribute to sustainable development.	  	<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>
Governing documents	Green & Sustainable Bond Framework; Green, Social and Sustainable Product Framework; Policy for new and changed products and systems; Risk assessment of products, services, procedures, processes and systems; Procedure for customer complaints. Product management procedure for fund products.		
GRI Index	417-2, 417-3		
Sør index	KPI D1, KPI D2.		
UN Global Compact Principles	<p>8: We will undertake initiatives to promote greater environmental responsibility</p> <p>9: We encourage the development of environmentally friendly technology</p>		
UNEP PRB	2: Increase positive impact and reduce negative impact on ESG as a result of activities, products and services. Establish and publish specific goals in areas that have the greatest effect		
Finance Norway Principle	2: Digitalisation for climate-smart solutions		
Responsible	Business Development Division, Private Market Division (PM) and Corporate Market Division (BM)		



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

## CORPORATE GOVERNANCE




### Responsible business conduct

Focus area	SDG	What have we achieved?	New initiatives moving forward
Sparebanken Sør will conduct itself in an open and transparent manner, in order to create security and predictability for business relations and society in general. All activities in Sparebanken Sør are carried out in compliance with applicable laws and regulations. We require that customers, suppliers and partners follow relevant legislation and international conventions in the countries in which they operate.	  	<p>Refresher course in the bank's code of conduct for all departments</p> <p>Completed impact analysis according to UNEP PRB. 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. 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. Continue to develop governance systems, goals and methods.</p>
Governing documents		Corporate governance, Ethics document, Sustainability strategy, Procedure on whistleblowing internally and externally, Procedure on customer complaints, Policy for conflicts of interest, Compliance document, Organisation of risk and capital management.	
GRI Index		201-1, 201-2	
Sør index		KPI E1, KPI E2, KPI E3, KPI E4, KPI E5	
UN Global Compact Principles		1: We support internationally recognised human rights 4: We aim to ensure that all forms of forced labour are abolished 5: We aim to ensure that child labour is actually abolished	
UNEP PRB		1: Adapt the business strategy to the UN sustainable development goals and the Paris Agreement 4: Proactively consult, involve and enter into collaboration agreements with relevant stakeholders to achieve society's goals 5: Implement management tools and responsible banking culture, and set goals that are related to areas where we have the greatest impact 6. Ongoing quality-assurance of the implementation of these principles, and be open about effects on society's overall goals	
Finance Norway Principle		3: Strengthen the interaction between the financial sector and public policy instruments 6: Implement a common framework of terms and concepts for sustainable finance	
Responsible		Corporate Staff Division	

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 Serv	Number	0		0	0	0	V
KPI E4	Whistleblowing cases internal and external	Number	0		0	0	4	X
KPI E5	ESG Rating Sustanalytics, Low risk ≤ 20 points	Points	20				11,7	V






## Responsible lending

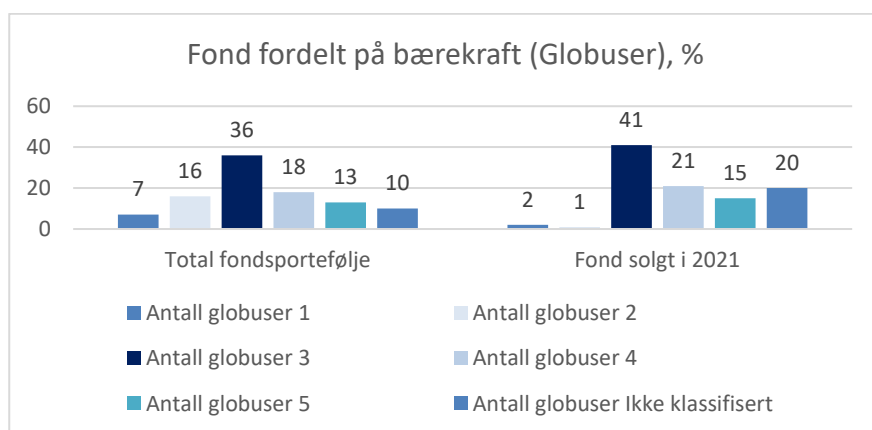
Focus area	SDG	What have we achieved?	New initiatives moving forward
For Sparebanken Sør, responsible lending means to focus on climate and the environment, social conditions and good corporate governance in lending and management. The main objective is to achieve a good long-term return with an acceptable level of risk and to contribute to sustainable development.	  	<p>ESG module in credit processes in the Corporate Market Division (BM).</p> <p>Increased expertise on ESG risk.</p> <p>Established KPI.</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 the ESG module, and proportion of ESG-classified customers.</p> <p>ESG information automatically integrated into the bank’s systems.</p> <p>Further develop the KPI and integrate goals into the bank’s risk framework and risk reporting.</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>
Governing documents	Policy for responsible lending, Risk and capital strategy, Organisation of risk and capital management, Credit documents.		
GRI Index	FS8		
Sør index	KPI F1, KPI F2, KPI F3, KPI F4		
UN Global Compact Principles	<p>7: We will support a precautionary approach to environmental challenges</p> <p>8: We will undertake initiatives to promote greater environmental responsibility</p> <p>9: We will encourage the development of environmentally friendly technology</p>		
UNEP PRI Principle	3: Work proactively with customers to create sustainable business		
Finance Norway Principle	<p>1: Contribute to innovation and change in other sectors</p> <p>8: Integrate climate into credit processes</p> <p>9: Include climate criteria in commercial and residential mortgages</p>		
Responsible	Private Market Division (PM), Corporate Market Division (BM) and Risk Management Division (PM and BM)		

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	

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	

## Responsible investment/ financing

Focus area	SDG	What have we achieved?	New initiatives moving forward
Responsible investment involves integrating requirements and assessments of risk and opportunities in relation to climate, nature and the environment, social conditions and good corporate governance in the bank's investment, financing and securities activities.	  	<p>ESG classification of the fund portfolio.</p> <p>Procedure for product approval with increased focus on ESG.</p> <p>Increased proportion of sustainable funds distributed.</p> <p>KPI for increased proportion of sustainable bonds in the liquidity portfolio.</p>	<p>ESG rating.</p> <p>ESG classification of funds.</p> <p>Goal of expanding the portfolio of sustainable loans in accordance with the framework and thereby increase the proportion of sustainable bonds.</p> <p>Goal of increasing the proportion of sustainable bonds in the liquidity portfolio.</p>
Governing documents	Policy for responsible investments and responsible securities activities, Green & Sustainability Bond Framework, Finance document.		
GRI Index			
Sør index	KPI G1, KPI G2		
UN Global Compact Principles	<p>7: We will support a precautionary approach to environmental challenges</p> <p>8: We will undertake initiatives to promote greater environmental responsibility</p> <p>9: We will encourage the development of environmentally friendly technology</p>		
UNEP PRI Principle	3: Work proactively with customers to create sustainable business		
Finance Norway Principle	7. Make the bond market greener		
Responsible	Capital Markets Division, Staff Division and Private Markets Division (PM)		






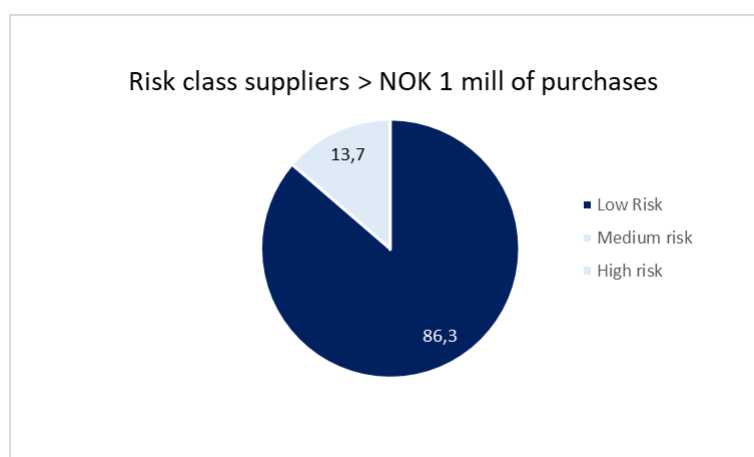
\* Five globes are given to funds that are among the top 10 per cent in their fund category, and one globe is given to funds that are among the weakest 10 per cent in their fund category, based on Morningstar's definition.

KPI	Description	Unit	Goal	Time	2019	2020	2021	Goal
KPI G1	Sustainable bonds liquidity portfolio	NOK mill.	2.000	2022		650	802	

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

## Responsible procurement




Focus area	SDG	What have we achieved?	New initiatives moving forward
Procurements are an important part of our work with sustainability, and the goal is to reduce the risk of negative impacts on climate and the environment, social conditions and corporate governance in the supply chain. We aim to purchase climate-friendly and environmentally friendly products and services and positively influence sustainable development at our suppliers.	  	Integration of ESG policies and procedures in supplier monitoring and tenders.	<p>Continue operationalisation of ESG in procurement processes and follow-up.</p> <p>Policy for outsourcing of IT services. Supplier manager in place.</p> <p>Questionnaire for key ESG topics integrated in the supplier interview.</p> <p>Ensure supplier compliance with requirements in the Norwegian Transparency Act.</p>
Governing documents	Policy for responsible procurement, Purchasing guidelines, Procurement procedure, Risk assessment procedure for procurement of new products and systems, Procurement procedure		
GRI Index	308-1, 308-2, 414-1, 414-2		
Sør index	KPI H1, KPI H2, KPI H3		
UN Global Compact Principles	2: We will not contribute to violations of human rights 8: We will undertake initiatives to promote greater environmental responsibility		
UNEP PRI Principle	3: Work proactively with customers to create sustainable business		
Responsible	Corporate Staff Division (Real Estate, Inventory and Operations) and Business Development Division (IT, consultants, etc.)		



KPI	Beskrivelse	Enhet	Mål	Tid	2019	2020	2021	Måloppnåelse
KPI H1	Leverandører > 1 MNOK godkjent lever.ærklæring	%	100			71,5	83,0	X
KPI H2	Leverandører > 1 MNOK med miljøsertifisering	%	100			84,4	80,0	X
KPI H3	Leverandører > 1 MNOK som er risikoklassifisert	%	100			86,7	100	V
KPI H4	Suppliers > NOK 1 million assessed in relation to social condition	%	100				100*	V
KPI H5	Suppliers > NOK 1 million assessed in relation to environmental	%	100				100*	V

## CLIMATE AND THE ENVIRONMENT

### Climate and the environment

Focus area	SDG	What have we achieved?	New initiatives moving forward
Sparebanken Sør will contribute to the fulfilment of sustainable development goals and objectives in the Paris Agreement. The objective is to facilitate more sustainable development of our own, our customers', our suppliers' and our subcontractors' operations in terms of climate and the environment.	  	<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 measurement methods and KPIs for climate and the environment. 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 and environmental risk in the organisation.</p> <p>Continue the work with the Eco-Lighthouse certification scheme and measures in own business.</p>
Governing documents	Sustainability strategy, Policy for climate and environment, Eco-lighthouse certification guidelines, TCFD report.		
GRI Index	302-1, 305-1, 305-2, 305-3, 305-5		
Sør index	KPI I1, KPI I2, KPI I3, KPI I4, KPI I5, KPI I6, KPI I7, KPI I8, KPI I9		
UN Global Compact Principles	<p>7: We will support a precautionary approach to environmental challenges</p> <p>8: We will undertake initiatives to promote greater environmental responsibility</p>		
UNEP PRB	7: We will support a precautionary approach to environmental challenges		
Finance Norway Principle	<p>1: Adapt the business strategy to the UN sustainable development goals and the Paris Agreement</p> <p>2: Increase positive impact and reduce negative impact on ESG as a result of activities, products and services. Establish and publish specific goals in areas that have the greatest effect</p>		
Responsible	Corporate Staff Division		

#### Own business:

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, accumulate	%	55	2030		46,8	50,4	V
KPI E3	Reduction in greenhouse-gas emissions		0 (NZE)	2050				

#### Lending and investments:

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				
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				

