

Sustainability report 2022



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1 INTRODUCTION

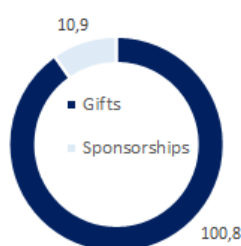
1.1 Sustainability strategy

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 Deposits and Lending to the retail and corporate markets, as well as Financing and Investment. It is through these business areas together with procurement that we have the greatest positive and negative impact on social conditions, corporate governance, climate and nature, and society in general, and which also represent the greatest risks and opportunities in relation to the bank's financial position and results. For more information on the size of these business areas, please refer to the Annual Report. Business activities are conducted within the framework of the company's strategy, corporate governance, Code of Conduct, governing documents, guidelines and procedures, as well as in accordance with regulatory framework conditions. A number of indicators (KPIs) have been established, with short- and long-term goals within relevant material topics. Continuous follow-up of these indicators together with other analyses and assessments form the basis for monitoring development and target attainment and for ensuring compliance with strategies, guidelines, due diligence and objectives.

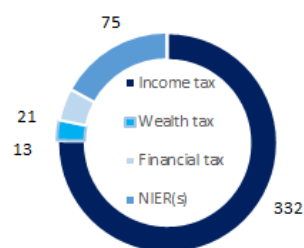
Sparebanken Sør has a long tradition of being a responsible corporate citizen. Our work on sustainability (ESG – Environmental, Social and Governance), which encompasses the climate and the environment, social conditions and corporate governance, is a natural continuation of the role the bank has played 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. The bank aims to provide competitive returns to equity certificate holders and create sustainable growth and development in our region.

Donations and sponsorships 2022, NOK mill.



Tax contribution 2022, NOK mill.



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 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 at <https://www.sor.no/globalassets/organisasjon/barekraft/sustainability-strategy-sparebanken-sor.pdf>, Chapter 3 page 6.

1.2.2 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. 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.

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. Governing documents, management control systems, goals and methods are evaluated and revised through annual auditing processes.

You can find an overview of the bank's governing documents for ESG under the relevant topic or on the bank's website at <https://www.sor.no/felles/om-sparebanken-sor/about/social-responsibility/sustainability-reports/>

1.2.3 GRI Standards (Global Reporting Initiative)

This report has been prepared according to the new GRI Standards from 2021, which comprise a recognised global system and framework for sustainability reporting (ESG).

1.2.4 Scorecard and KPIs

ESG area	Indicator	UNIT	2020	2021	2022	Objective	
						Goal	Date
SOCIAL	Percentage of female managers in total	%	38,5	38,9	37,3	40–60	2025
	Women's average pay compared to men	%	83,9	85,9	86,9	90–110	2025
	Employee satisfaction	%	84	N/A	85	> 80	
	Uptime customer solutions, SLA	%	99,6	99,77	99,64	99,70	
CORPORATE GOVERNANCE	Donations and sponsorships	NOK mill.	47,9	51,7	111,7		
	Customer satisfaction indicator, retail market	Place no.	5	11	6	Top 3	
	Customer satisfaction indicator, corporate market	Place no.	3	7	7	Top 3	
	Green home mortgages, % of total home mortgages	%	N/A	18,5	14,0	50	2030
	Sustainable bonds, Liquidity portfolio	NOK mill.	680	1.495	3.178	2.000	2022
	Bond financing under Green & Sustainability Bond Framework	NOK mill.	5.102	5.103	12.231		
	Percentage of suppliers risk classified in line with ESG	% volume			78,3		
	Suppliers > 1 NOK mill. violations of labour and human rights	Number			2	0	
	ESG Rating (Low risk is ≤ 20 points)	Points		11,7	9,7	≤ 20	
CLIMATE AND ENVIRONMENT	Greenhouse-gas emissions from own operations	tonnes CO ₂	273,0	254,4	232,2		
	Reductions in greenhouse-gas emissions from own activities, Baseline 2017	%	46,8	50,4	54,7	55	2030
	Energy intensity, own activities	kWh/m ²	214	233	203	0 (NZE)	2050
	Reduction in greenhouse-gas emissions from lending in 2030, Baseline 2021	%		N/A	N/A	40	2030
	Reduction in greenhouse-gas emissions from lending in 2050, Baseline 2021	tonnes CO ₂		N/A	N/A	0 (NZE)	2050
	Reduction in greenhouse-gas emissions from investments in 2030, Baseline 2021	%		N/A	N/A	40	2030
	Reduction in greenhouse-gas emissions from investments in 2050, Baseline 2021	%		N/A	N/A	0 (NZE)	2050
	Percentage energy from renewable sources	%		94,1	96,1		
	Company cars that are electric	%	62	81	83	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 publishes a Communication on Progress (CoP) annually, which includes the status and development of the bank's work on sustainability and Sustainable Development Goals.

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

The UN Principles for Responsible Banking are a guide that describes responsibilities and ambitions for actions to meet the UN Sustainable Development Goals and the targets of the Paris Agreement.

Sparebanken Sør is a signatory to UNEP PRB. For more information on how the bank integrates UNEP PRB

principles, see <https://www.sor.no/globalassets/organisasjon/barekraft/2021-reporting-self-assessment-template-sparebanken-sor.docx>

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 Sustainable Development Goals, and has identified certain goals that will have special priority. Prioritised sustainability goals, important measures and activities are shown in the figure below.

5 LIKESTILLING MELLOM KJØNNENE 	The Norwegian Transparency Act Whistleblowing and complaints Equal access to financial solutions and products
8 ANSTENDIG ARBEID OG ØKONOMISK VEKST 	ESG requirements for customers and suppliers ESG requirements for lending, investments and financing Safe working environment, zero tolerance of financial
12 ANSVARLIG FORBRUK OG PRODUKSJON 	Sustainable products and services Circular economy, reuse and waste management ESG requirements for credit, investments, financing and
13 STOPPE KLIMAENDRINGENE 	TCFD report and greenhouse-gas reduction targets TNFD report Green product framework
17 SAMARBEID FOR Å NÅ MÅLENE 	Member of the UN Global Compact Member of UNEP PRB/PRI Finance Norway

Further details on measures and activities for supporting prioritised sustainability goals appear under each topic.

1.3.6 TCFD (Task Force on Climate-related Financial Disclosures)

TCFD is a supplementary part of our Sustainability Report and the bank’s overall reporting of sustainability. The TCFD report provides an overview of the bank’s climate reporting, see <https://www.sor.no/globalassets/organisasjon/barekraft/2022-tcf-d-report-sparebanken-sor.pdf>

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 received an updated ESG Rating from Sustainalytics in 2022. The bank received a score of 9.7, which is classified as negligible risk. More details are shown in the figure below.



2 STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

2.1 Stakeholder engagement and materiality analysis

Sustainability is about long-term value creation, both for society and for the company in question. The significance of the various sustainability topics for the company and the industry in general will vary. Each company must prioritise those sustainability topics that are most important for its operations, i.e. the topics where the business has the greatest positive or negative impact and the topics with greatest risks and opportunities in relation to the company’s financial development. These analyses are called “double materiality analyses”.

A materiality analysis is an established tool for identifying sustainability topics that are significant to a company’s long-term value creation and impact on society and the environment. The principle of double materiality is central to the most important international reporting standards, such as CSRD (Corporate Sustainability Reporting Directive). It is also an increasingly established principle in relation to regulatory requirements related to sustainability reporting.

In the autumn of 2022, Sparebanken Sør conducted an update of its stakeholder and materiality analysis. The purpose of this was:

- to quality-assure material topics
- to follow the principle of double materiality

2.2 Stakeholder survey

Stakeholders are selected on the basis of business relationships, their expertise on sustainability and their significance to society and the bank’s business areas. When selecting stakeholders, we have also focused on selecting a sufficient number of stakeholders with good knowledge of industry and sustainability, and who can be defined as experts. The stakeholder survey was conducted as a questionnaire with follow-up discussions with selected stakeholders. The figure below shows which stakeholder groups are given priority in the selection process.



Sparebanken Sør assesses relevant stakeholders on an ongoing basis, including potential new stakeholders. 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.

2.3 Stakeholder engagement

Information about key stakeholders:

Stakeholders	Arena for dialogue	Regularly	Annually	As needed	Relevant topics	Measures
Customers (retail customers and corporate customers)	Customer meetings, events, customer surveys			X	Products, services and prices. Digital solutions. Responsible business conduct.	Sustainable products. ESG in customer dialogue and credit processes.
Suppliers and partners	Procurement and follow-up. Meetings and gatherings		X	X	Follow-up of delivery agreements, quality and solutions, SLAs in line with the Norwegian Transparency Act.	ESG requirements in tendering processes, follow-up and supplier dialogue.
Authorities, Norges Bank, Financial Supervisory Authority of Norway	Semi-annual meetings, ad-hoc meetings	X	X		ESG risks, status and follow-up of regulatory requirements.	Ensure regulatory requirements and reporting.
Rating agencies and analysts	Meetings, events, rating processes	X	X		Follow-up of ESG status, market development. Rating processes.	Requirements and gaps in relation to ESG, reporting. Framework for sustainable bonds/products.
Management	Fixed meetings and meeting places	X			All relevant sustainability topics.	Relevant operational, regulatory and development measures are discussed and adopted.
Employees	Performance appraisals, events, staff meetings		X		Working environment, equality, professional topics such as sustainability, HSE etc.	Competency enhancement, employee surveys and a good working environment.
Owners and the Board of Directors	Board meetings, regular meetings, general meeting	X	X		Regulatory requirements, market expectations, operationalisation of ESG.	Ongoing information, follow-up, reporting of measures and development.
Special-interest organisations, UN GC, PRB, Finance Norway	Regular and ad-hoc meetings, events, projects and courses	X			Development of ESG, implementation of principles, projects, KPIs etc.	Projects, courses, safeguard principles, development and reporting.
Investors and brokers	Meetings, events	X	X		Follow-up of ESG status, market development, financing etc.	Requirements and gaps in relation to ESG, reporting and issuance of green bonds.
Society in general	Miscellaneous			X	The bank's role as corporate citizen, contributions to the development of society and the local community.	Donations, sponsorships and the bank's engagement in the local community.

The process of identifying and engaging stakeholders and integrating their input into decision-making processes that concern them is ongoing as part of our business operations. The objective of stakeholder

engagement is to obtain input on what stakeholders believe are material sustainability topics that the bank should prioritise from a societal and business perspective.

2.4 Materiality analysis

To ensure that the bank prioritises the most material topics and that double materiality was taken into account, the materiality analysis was updated in autumn 2022.

The analysis is based on the principle of double materiality. Double materiality means analyses of how risks and opportunities in relation to ESG affect the bank's financial position and performance (financial materiality), and what positive and negative impact the bank has on ESG in relation to society and the environment (environmental and social materiality).

The update of the materiality analysis involved a wide range of our key stakeholders, including owners, customers, employees, authorities and society at large. We conducted a survey that was followed up by in-depth discussions with representatives from the stakeholder groups.

A workshop was held with Group Management to assess which sustainability topics are of greatest importance to Sparebanken Sør and to prioritise these.

The selection of sustainability topics was based on dialogue with consultants, as well as various internal and external sources such as the SASB Materiality Map.

The materiality analysis resulted in an overview of which topics are material to Sparebanken Sør. These reflect both what our stakeholders are concerned about and what has the greatest financial significance for Sparebanken Sør and the greatest social impact.

All of the most material topics are very important to Sparebanken Sør and show where we have influence, either directly in our own operations or indirectly through the business areas represented by customers, suppliers and partners.

Some of the topics, such as climate and nature, are important in relation to Sparebanken Sør's financial risk and opportunities, including sustainable products, bonds and investments. These are the most important instruments we have for achieving the objectives of the Paris Agreement and the forthcoming UN Biodiversity Agreement. The topics that give Sparebanken Sør business opportunities have in common that they apply to our customers, primarily in the business areas of Lending, Investments and Financing. Other topics such as money laundering and financial crime, data protection and information security are important for safeguarding regulatory and social conditions. Topics related to social conditions, such as labour and human rights and the development of employees, are important for safeguarding and developing individuals both in society and in Sparebanken Sør and for ensuring fair and sustainable value creation and economic development.

Below is the list of our most material topics and key business areas in terms of sustainability.

Material topics
Climate and nature
Responsible products and services
Development of employees and the working
Financial crime
Labour and human rights
Data protection
Information security and stable IT systems
Responsible business conduct
Responsible credit activities
Responsible investment and financing
Responsible procurement

2.5 Impact analysis

In 2021, Sparebanken Sør carried out an impact analysis based on a template from UNEP Principles for Responsible Banking (PRB). The purpose of the analysis is to identify the positive and negative impacts of the bank's business model on the UN's 17 Sustainable Development Goals, and prioritise the most important areas. The analysis mapped Sparebanken Sør's indirect influence through the lending portfolio to the bank's retail and corporate customers. The impact analysis helps to identify social and environmental materiality, as well as to fulfil the commitments we have taken on by signing the UNEP PRB principles.

Retail market – Impact area			
Positive impact		Negative impact	
1	Employment	1	Climate
2	Inclusive healthy economies	2	Resource utilisation and resource security
3	Housing	3	Inclusive healthy economies
Corporate market – Impact area			
Positive impact		Negative impact	
1	Employment	1	Climate
2	Resource utilisation and resource security	2	Biodiversity and ecosystems
3	Housing	3	Waste

Together with the priority topics in section 2.4, this analysis forms the basis for Sparebanken Sør's sustainability work.

3 LABOUR AND HUMAN RIGHTS

3.1 General information





Labour and human rights are an important issue because providing equal rights and opportunities for all, both internally in Sparebanken Sør and in society in general, helps to ensure sound and fair economic development and growth nationally and globally.

Sparebanken Sør has a positive actual and potential impact on gender equality, fair wages, diversity, further development of employees, health, safety and the environment, and it is a requirement that everyone with whom the bank interacts complies with key UN conventions on labour and human rights. The biggest potential social impact lies in the business areas.

Sparebanken Sør follows up these topics with relevant measures to enhance the positive impact and reduce the negative impact. Short- and long-term KPIs have been established in order to monitor and measure results and develop measures for key indicators.

Sparebanken Sør has governing documents, policies and guidelines that show what requirements we set and how we work with this topic in relevant business areas.

Information table

Topic	Comments
   	<p>Key focus areas:</p> <ul style="list-style-type: none"> • Labour and human rights • Equality and diversity • Working environment • HSE • Competence and organisational development
Governing documents	Sustainability strategy, Policy for labour and human rights, Guidelines for labour and human rights, Ethics document, HSE manual, Personnel handbook, the Board of Directors' diversity policy
UN Global Compact Principles	<p>2: We will make sure that we are not complicit in violations of human rights</p> <p>3: We will uphold the freedom of association and the right to negotiations</p> <p>6: We will uphold the elimination of discrimination in the context of employment and occupation</p>
UNEP PRB Principle	1: Banks must adapt their business strategy so that it is consistent with and contributes to the needs of individuals and society's overall goals, as expressed in the UN Sustainable Development Goals, the Paris Agreement and in relevant national and regional frameworks.
Finance Norway Principles	4: Increase climate competence and capacity in the financial sector
GRI indicators	401-1, 401-2, 401-3, 405-1, 404-1, 404-2, 404-3, 405-2, 406-1
Sør indicators	KPI A1, KPI A2, KPI A3, KPI A4, KPI A5, KPI A6
Implemented measures	<p>The bank has implemented the Norwegian Transparency Act, including new governing documents and reporting as of 31 December 2022.</p> <p>An action plan has been drawn up for, and we have training in, gender equality and diversity.</p> <p>The bank has increased employee diversity through 2022.</p> <p>Considerable training has been carried out in various subjects, with each employee training an average of 144 hours in 2022.</p> <p>We completed the annual update of authorisation schemes.</p>
Results of measures	<p>Increased diversity. Positive development in women's wages compared to men.</p> <p>The Norwegian Transparency Act has been implemented. No cases of discrimination. Increased employee satisfaction.</p>
Planned measures	<p>Monitor and further develop the work on the Norwegian Transparency Act.</p> <p>Continue the work on equal pay, including methodology to make equal pay considerations easier. The bank focuses on diversity and on increasing diversity, including among ethnic backgrounds other than Norwegian in recruitment processes. A new procedure has also been drawn up for performance appraisals, including a focus on diversity.</p> <p>Continue the work on the action plan for the duty to engage actively in equality work and the duty to issue statements (ARP). New procedures have been developed for leaves of absence.</p> <p>Continue training activities. Continue the "Trainee Sør" scheme.</p> <p>Leadership development programme for all managers, including new managers.</p>
Responsible	Corporate Staff Division

KPIs and goal attainment

KPI	Description	Unit	Goal	Time	2020	2021	2022	Goal
KPI A1	Discrimination	Cases	0		0	0	0	V
KPI A2	Percentage of female managers	%	40–60	2025	38,5	38,9	37,3	X
KPI A3	Women's average pay compared to men	%	90–110	2025	83,9	85,9	86,9	V
KPI A4	Violations of labour and human rights, internal	Number					0	V
KPI A5	Sick leave absence, total, %	%	≤ 4.0		2,7	3,7	4,59	X
KPI A6	Employee satisfaction	%	≥ 80		84	N/A	85	V
KPI A7	Percentage who have had an performance appraisal	%	100		100*	100*	100*	V

* It is mandatory to conduct performance appraisals annually, but the figure of 100% has not been quality assured in 2020 and 2021.

3.2 The Norwegian Transparency Act

This section deals with how Sparebanken Sør deals with the Norwegian Transparency Act internally.

We have included a brief summary of our work with the Norwegian Transparency Act. A full report can be found on our website. Our website also contains more detailed information about governing documents and the bank's work on the Norwegian Transparency Act, see <https://www.sor.no/felles/om-sparebanken-sor/samfunnsansvar/apenhetsloven/>

The Norwegian Transparency Act deals with labour and human rights.

Key points in the Norwegian Transparency Act are:

- Section 4 Duty to carry out due diligence
- Section 5 Duty to account for due diligence
- Section 6 Right to information

The Bank has carried out a risk analysis (due diligence) of selected conventions relating to labour and human rights.

Risk analysis labour and human rights		RISK			
Risk and focus areas	Theme of the assessment	Consequence	Probability	Risk factor	Risk
Risk of violations of equality between genders, including equal pay for work of equal value.	See e.g. UN Convention no. 100 on equal pay for male and female employees of equal value and UN Convention no. 156 on equal opportunities and equal treatment of women and men 1. Figures for women's pay compared to men's in NOK and % 2. Figures for proportion of women/women in management/women on the	2	2	2,0	Low risk
Risk of discrimination regardless of reason.	See e.g. UN Convention no. 111 on discrimination in employment and occupation. 1. Number of incidents/notifications of discrimination	2	2	2,0	Low risk
Risk of violations of right to social security	See e.g. UN Convention no. 102 on minimum standards for social security	1	1	1,0	Low risk
Risk of unsatisfactory number of female managers	1. Proportion of female managers at various levels	2	3	2,4	Medium risk
Risk of violations of the freedom of association and the right to organise.	See e.g. UN Convention no. 87 on the freedom of association and the right to organise 1. Are the employees unionised? Which union? 2. Freedom of association and right to organise	1	1	1,0	Low risk
Good opportunities for professional and personal development	See e.g. Chapter 4 of the Norwegian Working Environment Act concerning the employer's duty to facilitate professional and personal development through the employee's work, see Section 4-2(2)(a), and UN Convention 195 on the development of human resources, education, training and lifelong learning 1. Competence development programmes	2	2	2,0	Low risk
Risk of violations of good and safe working conditions, health, safety and the environment in the workplace	See e.g. UN Convention no. 155 on health and safety in the working environment 1. Does the company have HSE manuals or procedures?	2	2	2,0	Low risk
Risk of violations of reasonable limitations to working hours	See e.g. UN Convention no. 47 on a 40-hour week. 1. Scheduled and overtime hours	1	1	1,0	Low risk
Risk of unsatisfactory diversity in the bank	1. Diversity programme 2. Recruitment strategy. 3. Trainee/apprenticeship scheme	2	3	2,4	Medium risk
Risk of violations of fair pay	See e.g. UN Convention no. 26 on setting a minimum wage, UN Convention no. 95 on securing employees' wages. 1. Wage statistics	1	1	1,0	Low risk
Accumulated risk				1,7	

The results of the analysis show that Sparebanken Sør has a low risk of violations of labour and human rights. In a couple of areas, the proportion of female managers and diversity, the bank has medium risk. Accumulated risk is low risk.

There have been no violations of labour and human rights.

Although Sparebanken Sør's risk of violations of labour and human rights is low, the bank is still focusing on development and improvement in several areas. The bank has established a joint action plan for initiatives related to labour and human rights, and for initiatives relating to the duty to engage actively in equality work and the duty to issue statements (ARP), cf. the bank's "Action plan for further development and improvement in the field of labour and human rights", Appendix 3.

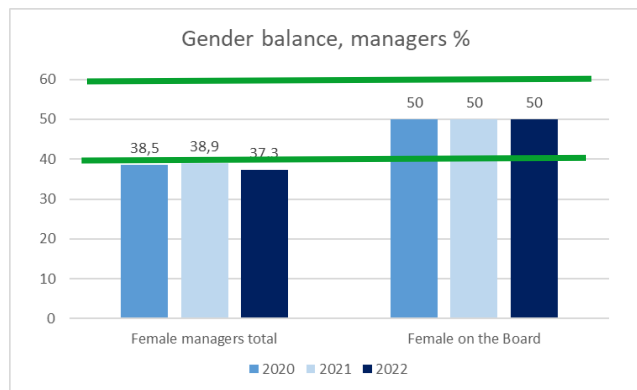
3.3 Equality and diversity

For Sparebanken Sør, diversity and equality 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. Sparebanken Sør focuses on gender equality and diversity in its work with customers and various events held by the bank.

The duty of activity and duty to issue a statement mean that employers must not only report on the actual situation, but also implement measures to promote equality and prevent discrimination.

A Diversity and Equality Committee has been established. The bank makes determined efforts to promote diversity and prevent unequal treatment and discrimination.

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



The target for female managers should be 40–60%

There was a slight reduction in the number of female managers from 2021 to 2022.

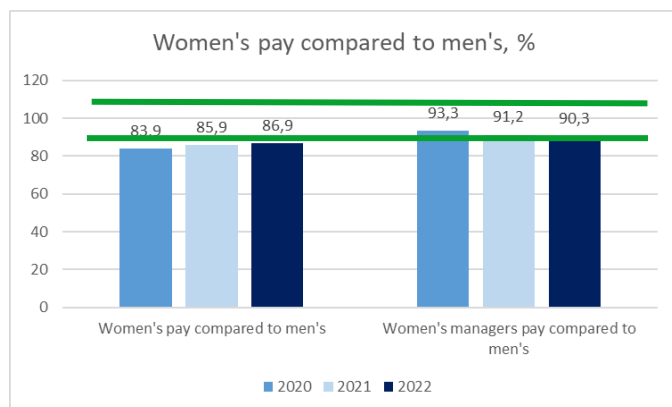
Diversity and equality are followed up in all parts of the organisation, and the bank’s regulations safeguard this in recruitment and selection processes. The bank aims to increase the proportion of employees from ethnic backgrounds other than Norwegian.

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

The certification scheme includes the following focus areas:



Sparebanken Sør aims to ensure equal pay for equal work, regardless of gender, and our figures indicate a positive development. For several years, the bank has had an equal pay pot for local pay reviews. This pot is used to correct any wage imbalances associated with equal pay.



The target for women’s wages compared to men’s should be between 90–110 per cent

There has been a positive development in women's wages compared to men's, while there has been a negative development in female managers' salaries compared to men's.

3.4 Working environment and employee development

3.4.1 Working environment and HSE

Sparebanken Sør aims to be an attractive and inclusive workplace for all employees.

The bank endeavours to ensure that all employees experience a good balance between work, home and leisure time. Flexitime schemes and a policy for the use of home offices have been established as part of the bank's life phase policy.

Sparebanken Sør offers employees various benefits, such as a defined contribution pension scheme, bonus schemes, subsidised loan schemes, private insurance, travel 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) is a high priority for Sparebanken Sør. The bank has established a good framework, which includes an employee handbook, an 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 good ergonomics, physical activity and exercise. Safety inspections are conducted annually.

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

3.4.2 Employee satisfaction

Sparebanken Sør measures employee satisfaction every two years based on Kantar's employee satisfaction survey. A new survey was conducted in 2022 and the results show a slight increase, from 84 to 85. The result is described by Kantar as excellent and the bank still scores above the industry average.



We conduct performance appraisals with all employees, including various measures and follow-up of improvement and development areas.

3.4.3 Competence and organisational development

Sparebanken Sør strives for a culture of learning and sharing characterised by psychological security.

Lessons are learned laterally. New employees are encouraged to provide input and innovation. Employees with long experience share their experiences, and we reap both failures and successes together, all with one thing in mind: to develop the bank in a continuously positive direction. An important goal moving forward is to elevate our current employees, develop agility in our restructuring processes and improve our availability to our own employees.

During the pandemic, customer behaviour changed, and we accelerated technological development and our focus on being a data-driven bank.

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

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. In addition, there are annual mandatory courses for training and updating in key topics such as ethics, money laundering, data protection and information security.

144 hrs AVERAGE TRAINING PER EMPLOYEE IN 2022

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 59 who were recruited in 2022, 86.4 per cent have completed higher education.

The bank is an active user of, and contributor to, Trainee Sør, which is a local trainee scheme in Agder. In 2022, the bank had four trainees.

4 DATA PROTECTION AND INFORMATION SECURITY

4.1 General information

Sparebanken Sør processes and manages large volumes of personal data, which places 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. In order to create confidence, it is important for the bank to process personal data in a safe and proper manner and comply with regulatory requirements.

Sparebanken Sør is an important corporate citizen, which means we must provide our customers and society at large with stable, secure and user-friendly solutions. Good, stable systems and security are essential to gain the confidence of both our customers and society, and to maintain our competitiveness. Rapid technological development entails that the bank must work continuously on measures to prevent cyberattacks and other unwanted incidents.

Both our customers and society have a need for good data protection and information security, so these topics are naturally important to Sparebanken Sør. Sparebanken Sør has a positive actual and potential impact on data protection and information security by ensuring we have reliable systems, sound procedures and good training, and by ensuring that we attend to internal procedures and regulatory requirements related to these topics in a satisfactory manner. Similarly, the bank could have a negative impact on data protection and information security by not attending to these areas in a responsible manner. The greatest positive and negative impacts affect our customers.

Sparebanken Sør follows up these topics with relevant measures to enhance the positive impact and reduce the negative impact. The bank has established KPIs in order to monitor and measure results and develop measures for key indicators.

Information table

Topic	Comments
	Key focus areas: <ul style="list-style-type: none"> • Data protection • Information security • Stable IT systems
Governing documents	Policy for processing of personal data, Processing of personal data, Data protection guidelines, Policy for information security management system (ISMS).
UN Global Compact Principle	10: We will fight corruption, extortion and bribery
UNEP PRB Principle	5. To achieve their goals related to responsible and sustainable banking operations, banks must implement management tools and a responsible banking culture that demonstrates their ambitions and responsibility by setting public targets related to areas where they have the greatest impact
Finance Norway Principles	1: Adapt the business strategy to the UN Sustainable Development Goals and the Paris Agreement
GRI indicators	418-1
Sør indicators	KPI B1, KPI B2, KPI B3
Implemented measures	Various training measures, including mandatory training in data protection and information security for all employees. Continue implementation and operationalisation of ISMS, risk assessments, and further development of the framework. Implementation of an Identity Access Management (IAM) solution, which is an information security management system designed to customise access based on users' needs and responsibilities, maintain control and an overview of access to sensitive areas, and ensure automated and rule-based control of users and rights.

Results of measures	No orders from the Norwegian Data Protection Authority or serious cases of digital fraud. SLA below requirements, attributable to one bad day. No serious cases of fraud.
Planned measures	Continue training for all employees in data protection and information security. Further development of SOC (security operations centre) tools to prevent cyberthreats and other unwanted incidents. Furthermore, the bank will focus on compliance related to information security. Further development of the bank's solutions for safeguarding data protection and information security, including KPIs for information security.
Responsible	Corporate Staff Division (Data protection), Business Development Division (Information security and IT systems)

KPIs and goal attainment

KPI	Description	Unit	Goal	Time	2020	2021	2022	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, %	%	≥ 99.70		99,6	99,97	99,64	✗
KPI B3	Serious digital fraud cases against the bank				0	0	0	✓

4.2 Data protection

Sparebanken Sør processes personal data in accordance with the Norwegian Personal Data Act and 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.

7 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. Sparebanken Sør has appointed a data protection officer to assist with ensuring compliance with the bank's requirements for processing personal data.

4.3 Information security

Sparebanken Sør's systems and solutions must be well-functioning, both directly for the bank's customers and also for society as a whole.

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.

5 FINANCIAL CRIME



5.1 General information

Financial crime is a serious societal problem and a threat to individuals, businesses and society as a whole. Banking and finance are important contributors to the fight against financial crime, which includes money laundering, financing of terrorism and corruption. The extent of financial crime affecting the financial sector or exploiting financial services providers is on the rise, and it is becoming increasingly complex. Banks' efforts to prevent and uncover financial crime are therefore important in a national and global perspective.

Sparebanken Sør's overall goal is to combat financial crime to reduce financial losses for society, customers and the bank, and to maintain confidence in the bank and the financial system. This is therefore a material topic for Sparebanken Sør.

Sparebanken Sør has positive actual and potential influence in uncovering and reducing financial crime through continuous and systematic work on money laundering, financing of terrorism, corruption and bribery. Similarly, the bank could have a negative impact by not attending to these areas in a responsible manner. The greatest positive and negative impacts affect society, but also affect individuals who are exposed to financial crime.

Information table

Topic	Comments
 	Key focus areas: <ul style="list-style-type: none"> • Financial crime • Financing of terrorism • Money laundering • Corruption
Governing documents	Anti-money laundering document, Policy for anti-corruption and bribery, Policy for anti-money laundering and financing of terrorism
UN Global Compact Principle	10: We will fight corruption, extortion and bribery
UNEP PRB Principle	1: Banks must adapt their business strategy so that it is consistent with and contributes to the needs of individuals and society's overall goals, as expressed in the UN Sustainable Development Goals, the Paris Agreement and in relevant national and regional frameworks.
GRI indicators	205-3
Sør indicators	KPI C3, KPI C4
Implemented measures	<p>Updated governing documents. Similarly, all internal procedures, guidelines and job descriptions were revised and updated in 2022, including the Policy for anti-corruption and bribery and Procedures for fraud cases. Competence needs for all job categories are mapped and documented in the competence matrix. The competence matrix forms the basis for documented training plans. Activities in accordance with training plans have been completed, including mandatory e-learning for all employees and employee representatives. Through reorganisation and increased resources, overall efforts to combat financial crime have been significantly strengthened. The risk scoring model has been revised to provide more risk-based management and a more solid basis for transaction monitoring. Extensive information work has been carried out, aimed at customers and the general public, to reduce the number of fraud cases. Online support tools to detect fraud have been implemented.</p> <p>Completed compulsory e-learning in money laundering and financing of terrorism for all employees.</p> <p>Reorganisation and increased resources, including legal expertise and analysts.</p>

	Policy for anti-corruption and bribery. Procedures for fraud cases.
Results of measures	Measures where the effect can be measured were introduced in Q3/Q4 2022. However, the tendency indicates a clear effect, in that the number of real hits in the transaction monitoring system appears to have increased, and that the number of reports of suspicious transactions has increased markedly.
Planned measures	Continue adapted training in topics for all employees. Further develop KPIs and goals. Continuously monitor compliance through internal control and developments in risk exposure to identify further improvements and measures.
Responsible	Corporate Staff Division (Legal/Anti-money laundering)

KPIs and goal attainment

KPI	Description	Unit	Goal	Time	2020	2021	2022	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			18.900	18.933	20.878	
KPI C4	Suspicious of money laundering reported to the National Authority	Number			62	102	161	

5.2 General information about the bank's work with 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. The bank has committed major resources to combating financial crime.

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.

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 2022, the bank checked a significant number of transactions that were flagged in the electronic transaction monitoring system or that had indications of financial crime for other reasons. For most, the suspicion was disproved. Transactions where the suspicion was not disproved are reported to the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim) as prescribed by the 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.

6 RESPONSIBLE PRODUCTS AND SERVICES

6.1 General information




Sparebanken Sør offers products and services that have a major impact on the finances of private individuals and companies. It is important to provide good, objective and understandable information and marketing of products and services that helps customers make the right choices.

Sustainable products and services in accordance with recognised classification criteria are the bank's most important instrument for achieving the UN Sustainable Development Goals, the Paris Agreement, the UN Biodiversity Agreement and the green transition. This also applies to new business and product areas.

Therefore, responsible products and services are an important topic for Sparebanken Sør.

Sparebanken Sør has a positive actual and potential impact on customers making the right choices through good and reliable product information. Similarly, the bank could have a negative impact by not attending to these areas in a responsible manner. The greatest positive and negative impacts affect individual customers. Sparebanken Sør has a major positive actual and potential impact on society, the climate and nature by offering sustainable products and services, and would have a corresponding negative impact if such products were not offered to customers. The impact affects the bank, customers and society locally, nationally and globally.

Information table

Topic	Comments
  	<p>Key focus areas:</p> <ul style="list-style-type: none"> • Sustainable products and services • Ethical marketing and product information • No greenwashing
Governing documents	Green & Sustainability 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; Policy for marketing and product information
UN Global Compact Principles	8: We will undertake initiatives to promote greater environmental responsibility 9: We encourage the development of environmentally friendly technology
UNEP PRB Principle	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 Principles	2: Use digitalisation skills to scale the market for climate-smart solutions
GRI indicators	417-2, 417-3
Sør indicators	KPI D1, KPI D2
Implemented measures	The bank updated its Green & Sustainability Bond Framework in 2022. Revised procedure for risk assessments of products, services, processes and systems. The bank has developed and implemented a new "Policy for marketing and product information".
Results of measures	No breach of rules for product and service information and marketing communications. Updated the Green & Sustainability Bond Framework. Increased digitalisation of the corporate market.

Planned measures	Further develop new sustainable products in the retail and corporate markets, with a focus on real estate. Increase the proportion of sustainable loans and bonds. Further develop digital services.
Responsible	Business Development Division, Retail Market Division (PM) and Corporate Market Division (BM), Capital Markets Division (KM)

KPIs and goal attainment

KPI	Description	Unit	Goal	Time	2020	2021	2022	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	✓

For more information on sustainable products, please refer to Chapter 8 Responsible credit activities, and Chapter 9 Responsible investment and financing.

6.2 Product information 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, and ethical product information and marketing will ensure that our products meet the classification criteria for sustainable products and services, in addition to preventing greenwashing.

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.

6.3 Framework for green, social and sustainable products

Sparebanken Sør has established a "Framework for green, social and sustainable products". 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.

6.4 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, which 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.

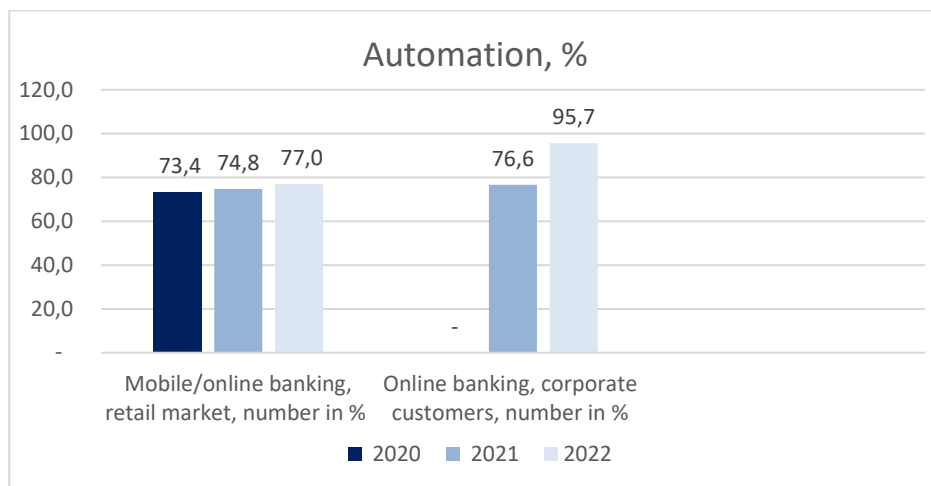
6.5 Digitalisation

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. For the past two years, the bank has worked specifically to digitalise the Corporate Market Division (BM) customers and get “everyone” to use online business banking. With almost all corporate customers using online business banking, we will have simple digital communication with our customers, and physical mail, such as bank statements, will be reduced to a minimum.

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 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 (exposures of over NOK 1,000).

7 RESPONSIBLE BUSINESS ACTIVITIES


7.1 General information

Banking and finance play a key role in economic developments in their market area and are essential for value creation in society. The bank’s role is primarily to manage deposits and finance retail customers, corporate customers and the public sector. Customer needs should always be our starting point, and customers should have confidence that we wish them well.

In order to be a safe and long-term business partner, Sparebanken Sør must act honestly and transparently, maintain a high ethical standard and at all times conduct its activities in accordance with applicable laws and regulations. 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. Through responsible and secure banking services, we contribute to financial security for customers. Identifying customers’ need for financial services should be based on a long-term and confidence-building perspective, which is why this topic is so fundamentally important for Sparebanken Sør.

Sparebanken Sør has a great positive actual and potential impact on customers and society, by acting as a responsible corporate citizen, and would have a corresponding negative impact if this did not happen. The impact affects the bank, customers and society.

Information table

Topic	Comments
	<p>Key focus areas:</p> <ul style="list-style-type: none"> • Corporate governance • Ethics • Working together to achieve goals • Meeting regulatory requirements • Compliance
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.
UN Global Compact Principles	2: We will ensure that we are not complicit in violations of recognised labour and human rights 10: We will work against corruption in all its forms, including extortion and bribery
UNEP PRB Principles	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
Finance Norway Principles	3: Strengthen the interaction between the financial sector and public policy instruments 6: Implement a common framework of terms and concepts for sustainable finance
GRI indicators	201-1, 201-2
Sør indicators	KPI E1, KPI E2, KPI E3, KPI E4, KPI E5
Implemented measures	<p>Refresher course in the bank's code of conduct for all departments.</p> <p>Conducted new mapping of stakeholders and selection of material topics based on the double materiality principle.</p> <p>New ESG rating, improving from Low Risk to Negligible Risk.</p> <p>Established and implemented several policy documents and guidelines within ESG.</p> <p>GAP analysis has been carried out with regard to ESG regulations and EU taxonomy.</p>
Results of measures	Improved ESG risk. Improved customer satisfaction, although targets have not been met. No cases of whistleblowing. Sparebanken Sør has room for improvement in relation to complaints.
Planned measures	<p>Continue the work of implementing the UN Global Compact, UNEP PRB and Finance Norway's principles.</p> <p>Continue work on ESG regulations, including EU taxonomy and CSRD (the EU's new Corporate Sustainability Reporting Directive).</p> <p>Customer satisfaction surveys conducted by EPSI.</p>

	One of the most important areas is to continue and further develop the operationalisation of ESG in the business areas, especially with a focus on lending, investments and financing. Further develop management systems, targets and methods for relevant ESG topics.
Responsible	Corporate Staff Division

KPIs and goal attainment

KPI	Description	Unit	Goal	Time	2020	2021	2022	Goal
KPI E1	Customer satisfaction indicator, retail market	Place no.	≤ 3		5	11	6	X
KPI E2	Customer satisfaction indicator, corporate market	Place no.	≤ 3		3	7	7	X
KPI E3	Complaint cases lost at the Norwegian Financial Services Complaint	Number	0		0	0	2	X
KPI E4	Whistleblowing cases internal and external	Number	0		0	4	2	X
KPI E5	ESG Rating Sustainalytics, Low risk 10 ≥ 20 points	Points	20			11,7	9,7	V

7.2 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.

7.3 Customer complaints

The bank has sound systems and procedures in place for handling customer complaints, see 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 2022, a total of 15 complaints were reported to the Norwegian Financial Services Complaints Board; the bank lost two of the cases. These have been resolved.

7.4 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.

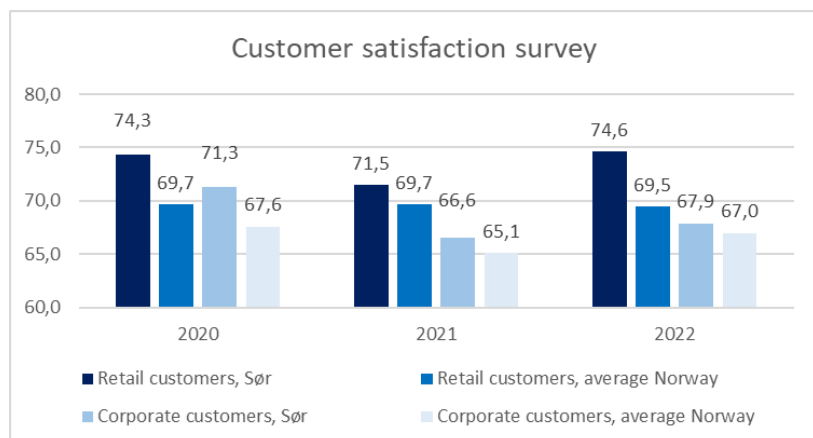
Whistleblowing can take place through several channels, and anonymously. Anonymous whistleblowing cases are sent directly to an independent external third party, BDO AS. Sound procedures have been established for reporting, follow-up and measures. It has been registered two external whistleblowing cases in 2022. Both cases is solved.

The bank's whistleblowing procedures can be found at <https://www.sor.no/felles/om-sparebanken-sor/about/social-responsibility/sustainability-reports/>

7.5 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 2022, the bank scores high on customer satisfaction in EPSI Norway’s annual bank survey. The bank experienced positive development and is above the industry average for both retail and corporate customers.



7.6 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 be affected by a number of forthcoming measures for sustainable finance in the near future. The bank has implemented and is in the process of conducting interdisciplinary projects to meet the new regulatory requirements and establish ownership of the further work. In 2022, Sparebanken Sør also worked on implementing Norwegian ESG regulations such as the Norwegian Transparency Act and the Statement on corporate social responsibility in accordance with Section 3.3(c) of the Norwegian Accounting Act.

8 RESPONSIBLE CREDIT ACTIVITIES



8.1 General information

Lending to retail customers and corporate customers represents the bank’s core operations, and lending is the area in which the bank can have the greatest impact on customers’ greenhouse-gas emissions.

The positive impact from the bank’s lending activities can take place through a shift to sustainable products, and that the bank, through its lending activities, focuses on reducing customers’ greenhouse-gas emissions. Both the positive and negative impacts are greatest for society, but also represent opportunities and risks for customers and the bank.

Therefore, this is one of the most important topics for Sparebanken Sør.

Information table

Topic	Comments
 	<p>Key focus areas:</p> <ul style="list-style-type: none"> • Address risks and opportunities related to ESG in the extension of credit • Offer sustainable products and services • Take consideration of ESG risk in the extension of credit • Reduce negative impact on the climate and nature through the bank’s lending activities

Governing documents	Credit strategy and credit policy PM, Credit strategy and credit strategy BM, Approval regulations, Policy for responsible credit activities, Risk and capital strategy, Organisation of risks and capital management
UN Global Compact Principles	2: We will support and respect recognised labour and human rights 7: We will support a precautionary approach to environmental challenges 8: We will undertake initiatives to promote greater environmental responsibility 9: We will encourage the development of environmentally friendly technology 10: We will combat all forms of corruption
UNEP PRB Principles	1: Adapt the business strategy to the UN Sustainable Development Goals and the Paris Agreement 2: Increase positive impact and reduce negative impact on ESG as a result of activities, products and services 3: Work proactively with customers to create sustainable business 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
Finance Norway Principles	3: Strengthen the interaction between the financial sector and public policy instruments 6: Implement a common framework of terms and concepts for sustainable finance
GRI indicators	FS8
Sør indicators	KPI F1, KPI F2, KPI F3, KPI F4
Implemented measures	Integrated ESG module in credit processes in the Corporate Market Division (BM). Increased knowledge of ESG risk among all corporate market employees through training. Established a KPI for green home mortgages and green commercial real estate. Established "Green home mortgages for young people". Contribute to the bank's customers taking ESG risk more seriously, through ESG analysis and questions.
Results of measures	
Planned measures	Further develop ESG module in credit processes in the Corporate Market Division (BM) Increase the proportion of Corporate Market (BM) customers who are ESG-classified (up to 100 per cent). Have more ESG information automatically integrated in the bank's case systems for both the Retail Market Division (PM) and the Corporate Market Division (BM). Further develop management goals and KPIs for ESG. Integrate ESG KPIs in the bank's overall risk framework and risk reporting. Continue training in ESG risks. Increase the proportion of sustainable activities and products. Evaluate solutions for ESG and climate risk in the extension of credit and home mortgages. Evaluate climate calculator in the retail market.
Responsible	Retail Market Division (PM), Corporate Market Division (BM) and Risk Management Division (PM and BM)

KPIs and goal attainment

KPI	Description	Unit	Goal	Time	2020	2021 Baseline	2022	Goal attainment
KPI F1	Green home mortgages, annual growth in per cent	%	≥ 10	Annual		17,6	24.2*	V
KPI F2	Green home mortgages, percentage	%	≥ 50	2030	16,5	18,5	14.0**	
KPI F3	Green loans for commercial real estate, annual growth in per cent	%	≥ 10	Annual	N/A	N/A	N/A	
KPI F4	Green loans for commercial real estate, percentage	%	≥ 50	2030		30	N/A	

Green mortgages and green commercial real estate loans are calculated on the basis of criteria in the Green & Sustainability Bond Framework

* Based on the same framework, i.e. framework from 2019. ** Based on the framework from 2022, which has stricter criteria for what qualifies as a green mortgage than the framework from 2019.

8.2 Strategic protocols

Responsible credit activities entails attending to social conditions, good corporate governance and climate and nature in the extension and management of credit. The main objective is to achieve a good long-term return with an acceptable level of risk and to contribute to sustainable development.

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 safeguard the climate and nature. It represents opportunity as a result of new business activities through access to new technology, markets, industries, customers and products.

By setting requirements for customers through lending activities, as well as increasing the proportion 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.

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 helping customers make more sustainable choices.
- Manage the bank's ESG risk according to measures of risk and risk tolerance.
- Increase the proportion of sustainable products and services.
- Take advantage of opportunities for increased earnings through new products, services, industries and markets as a result of the green transition.

8.3 Greenhouse-gas emissions in the lending portfolio

The bank has used PCAF (Partnership for Carbon Accounting Financials) data and a method based on balance to calculate greenhouse-gas emissions from the Corporate Market. For the retail market, the bank has used data from Statistics Norway to calculate greenhouse-gas emissions.

Industry	Total lending NOK mill.	Scope 1 Tonnes CO2	Scope 2 Tonnes CO2	Scope 3 Tonnes CO2	Scope 1 og 2 Tonnes CO2	Tonnes CO2 pr MNOK Scope 1 og 2	Tonnes CO2 pr MNOK Scope 1, 2 og 3
Personkunder							
Mortgage	78.684,0				102.289	1,30	1,30
Other loan and credit	2.025,0				2.633	1,30	1,30
Private customers	80.709,0				104.922	1,3	1,30
Agriculture and related services	993,3	136.821	116	33.528	136.936	137,9	171,62
Forestry and related services	170,0	2.344	12	2.881	2.356	13,9	30,80
Fishing, trapping and aquaculture	476,7	5.806	47	11.540	5.853	12,3	36,48
Mining	56,7	2.010	6	2.194	2.016	35,6	74,26
Industry	772,5	4.700	132	24.710	4.832	6,3	38,24
Energy production and supply	23,9	10	0	18	10	0,4	1,17
Water, wastewater and waste disposal	87,0	5.220	14	5.216	5.234	60,2	120,17
Construction of buildings / construction	6.667,0	14.290	313	317.239	14.602	2,2	49,77
Retail	1.817,0	16.983	45	24.305	17.028	9,4	22,75
Transport	494,0	6.808	53	25.824	6.862	13,9	66,17
Hotels, restaurants and tourism	411,0	4.418	138	10.237	4.555	11,1	35,99
Information and communication	160,1	167	10	1.410	177	1,1	9,91
Financing and insurance	109,2	169	1	296	170	1,6	4,26
Sale and operation of real estate	23.522,0	17.572	3.088	76.058	20.660	0,9	4,11
Professional services	636,3	4.903	33	8.586	4.936	7,8	21,25
Business services	379,4	7.690	31	11.695	7.722	20,4	51,17
Public administration	257,0	200	86	3.084	286	1,1	13,11
Education	1.402,1	1.054	516	12.972	1.569	1,1	10,37
Healthcare and social services	2.038,1	2.190	2.242	40.575	4.432	2,2	22,08
Cultural activities	586,5	720	200	15.881	920	1,6	28,65
Other services	2.136,4	2.154	131	5.128	2.285	1,1	3,47
Corporate customers	43.196,0	236.227	7.213	633.375	243.439	5,6	20,30
Private and Corporate customers	123.905,0				345.728	2,8	7,9

Scope 1: Direct emissions (operating assets over which the company has operational control, e.g. the use of fossil fuels).

Scope 2: Indirect emissions from purchased energy – electricity and district heating/cooling.

Scope 3: Indirect emissions from input factors (Upstream: greenhouse-gas emissions of purchased goods or services, e.g. air travel; Downstream: greenhouse-gas emissions of goods and services offered to others).

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 continue its work to improve data and methods for calculating greenhouse-gas emissions from the lending portfolio.

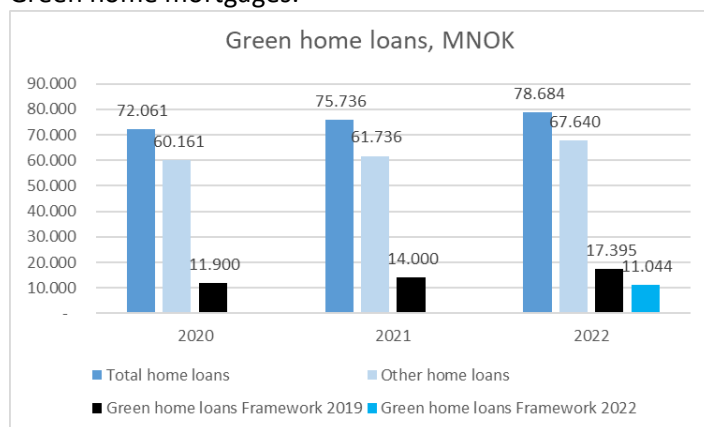
8.4 Responsible credit activities in the retail market

Most loans in the retail market are home mortgages. The ESG risk in the retail 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 mortgage financing.

The negative impact of the retail market on ESG is relatively limited and mainly related to greenhouse-gas emissions from energy consumption for housing, behaviour and consumption patterns, and the use of natural areas and natural resources in new construction.

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 mortgages”.

Green home mortgages:



Green loans are loans that qualify in accordance with the Green & Sustainability Bond Framework. The Green & Sustainability Bond Framework was updated with stricter criteria in 2022.

Sparebanken Sør currently has a portfolio of “Green home mortgages” (qualifying according to the bank’s framework) of about NOK 11,044 million.

8.5 Responsible credit activities in the 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.

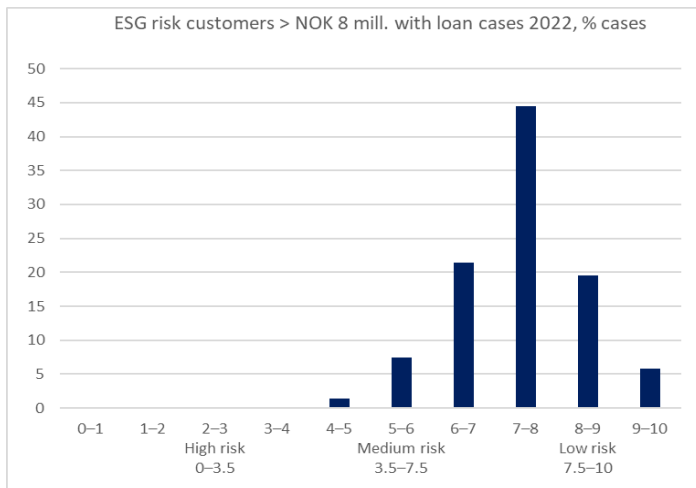
The ESG risk in the corporate market is primarily related to increased losses and reduced earnings for the bank as a result of conditions related to the climate and the environment. Such conditions could have a major impact on the bank, customers and industries in terms of physical risk and adaptation risk. This can lead to changes in the supply and price of greenhouse-gas emissions, input factors such as natural areas and natural resources, as well as markets and the demand for products and services.

Sparebanken Sør has integrated an ESG module with a special focus on climate in the bank’s credit processes. The module is mandatory for all loan cases for customers with an exposure 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, authorisations 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.

The module was implemented in April 2021. The figure below shows how ESG risk is divided into risk classes for customers with an exposure or application of greater than NOK 8 million, and who have had loan cases in 2022.

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 granular distribution of risk classes based on points.



The ESG module is being developed on an ongoing basis.

9 RESPONSIBLE INVESTMENT

9.1 General information

The main objective of the bank's investment activity is to manage the Group's liquidity risk and to comply with regulatory requirements for managing such risk by establishing an interest-bearing liquidity portfolio. Investment activity should also facilitate strategic business development through equity investments in selected companies. Sparebanken Sør does not have a trading portfolio in equity instruments.




For Sparebanken Sør, responsible investment means that the bank must safeguard the climate and nature, social conditions and good corporate governance in its management activities. Investment activities must be conducted in such a way that the bank is not complicit in 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.

In addition to Lending, Investment is considered to be the business area where the bank can have the greatest actual and potential positive ESG impact on customers, society and in our own business. The positive impact will take place through investments in sustainable bonds in the liquidity portfolio and financing through the issuance of sustainable bonds in line with the Green & Sustainability Bond Framework. If the bank does not focus on sustainability, the bank will have a negative impact. The social impact is greatest, but it also represents both an opportunity and a risk for customers and the bank.

This is therefore an important topic for Sparebanken Sør.

Information table

Topic	Comments
  	<p>Key focus areas:</p> <ul style="list-style-type: none"> Address ESG risks and opportunities related to investments and financing Offer sustainable products and services Reduce the negative impact on the climate and nature in investment activities Financing in line with the Green & Sustainability Bond Framework
Governing documents	Finance policy document, Policy for responsible investments and responsible securities trading, Green & Sustainability Bond Framework
UN Global Compact Principles	<p>2: We will support and respect recognised labour and human rights</p> <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> <p>10: We will combat all forms of corruption</p>
UNEP PRB Principles	<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</p> <p>3: Work proactively with customers to create sustainable business</p> <p>4: Proactively consult, involve and enter into collaboration agreements with relevant stakeholders to achieve society's goals</p> <p>5: Implement management tools and responsible banking culture, and set goals that are related to areas where we have the greatest impact</p>
Finance Norway Principles	<p>1: Contribute to innovation and change in other sectors</p> <p>7: Make the bond market greener</p>
GRI indicators	
Sør indicators	KPI G1, KPI G2
Implemented measures	<p>ESG classification of the fund portfolio.</p> <p>Procedure for product approval with increased focus on sustainability.</p> <p>Goal of an increased proportion of sustainable bonds in the liquidity portfolio.</p> <p>Greenhouse-gas emissions target.</p>
Results of measures	Increased volume of sustainable bonds in the liquidity portfolio and financing in line with the Green & Sustainability Bond Framework.
Planned measures	<p>Continue classification of the fund portfolio.</p> <p>Ambition to increase the proportion of sustainable funds.</p> <p>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>
Responsible	Capital Markets Division (KM), Retail Market Division (PM), Corporate Staff Division

KPIs and goal attainment

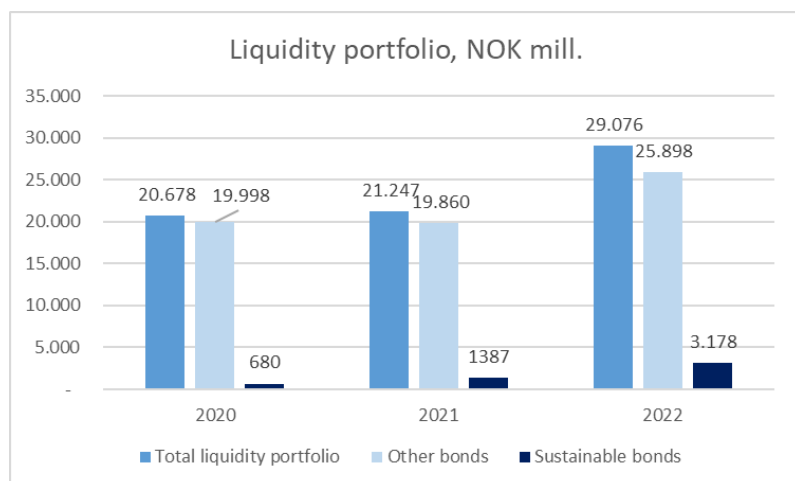
KPI	Description	Unit	Goal	Time	2020	2021	2022	Goal
KPI G1	Sustainable bonds, liquidity portfolio	NOK mill.	2.000	2022	650	1.495	3.178	V
KPI G2	Bond financing under Green & Sustainability Bond Framework	NOK mill.			5.102	5.102	12.231	

9.2 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 set by the authorities, the Stock Exchange and in line with expectations from institutional investors. This includes guidelines related to financial crime and financing of terrorism, 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 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.



The aim is to increase the sustainable part of the liquidity portfolio to NOK 5 billion during 2023, taking into account guidelines for liquidity risk and market availability.

9.3 Investments in subsidiaries and companies in which the bank has ownership stakes

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

The bank has other ownership positions in companies that are of strategic importance to the bank's business operations, of which Vipps Holding AS 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.

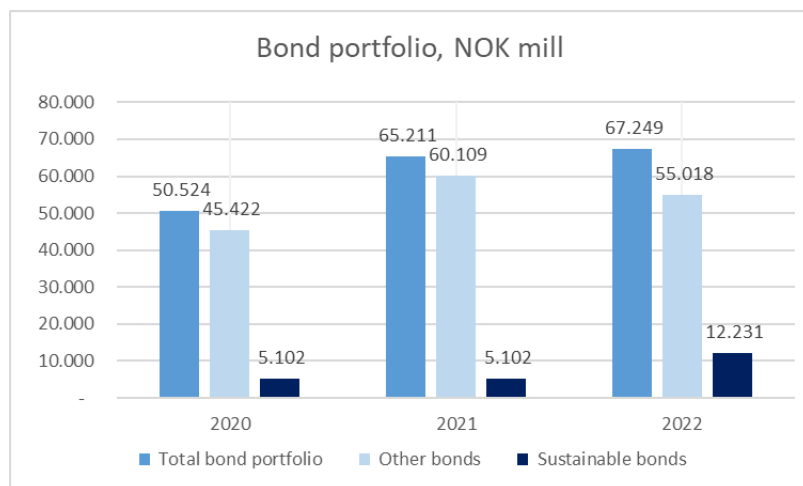
9.4 Financing in line with the Green & Sustainability Bond Framework

Sparebanken Sør has established a special “Green & Sustainability Bond Framework”, which describes the Group’s obligations to Norwegian and international investors in the bank’s or the mortgage company’s issued bonds that are defined as green, social and sustainable.

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. Based on the EU’s sustainability taxonomy, the framework defines the sustainable businesses to which the capital can be channelled. The framework also provides guidelines for internal approval processes when financing is to be allocated and for making available information about the allocation that has taken place. The Green Bond Committee is the Group’s body for allocation decisions and investor information is made available on the bank’s website.

By issuing sustainable bonds to a large investor base in Norway and abroad, Sparebanken Sør contributes to the green transition by channelling financing to sustainable activities.

The Group’s Green & Sustainability Bond Framework was established in 2019, and Sparebanken Sør Boligkreditt AS completed its first green bond financing in the autumn of the same year. Since then, Sparebanken Sør has also issued senior debt under the framework. The bond framework was revised in Q1 2022, and the EU taxonomy definition of sustainable residential and commercial properties is largely taken into account in this revised version.



* Bonds under the Green & Sustainability Bond Framework are divided into covered bonds (NOK 10,231 million) and senior debt (NOK 2,000 million).

The Group’s long-term financing plan entails facilitating further issuances under the Group’s Green & Sustainability Bond Framework.

9.5 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.

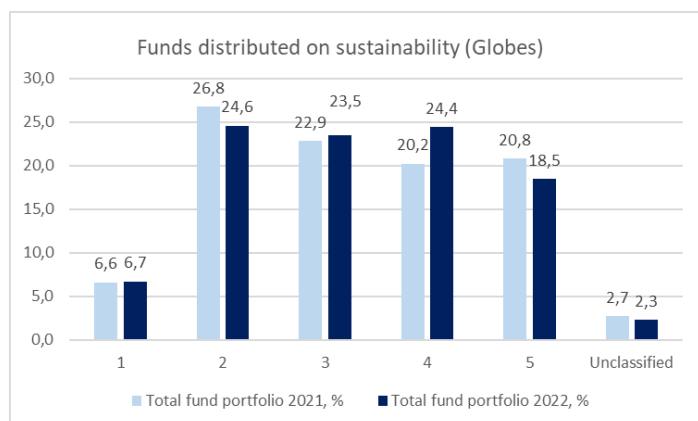
Sparebanken Sør requires Norne Securities to distribute funds that comply with the bank’s “Policy for responsible investment and responsible securities trading”. Norne Securities has confirmed that all distributed funds will comply with the bank’s policy. Sparebanken Sør has Product Management procedures 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.

The fund products that Sparebanken Sør distributes through Norne Securities have, as at 31 December 2021, the following classification in terms of sustainability:

	Number globes					Not classified
	1	2	3	4	5	
Funds number	8	11	28	19	8	15

* 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 portfolio of funds distributed by Sparebanken Sør, as at 31 December 2022, broken down by sustainability based on the number of globes (classification of sustainability), is shown in the figure 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.

There was a slightly negative development in the proportion of sustainable funds (with the most globes) in 2022, measured against 2021.

10 RESPONSIBLE PROCUREMENT

10.1 General information

Responsible procurement entails attending to social conditions, good corporate governance and climate and nature in procurement processes and the selection of suppliers and partners.


The requirements for protecting labour and human rights (social conditions) have been further strengthened through the Norwegian Transparency Act, which entered into force on 1 July 2022. The Act requires the bank to conduct due diligence assessments of its supply chains and partners.

The bank’s policy is to cooperate with the suppliers and partners that take ESG seriously. The procurement of products, services and goods is an important and necessary part of the bank’s activities.

Sparebanken Sør aims to enter into cooperation with suppliers and partners who have competitive prices, but who also meet ESG requirements and, in cooperation with the bank, can develop in a positive direction in relation to ESG.

Responsible procurement is an area where the bank can have a positive actual and potential impact on customers, the bank and society. The positive impact will primarily take place by following ESG requirements while also further developing the positive impact in important ESG areas. If the bank does not focus on ESG in its procurements, the bank will have a negative impact. Both the positive and negative impacts are greatest for society, but also represent risks and opportunities for suppliers, partners and the bank.

Information table

Topic	Comments
	<p>Key focus areas:</p> <ul style="list-style-type: none"> • Safeguard and not violate recognised labour and human rights • Reduce risk related to corporate governance • Reduce the negative impact on the climate and nature • Stimulate climate-friendly and environmentally friendly products, reuse and recycling • Collaborate to achieve targets
Governing documents	Policy for responsible procurement, Guidelines for responsible procurement, Risk assessment procedure for procurement of new products and systems, Procurement procedure
UN Global Compact Principles	2: We will support and respect recognised labour and human rights 7: We will support a precautionary approach to environmental challenges 8: We will undertake initiatives to promote greater environmental responsibility 9: We will encourage the development of environmentally friendly technology 10: We will combat all forms of corruption
UNEP PRB Principles	2: Increase positive impact and reduce negative impact on ESG as a result of activities, products and services 3. Work proactively with customers to create sustainable business 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
Finance Norway Principles	1: Contribute to innovation and change in other sectors
GRI indicators	308-1, 308-2, 414-1, 414-2
Sør indicators	KPI H1, KPI H2, KPI H3, KPI H4, KPI H5, KPI H6, KPI H7, KPI H8, KPI H9, KPI H10
Implemented measures	Operationalised the Norwegian Transparency Act in the bank's business operations, including governing documents, guidelines and reporting by 31 December 2022. Completed and mapped risk assessments (due diligence) in relation to labour and human rights, corporate governance and climate and nature of almost 78.3 per cent of suppliers and partners in total procurement.
Results of measures	Operationalisation of the Norwegian Transparency Act. Risk analyses of ESG indicators that are low/medium risk. Established good systems for further follow-up.
Planned measures	Continue operationalisation of ESG and the Norwegian Transparency Act in procurement processes and follow-up.
Responsible	Corporate Staff Division, Business Development Division (KM)

KPIs and goal attainment

KPI	Description	Unit	Goal	Time	2020	2021	2022	Goal
KPI H1	Suppliers > 1 NOK mill. are risk assessed	% volume					78,3	
KPI H2	Have good management systems for labour and human rights	% volume					69,7	
KPI H3	Low risk of violations of labour and human rights	% volume					39,5	
KPI H4	Moderate risk of violations of labour and human rights	% volume					59,4	
KPI H5	High risk of violations of labour and human rights	% volume					1,1	
KPI H6	Suppliers who have reported violations of labor and human rights	Number	0				2	X
KPI H7	Have good management systems for corporate governance	% volume					62,7	
KPI H8	Low risk related to corporate governance	% volume					94,3	
KPI H9	Have good management systems for climate and nature	% volume					75,7	
KPI H10	Low risk related to climate and nature	% volume					37,9	

* The unit "% volume" is to be understood as % of suppliers > NOK 1 million that have been risk assessed within the individual category

10.2 Suppliers and partners

10.2.1 Introduction

The bank has mapped the risk related to labour and human rights (the Norwegian Transparency Act), corporate governance and climate and nature of its suppliers and partners.

The table below shows the scope of procurement from suppliers and partners:

Procurements from suppliers and partners	NOK million	%	Number
Annual procurements, NOK mill.	515	100	1.400
Suppliers with annual procurements > NOK 1 mill.	428	83,2	59
Suppliers with annual procurements < NOK 1 mill.	87	16,8	1.341

The suppliers are mainly Norwegian suppliers within the following industries:

- IT, data, communications and computer systems
- Insurance
- Energy
- Banking systems
- Consultants and lawyers
- Product and system suppliers

These account for more than 80 per cent of the bank's total procurements, of which the IT, data, communications and computer systems category accounts for by far the largest proportion. Our suppliers and partners are mostly large, professional Norwegian companies, plus some global companies that have good systems and limited risk. The biggest risk is subcontractors.

Risk analysis, suppliers	NOK million	%	Number
Suppliers with annual procurements > NOK 1 mill.	428	100	59
Risk analysis, suppliers > NOK 1 mill.	403	94,2	43
No risk analysis, suppliers > NOK 1 mill.	25	5,8	16
Suppliers with risk analysis conducted > NOK 1 mill., in % of annual procurements		78,3	

As can be seen, the analysis comprises approximately 78.3 per cent of the bank's total procurements.

The analysis is based on a questionnaire that was sent out to all suppliers with which the bank has a procurement volume greater than NOK 1 million. A few of the smaller suppliers with deliveries > NOK 1 million have not responded to the analysis. These will be followed up, if these are suppliers the bank will use in the future. The risk for these suppliers, and suppliers with which the bank has procurements of less than NOK 1 million, is considered to be low.

The risk assessments are based on feedback from questionnaires, knowledge and other information about suppliers and partners.

Results from the risk analysis are included in the sections below.

10.3 Labour and human rights (the Norwegian Transparency Act)

10.3.1 Introduction

This section deals with how the bank handles labour and human rights at suppliers and partners. This Sustainability Report includes a brief summary of our work with the Norwegian Transparency Act. A full report can be found on our website at <https://www.sor.no/felles/om-sparebanken-sor/samfunnsansvar/apenhetsloven/>

Our website also contains more detailed information about governing documents and the bank's work with the Norwegian Transparency Act.

The most important elements of the Norwegian Transparency Act are:

- Section 4 Duty to carry out due diligence
- Section 5 Duty to account for due diligence
- Section 6 Right to information

10.3.2 Risk analysis and due diligence assessments

The Bank has carried out a risk analysis (due diligence) of selected conventions relating to labour and human rights.

The table below shows the results of the analysis.

Misc. information from the risk analysis of labour and human rights (L&H)	Number of suppliers		
	Yes	Partly	No
The supplier has governing documents for L&H	38	2	3
The supplier has management systems for L&H, e.g. ISO 45001	30		13
The supplier has performance goals for L&H	30	6	7
The supplier states they have had violations of L&H	0	0	43
The supplier has foreign subcontractors	29		14
The supplier states they have mapped L&H risk at subcontractors	3	14	12
The supplier states subcontractors have had violations of L&H	2		41

The results confirm that our suppliers largely have good systems and procedures for following up labour and human rights. Our major suppliers are also covered by the Norwegian Transparency Act.

Two suppliers state that their subcontractors have had violations of labour and human rights. Both of these suppliers have followed up on the violations and confirm that action has been taken and that the violations have been resolved.

The greatest risk of violations of labour and human rights is considered to rest with subcontractors in vulnerable countries. There is potential for improvement for our suppliers in following up subcontractors in order to identify and document the real risk of labour and human rights violations.

The figure below shows suppliers and partners' assessed risk of violations of labour and human rights.



Based on an overall assessment, our suppliers and partners have a low or medium risk of violations of labour and human rights.

There are two suppliers that we have assessed as high risk. This risk is primarily related to the geographical location of products and subcontractors.

10.3.3 Thorough analyses

Based on a risk analysis, we will map which suppliers and partners we will contact for personal follow-up and more thorough analyses.

Criteria for selection will be risk-based, with a particular focus on product, industry and subcontractors' geographical location.

It must also be pointed out that there are some suppliers where our procurements are so small compared to national and/or especially global procurements that we have very little or no influence. It is therefore important to focus on suppliers and partners that we have the opportunity to influence in a positive direction.

10.3.4 Follow-up and measures

So far, no violations of labour and human rights have been uncovered that require special follow-up and measures. The three stated violations have been resolved.

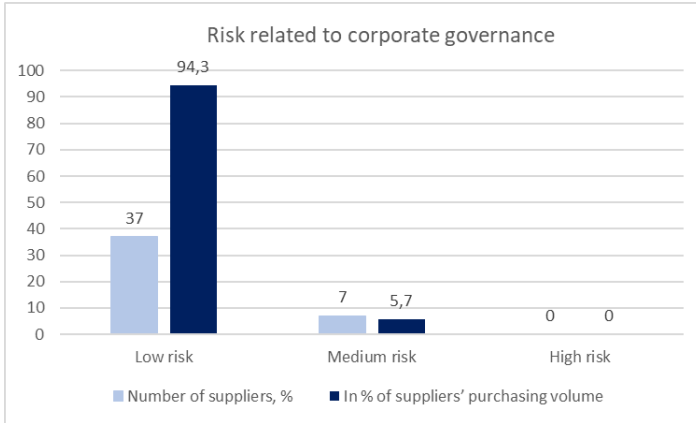
Work with the Norwegian Transparency Act is a continuous effort, and follow-up and measures will be assessed on an ongoing basis, e.g. after review of thorough analyses, see section 10.3.3.

10.4 Corporate governance

Results of the risk analysis.

Corporate governance	Number of suppliers		
	Yes	Partly	No
The supplier has governing documents	32	10	1
The supplier has management systems, e.g. ISO 9001	29		14
The supplier has performance goals	27	7	9
The supplier has foreign subcontractors	29		14

Most of the bank's major suppliers have management systems, governing documents and targets.



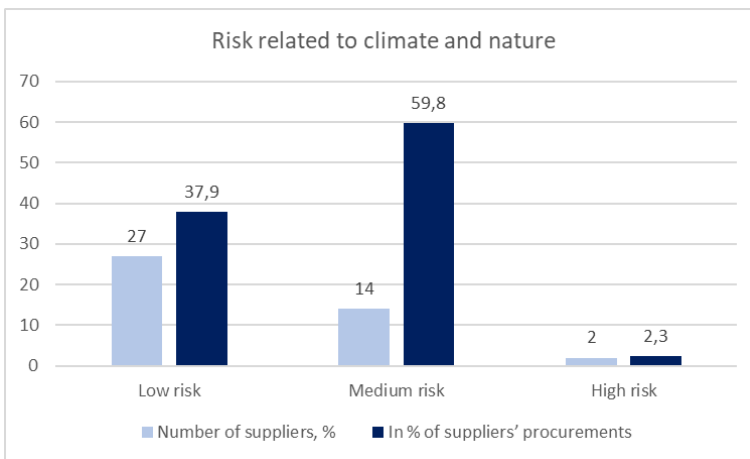
Risk associated with corporate governance is considered to be low.

10.5 Climate and nature

Results of the risk analysis.

Climate and nature	Number of suppliers		
	Yes	Partly	No
The supplier has governing documents	37	4	2
The supplier has management systems, e.g. Eco-Lighthouse, ISO 14001	33	0	10
The supplier has performance goals	35		6
The supplier has foreign subcontractors	29		14

Most of the bank's major suppliers have management systems, governing documents and targets. There is reason to assume that targets are primarily related to the reduction of own greenhouse-gas emissions, and to a lesser extent indirect greenhouse-gas emissions and nature.



Risks related to climate and nature are assessed as low/medium. However, quantification of risk with regard to geography, product range and use of raw materials is highly uncertain, especially among subcontractors. The real risk may be greater than that stated by suppliers. One measure in the future will be to try to better map the risk in terms of climate and nature in cooperation with suppliers and partners, as well as to follow up relevant and specific targets.

The risk analyses related to the climate and nature must be regarded as general, as they are based on limited information.

11 CLIMATE AND NATURE




11.1 General information

Climate and environmentally related challenges constitute some of the greatest risks to society and the bank. At the same time, these challenges also represent great opportunities. Climate and nature are the topics that Sparebanken Sør's business activities affect most negatively, but also where the bank can also have the most positive impact. It is particularly in the business areas of Lending, Investments and Financing as well as Procurements where the bank has a major indirect influence on both negative and positive impacts in relation to greenhouse-gas emissions and nature in the form of biodiversity, use of natural resources and natural areas.

Sparebanken Sør follows up these topics with relevant measures to enhance the positive impact and reduce the negative impact. Short- and long-term KPIs have been established in order to monitor and measure results and develop measures for key indicators.

Sparebanken Sør has governing documents, policies and guidelines that show what requirements we set and how we work with this topic in relevant business areas.

Information table

Topic	Comments
  	<p>Key focus areas:</p> <ul style="list-style-type: none"> • Greenhouse-gas emissions • Biodiversity • Use of natural resources • Pollution of the air, water and oceans • Circular economy
Governing documents	Sustainability strategy, Policy for climate and nature, Eco-lighthouse certification guidelines, TCFD report
UN Global Compact Principles	7: We will support a precautionary approach to environmental challenges 8: We will undertake initiatives to promote greater environmental responsibility
UNEP PRB Principles	7: We will support a precautionary approach to environmental challenges
Finance Norway Principles	1: Adapt the business strategy to the UN Sustainable Development Goals and the Paris Agreement 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
GRI indicators	302-1, 305-1, 305-2, 305-3
Sør indicators	KPI I1, KPI I2, KPI I3, KPI I4, KPI I5, KPI I6, KPI I7, KPI I8, KPI I9, KPI I10, KPI I11
Implemented measures (better description)	Established targets for greenhouse-gas emissions from the business areas. Participated in a project under the auspices of Finance Norway to establish a methodology for calculating greenhouse-gas emissions from loans based on PCAF (report will be available Q1 2023). Continued competence-building related to ESG, including climate and nature in the organisation. Recertification of the head office with Eco-Lighthouse.
Results of measures	Reduced greenhouse-gas emissions from own activities. Participated in processes and working groups to establish guidelines for measuring greenhouse-gas emissions in the Lending and Investments business areas.
Planned measures	Further develop KPIs, goals and measurement methods for the climate and the environment. Continue the work with TCFD. Prepare a first version of the TNFD

	report. Integrate exclusion criteria for nature into the bank's governing documents. Conduct training courses in climate and nature for all employees. Continue working on reducing greenhouse-gas emissions from our own activities. Further develop methods, data, and baselines for calculating greenhouse-gas emissions from individual business areas.
Responsible	Corporate Staff Division

KPIs and goal attainment

KPI	Description	Unit	Goal	Time	2020	2021	2022	Goal attainment
KPI 11	Greenhouse-gas emissions, own activities	tonnes CO2			273,0	254,4	232,2	
KPI 12	Reduction in greenhouse-gas emissions, own activities	%	55	2030	46,8	50,4	54,7	✓
KPI 13	Energy intensity, own activities	kWh/m ²	0 (NZE)	2050	214	233	203	
KPI 14	Total greenhouse-gas emissions, Lending	tonnes CO2						
KPI 15	Reduction in greenhouse-gas emissions, Lending	%	40	2030				
KPI 16	Reduction in greenhouse-gas emissions, Lending		0 (NZE)	2050				
KPI 17	Total greenhouse-gas emissions, Investments	tonnes CO2						
KPI 18	Reduction in greenhouse-gas emissions, Investments	%	40	2030				
KPI 19	Reduction in greenhouse-gas emissions, Investments		0 (NZE)	2050				
KPI 110	Develop TNFD report			2023				
KPI 111	Integrate exclusion criteria for nature into governing documents			2023				

* Figures for greenhouse-gas emissions from loans and investments are not provided, as work to establish baselines is ongoing.

11.2 Climate

11.2.1 Climate – impact from own activities

The bank's greenhouse-gas emissions and negative impact on the environment through its own activities are very limited.



The bank follows up issues related to climate and nature through an environmental management system, and is Eco-Lighthouse certified, based on the head office model and the new criteria for the finance sector.

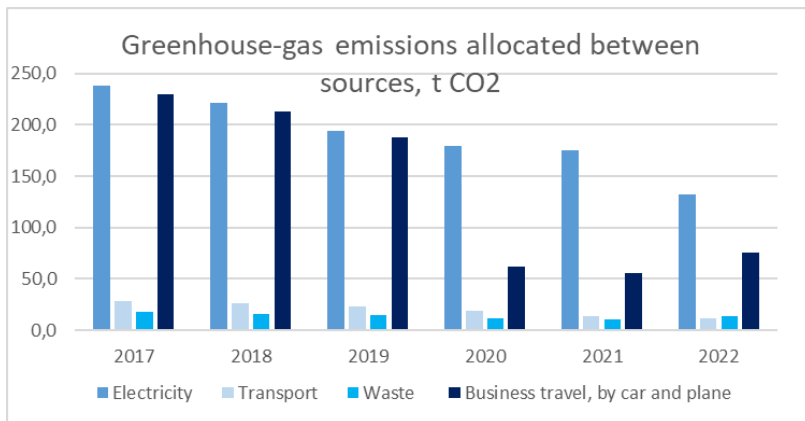
The bank's status and development with regard to greenhouse-gas emissions based on the GHG protocol and resource consumption:

Greenhouse-gas emissions	2020	2021	2022
Greenhouse-gas emissions Scope 1, tonnes of CO2 equivalents	19,0	13,6	11,3
Greenhouse-gas emissions Scope 2, tonnes of CO2 equivalents	181,3	174,8	131,8
Greenhouse-gas emissions Scope 3, tonnes of CO2 equivalents	72,7	66,0	89,1
Total greenhouse-gas emissions, tonnes of CO2 equivalents	273,0	254,4	232,1
FTEs	458	597	601
Greenhouse-gas emissions per employee	0,60	0,43	0,39
Heated area, m ²	23.004	26.769	26.564
Energy consumption, 1,000 kWh per year	4.926	6.250	5.384
Energy intensity, kWh per m ²	214	233	203

* All subsidiaries and companies in which Sparebanken Sør has dominant ownership interests are included in the climate accounts for 2021 and 2022.

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 largest contribution.

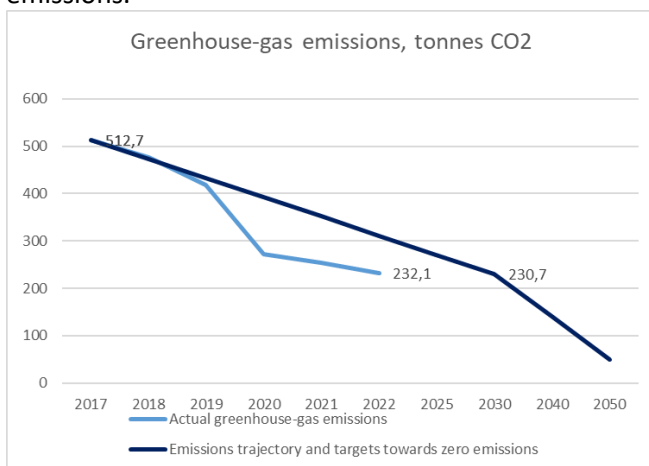
Breakdown of greenhouse-gas emissions:



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

In 2020, the bank set targets to reduce greenhouse-gas emissions by 55 per cent and aims to achieve net zero emissions by 2050.

The figure below shows the trend in greenhouse-gas emissions, as well as an illustration of the trajectory of emissions.



Baseline in 2017

The results show that, in 2022, the bank was already approaching its target of reducing emissions by 55 per cent (equivalent to 230.7 tonnes of CO2) by 2030.

For more information about climate accounting, see <https://www.sor.no/globalassets/organisasjon/barekraft/2022-carbon-accounting-sparebanken-sor.pdf>.

11.2.2 Climate – impact from our business areas

Sparebanken Sør will work to help our customers, suppliers and partners reduce their impact on the climate.

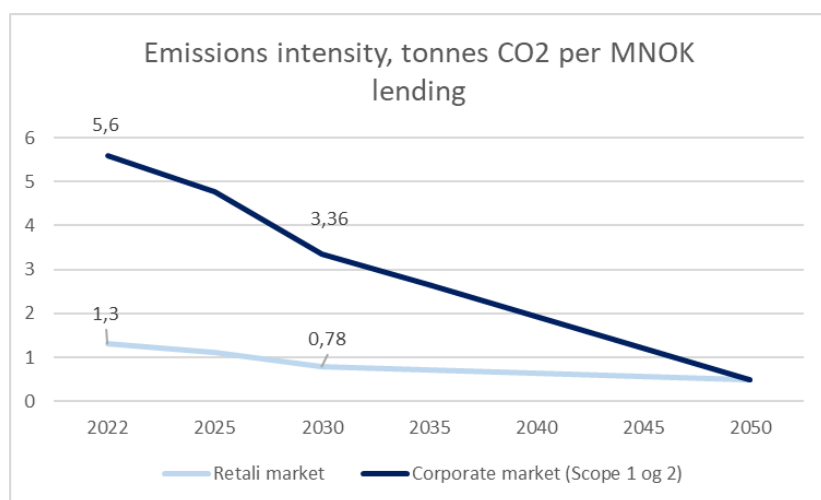
The bank is able to have the strongest positive influence in the following business areas:

- Lending: Increase the proportion of sustainable loans and reduce the proportion of loans with a strong negative impact on the climate. This especially applies to corporate 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.
- Furthermore, the bank will make use of the Green & Sustainability Bond Framework for the issuance of sustainable bonds.

The use of technology, digitalisation and sustainable products that are closely linked to the business areas mentioned above are the key factors in the bank's contribution 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.

For the lending portfolio, the bank has set a target of reducing greenhouse-gas emissions by 40 per cent by 2030, with net zero emissions by 2050. Starting from 2022, this means an annual reduction in greenhouse-gas emissions of 5 per cent per year to achieve a reduction of 40 per cent by 2030.

The method for measuring reductions in greenhouse-gas emissions in the lending portfolio will be based on the Science Based Target Initiative, SBTi. This means setting requirements for reductions in the emission intensity of the various portfolios in accordance with short- and long-term targets. The figure below illustrates the emissions trajectory for achieving our targets.



Estimated trajectory of reductions in emissions intensity for the lending portfolio

The calculations of greenhouse-gas emissions are based on PCAF, see section 8.3.

There is considerable uncertainty associated with establishing a correct reference point for greenhouse-gas emissions (baseline). The baseline in 2022 will have to be adjusted, as a consequence of improvements in data and methods. As data quality and methods improve, it will also be appropriate to use different concepts to achieve more precise calculations for climate intensity based on industry type. An example of this is to calculate the climate intensity from commercial buildings in tonnes of CO2 equivalents per square metre of financed area, rather than tonnes of CO2 equivalents per NOK million in loans.

A project is ongoing under the auspices of Finance Norway in which the bank is a participant, and which aims to create a guide adapted to Norwegian conditions as to how Norwegian financial institutions can use PCAF's framework, models and data. This guide is expected to be available in Q1 2023.

11.2.3 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 level 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- and long-term perspective.

The four main points are briefly highlighted in the table below:

TCFD	
Corporate governance	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 areas. 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.
Strategy	Climate is not only about risk, but also about business opportunities. Major climate-related risk factors: • Risk of increased default and loss, stranded assets, increased capital requirements, and more expensive financing. • Risk of the loss of reputation and customers, and reduced market shares. Major climate-related opportunities: • Increased revenue and cost reductions through new sustainable products, digitalisation, access to new markets and industries for the circular economy, reuse etc. • Better access to, and more reasonably priced, financing and capital, and reduced capital requirements.
Risk management	The risk is highest in the business area of lending, where residential and commercial real estate makes up 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 BM. A framework for risk appetite and risk tolerance for ESG and climate risks is being created.
Measures and methods	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.

In 2023, Sparebanken Sør will continue the work of operationalising and further developing TCFD.

11.3 Nature

11.3.1 General

Nature forms the basis for livelihoods at the individual, societal and global level. It provides us with food, water, recreational areas, and a sense of belonging and connection to the planet and the world around us. In addition, large parts of our economy are based on resources that nature creates and provides us. Loss of nature and biodiversity would therefore have major and serious consequences for our daily lives, the resources we depend on for survival and for value creation in the economy. Loss of nature and biodiversity creates a new type of risk: risk to nature.

How we use nature affects the climate, while climate change affects nature. Climate and nature are closely linked. Promoting biodiversity is therefore an important part of the solution to climate challenges, and a prerequisite for achieving the UN Sustainable Development Goals.

So far, focus has primarily been on climate change. In the future, however, there will be a greater focus on issues related to nature. This will be strengthened through a UN Biodiversity Agreement, which is expected to be put in place in the near future.

Nature is a relatively immature subject in relation to finance, and has therefore received little attention so far. Nature is also a complex subject area, and it is currently challenging to establish good measures and KPIs. The most important areas within nature and on which Sparebanken Sør can have the most actual and potential impact are:

- Biodiversity
- Use of natural resources, including development of natural areas
- Pollution of air, water and oceans

Important instruments for reducing loss of nature are regulatory requirements, as well as reuse, sharing and circular economy. For Sparebanken Sør, this means that there must be requirements for nature in relation to lending, investments and procurement, and we must develop sustainable products within the EU taxonomy's environmental targets, such as circular economy.

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 proportion of loans with a strong negative impact on nature. This especially applies to corporate customers. Increased financing of circular economy.
- Investment: Increase the proportion of investments in sustainable activities and enterprises and reduce the proportion of investments in enterprises with a negative impact on nature.
- Furthermore, the bank will make use of the Green & Sustainability Bond Framework for the issuance of sustainable bonds.

Nature is still an immature and complicated topic in terms of data, government regulations, priorities, measures, objectives and KPIs, but will receive a lot of attention in the future. For this reason, the bank is also not formulating specific measures and goals at this time, but will work on developing frameworks for managing nature in a prudent manner and in accordance with regulatory requirements.

11.3.2 Task Force on Nature-related Financial Disclosures (TNFD)

Sparebanken Sør aims to establish a first version of the TNFD framework in 2023.

12 APPENDIX 1: GRI

GRI 2021 – General disclosures			
GRI	Indicator	Description	Source
Organisation and reporting practice			
2-1	Organisation name, ownership and legal form, location of head office, country in which the business operates.	a. Sparebanken Sør c. Kristiansand d. Norway	b. Annual report 2022, page 100 Annual report 2022, Note 35
2-2	List all its entities included in the organisation's sustainability reporting. a. list all its entities included in its sustainability reporting; b. if the organisation has audited consolidated financial statements or financial information filed on public record, specify the differences between the list of entities included in its financial reporting and the list included in its sustainability reporting; c. if the organisation consists of multiple entities, explain the approach used for consolidating the information, including: i. whether the approach involves adjustments to information for minority interests; ii. how the approach takes into account mergers, acquisitions, and disposal of entities or parts of entities; iii. whether and how the approach differs across the disclosures in this Standard and across material topics.	a. The Sustainability Report includes Sparebanken Sør (the parent bank) and all subsidiaries (excluding Sørmelegren Holding AS and Sørlandets Forsikringscenter AS) where the bank alone or together with subsidiaries has a controlling influence, normally as a result of an ownership interest of more than 50 per cent. b. The consolidated financial statements include the parent bank and subsidiaries (including Sørmelegren Holding AS and Sørlandets Forsikringscenter AS) where the bank alone or together with subsidiaries has determining influence, normally as a result of an ownership interest of more than 50 per cent. c. The consolidated financial statements include the parent bank and subsidiaries, where the bank alone or together with subsidiaries has determining influence, normally as a result of an ownership interest of more than 50 per cent. The Sustainability Report includes the parent bank and subsidiaries, but Sørmelegren Holding AS and Sørlandets Forsikringscenter AS are only included in the climate accounts. i. No adjustments to minority interests. ii. No mergers or acquisitions in 2022. iii. No differences.	Annual Report 2022, Note 26
2-3	Reporting period, frequency and contact point for questions regarding the report or its content. a. specify the reporting period for, and the frequency of, its sustainability reporting; b. specify the reporting period for its financial reporting and, if it does not align with the period for its sustainability reporting, explain the reason for this; c. report the publication date of the report or reported information; d. specify the contact point for questions about the report or reported information.	a. 01.01.2022–31.12.2022, annually b. 01.01.2022–31.12.2022, annually, plus quarterly financial reporting c. 30.03.2023 d. Magne Kvaslerud (magne.kvaslerud@sor.no)	
2-4	Report restatements of previous information from previous reports and the reason for the changes. a. report restatements of information made from previous reporting periods and explain: i. the reason for the restatements ii. the effect of the restatements	a. No restatements from previous reports.	
2-5	Practice for external for external verification of the report. a. describe its policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved; b. if the organisation's sustainability reporting has been externally assured: i. provide a link or reference to the external assurance report(s) or assurance statement(s); ii. describe what has been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; iii. describe the relationship between the organisation and the assurance provider.	a. The Sustainability Report is certified by an auditor. The report is considered and approved together with the annual report by the Board of Directors and the Board of Trustees. b. Certified by an external auditor. ii. Appears in audit report, audit standard ISA E3000. iii. PWC is Sparebanken Sør's auditor.	b. i. and b. ii. Link to auditor's report.
Activities and workers			
2-6	Activities, value chain and other business relationships. a. report the sector(s) in which it is active; b. describe its value chain, including: i. the organisation's activities, products, services, and markets served; ii. the organisation's supply chain; iii. the entities downstream from the organisation and their activities; c. report other relevant business relationships; d. describe significant changes in 2-6-a, 2-6-b, and 2-6-c compared to previous reporting periods.	a) Banking and Finance b. ii. Suppliers are mainly Norwegian suppliers, many of which are local and include IT, consultants, office supplies and deliveries in connection with the bank's office buildings. Annual procurements amount to approx. NOK 515 mill. b. iii. The downstream value chain consists mainly of retail and corporate customers in the business areas deposits, lending and other financial products and services. c. The most important business connections are related to IT services and product providers of financial products and services. d) There are no significant changes compared to previous reporting periods.	b. Sustainability Report, Chapter 1 b. i. Annual Report 2022 pages 9 and 10

2-7	<p>Number of employees distributed by gender, region and employment type.</p> <p>a. the total number of employees, and a breakdown of this total by gender and by region;</p> <p>b. report the total number of:</p> <p>i. permanent employees, and a breakdown by gender and by region;</p> <p>ii. temporary employees, and a breakdown by gender and by region;</p> <p>iii. non-guaranteed hours employees, and a breakdown by gender and by region;</p> <p>iv. full-time employees, and a breakdown by gender and by region;</p> <p>v. part-time employees, and a breakdown by gender and by region;</p> <p>c. describe the methodologies and assumptions used to compile the data, including whether the numbers are reported:</p> <p>i. in head count, full-time equivalent (FTE), or using another methodology;</p> <p>ii. at the end of the reporting period, as an average across the reporting period, or using another methodology;</p>	<p>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.</p> <p>b. iii. 0</p> <p>c. Data is collected from the bank's payroll system, Sinployer, and figures are based on data as at 31.12</p> <p>i. FTEs</p> <p>ii. As at 31.12, i.e. at the end of the reporting period</p> <p>d. The figures are based on permanent employees, i.e. excluding part-time employees and temporary workers. All figures are based on figures as at 31.12.</p> <p>e. There were no significant changes in the number of employees during or between reporting periods.</p>	<p>a., b., b. i., b. ii., b. iv., v.</p> <p>Scorecard section 1.1</p>
2-8	<p>Workers who are not employees.</p> <p>a. report the total number of workers who are not employees and whose work is controlled by the organisation and describe:</p> <p>i. the most common types of worker and their contractual relationship with the organisation;</p> <p>ii. the type of work they perform;</p> <p>b. describe the methodologies and assumptions used to compile the data, including whether the number of workers who are not employees is reported:</p> <p>i. in head count, full-time equivalent (FTE), or using another methodology;</p> <p>ii. at the end of the reporting period, as an average across the reporting period, or using another methodology;</p> <p>c. describe significant fluctuations in the number of workers who are not employees during the reporting period and between</p>	<p>a. 0</p> <p>Sparebanken Sør has no workers who are not employees according to the GRI definition.</p>	
Governance			
2-9	<p>The organisation's governance structure, including committees of the highest governance body which are responsible for financial, environmental and social issues.</p> <p>a. describe its governance structure, including committees of the highest governance body;</p> <p>b. list the committees of the highest governance body that are responsible for decision-making on and overseeing the management of the organisation's impacts on the economy, environment, and people;</p> <p>c. describe the composition of the highest governance body and its committees by:</p> <p>i. executive and non-executive members;</p> <p>ii. independence;</p> <p>iii. tenure of members on the governance body;</p> <p>iv. number of other significant positions and commitments held by each member, and the nature of the commitments;</p> <p>v. gender;</p> <p>vi. under-represented social groups;</p> <p>vii. competencies relevant to the impacts of the organisation;</p> <p>viii. stakeholder representation.</p>	<p>a. The bank has the following steering committees: Audit Committee, Risk Committee (incl. ESG), Remuneration Committee, Technology Committee</p> <p>b. The Risk Committee and the Audit Committee are responsible for preparing ESG matters for the Board of Directors.</p> <p>c. iii. The maximum period of functioning on the Board in accordance with the Articles of Association is eight years</p> <p>c. vi. Not relevant for 2022</p> <p>c. viii. There are two employee representatives on the Board.</p>	<p>a. Annual report 2022, page 100</p> <p>c. https://www.sor.no/felles/om-sparebanken-sor/styre-ledelse-og-organisasjon/</p> <p>i. https://www.sor.no/felles/om-sparebanken-sor/styre-ledelse-og-organisasjon/styret/</p> <p>ii. Annual report 2022, page 100</p> <p>iv. https://www.sor.no/felles/om-sparebanken-sor/styre-ledelse-og-organisasjon/mer-om-styret/</p> <p>v. Scorecard, Section 1.1</p> <p>vii. https://www.sor.no/felles/om-sparebanken-sor/styre-ledelse-og-organisasjon/mer-om-styret/</p>
2-10	<p>Nomination and selection of the highest governance body</p> <p>a. describe the nomination and selection processes for the highest governance body and its committees;</p> <p>b. describe the criteria used for nominating and selecting highest governance body members, including whether and how the following are taken into consideration:</p> <p>i. views of stakeholders (including shareholders);</p> <p>ii. diversity;</p> <p>iii. independence;</p> <p>iv. competencies relevant to the impacts of the organisation.</p>	<p>b. iv. When assessing the Board's competence, emphasis is placed on the Board having overall complementary expertise that covers all key aspects of the Group's activities and geography.</p>	<p>a., b., b. i., https://www.sor.no/globalassets/organisasjon/vedtekter-sparebanken-sor.pdf</p> <p>b. ii. https://www.sor.no/globalassets/organisasjon/barekraft/boar-d-diversity-policy-sparebanken-sor.pdf</p> <p>b. iii. Annual report 2022, page 100</p>
2-11	<p>Chair of the highest governance body</p> <p>a. report whether the chair of the highest governance body is also a senior executive in the organisation;</p> <p>b. if the chair is also a senior executive, explain their function within the organisation's management, the reasons for this arrangement, and how conflicts of interest are prevented and mitigated.</p>	<p>a. The Chair of the highest governance body (Chair Knut Sætre) is not the same person as the CEO (Geir Bergskaug)</p> <p>b. Not relevant</p>	<p>a. https://www.sor.no/felles/om-sparebanken-sor/styre-ledelse-og-organisasjon/</p>

2-12	<p>Role of the highest governance body in overseeing the management of impacts.</p> <p>a. describe the role of the highest governance body and of senior executives in developing, approving, and updating the organisation's purpose, value or mission statements, strategies, policies, and goals related to sustainable development;</p> <p>b. describe the role of the highest governance body in overseeing the organisation's due diligence and other processes to identify and manage the organisation's impacts on the economy, environment, and people, including:</p> <p>i. whether and how the highest governance body engages with stakeholders to support these processes;</p> <p>ii. how the highest governance body considers the outcomes of these processes;</p> <p>c. describe the role of the highest governance body in reviewing the effectiveness of the organisation's processes as described in b, and report the frequency of this review.</p>	<p>a. The Board and Group Management are responsible for Sparebanken Sør's governing documents and goals, as well as for operationalising and supervising the bank's sustainability strategies.</p> <p>b. The Board and Group Management are responsible for identifying and managing the Group's impact on ESG areas, including engagement with stakeholders.</p> <p>i. The Board considers and approves stakeholder mapping and material topics. In addition, the Board and Group Management have dialogue with multiple stakeholder groups, but there are no fixed agendas or meeting places.</p> <p>ii. Mapping stakeholders' views is important in connection with the choice of material topics.</p> <p>c. Status and development are followed up through various Board matters as well as quarterly risk reports, the annual Sustainability Report, as well as an annual audit of governing documents.</p>	<p>a., b. https://www.sor.no/globalassets/organisasjon/barekraft/sustainability-strategy-sparebanken-sor.pdf, Section 3, page 6</p>
2-13	<p>Delegation of responsibility for managing impacts.</p> <p>a. describe how the highest governance body delegates responsibility for managing the organisation's impacts on the economy, environment, and people, including:</p> <p>i. whether it has appointed any senior executives with responsibility for the management of impacts;</p> <p>ii. whether it has delegated responsibility for the management of impacts to other employees;</p> <p>b. describe the process and frequency for senior executives or other employees to report back to the highest governance body on the management of the organisation's impacts on the economy, environment, and people.</p>	<p>i. Rolf Søraker, EVP of Corporate Staff, is responsible for the ESG area in Sparebanken Sør</p> <p>ii. Responsibility for managing the influence of relevant material topics is delegated to the EVPs.</p> <p>b. Quarterly Risk Reports, Compliance Reports and Anti-Money Laundering Reports, as well as the annual Sustainability Report.</p>	<p>a. https://www.sor.no/globalassets/organisasjon/barekraft/sustainability-strategy-sparebanken-sor.pdf, page 6</p>
2-14	<p>Role of the highest governance body in sustainability reporting.</p> <p>a. report whether the highest governance body is responsible for reviewing and approving the reported information, including the organisation's material topics, and if so, describe the process for reviewing and approving the information;</p> <p>b. if the highest governance body is not responsible for reviewing and approving the reported information, including the organisation's material topics, explain the reason for this.</p>	<p>a. The Board is responsible for approving the Risk Report and Sustainability Report, including material topics. The process is as follows: the CEO makes recommendations to the Risk Committee, which provides a recommendation to the Board as approver.</p> <p>b. not applicable</p>	
2-15	<p>Conflict of interests.</p> <p>a. describe the processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated;</p> <p>b. report whether conflicts of interest are disclosed to stakeholders, including, at a minimum, conflicts of interest relating to:</p> <p>i. cross-board membership;</p> <p>ii. cross-shareholding with suppliers and other stakeholders;</p> <p>iii. existence of controlling shareholders;</p> <p>iv. related parties, their relationships, transactions, and outstanding balances.</p>	<p>Conflicts of interest are handled by the Corporate Staff Division via HR. HR's goal is to detect and map conflicts of interest, as well as manage these and where applicable implement measures to eliminate, reduce or minimise conflicts of interest.</p> <p>b. i., ii., iii., iv. HR is responsible for following up conflicts of interest and considering how these should be reported and handled on a case-by-case basis. For reasons of confidentiality, any involvement and reporting must be assessed on an ongoing basis.</p> <p>There were two cases of conflicts of interest in 2022, which were minor and which were resolved.</p>	<p>a. https://www.sor.no/globalassets/organisasjon/barekraft/conflict-of-interest-document-sparebanken-sor.pdf</p>
2-16	<p>Communication of critical concerns.</p> <p>a. describe whether and how critical concerns are communicated to the highest governance body;</p> <p>b. report the total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period.</p>	<p>a. Critical concerns in the form of complaints and external and internal notifications are reported to the Board in the quarterly Risk Report.</p> <p>b. There were no reports of concerns of a critical nature.</p>	<p>a. https://www.sor.no/globalassets/organisasjon/barekraft/customer-complaints-procedure-sparebanken-sor.pdf https://www.sor.no/globalassets/organisasjon/barekraft/external-whistleblowing-procedure-sparebanken-sor.pdf https://www.sor.no/globalassets/organisasjon/barekraft/internal-whistleblowing-procedure-sparebanken-sor.pdf</p>
2-17	<p>Collective knowledge of the highest governance body.</p> <p>a. report measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development.</p>	<p>a. Review of various sustainability topics, policy documents etc. in Board meetings. Board meetings with sustainability topics on the agenda.</p>	

2-18	Evaluation of the performance of the highest governance body. a. describe the processes for evaluating the performance of the highest governance body in overseeing the management of the organisation's impacts on the economy, environment, and people; b. report whether the evaluations are independent or not, and the frequency of the evaluations; c. describe actions taken in response to the evaluations, including changes to the composition of the highest governance body and organisational practices.	a. The Board has an annual self-evaluation including competence mapping, which also includes a self-evaluation related to sustainability b. The reporting is a self-evaluation that is carried out annually c. No special measures or changes in the composition of the highest governing body or the organisation's practices have been implemented as a result of the evaluations.	
2-19	Remuneration policies. a. describe the remuneration policies for members of the highest governance body and senior executives, including: i. fixed pay and variable pay; ii. sign-on bonuses or recruitment incentive payments; iii. termination payments; iv. clawbacks; v. retirement benefits; b. describe how the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to the management of the organisation's impacts on the economy, environment, and people.	a. i. There is only a fixed salary and bonus scheme, no variable salaries ii. No signing bonus agreements iii. No severance agreements iv. No guidelines about clawbacks v. All employees have a collective defined contribution pension for wages up to 12 G b. Bonuses are influenced by financial performance. There is no link between salaries and remuneration, and the environment and society	a. Annual report 2022, page 107 a. i. Annual Report 2022, page 110
2-20	Process to determine remuneration. a. describe the process for designing its remuneration policies and for determining remuneration, including: i. whether independent highest governance body members or an independent remuneration committee oversees the process for determining remuneration; ii. how the views of stakeholders (including shareholders) regarding remuneration are sought and taken into consideration; iii. whether remuneration consultants are involved in determining remuneration and, if so, whether they are independent of the organisation, its highest governance body and senior executives; b. report the results of votes of stakeholders (including shareholders) on remuneration policies and proposals, if	a. Guidelines for determining salary and other remuneration to senior executives as well as the Bonus Programme are approved by the Bank's Board of Directors. i. Sparebanken Sør has its own remuneration committee ii. The guidelines for remuneration have been drawn up by the Board of Sparebanken Sør. The guidelines have been adopted by the Board of Trustees. Owners of equity certificates and employees are represented on the Board of Directors and the Board of Trustees. iii. Consultants are not involved in the formulation of payroll and remuneration policy b. N/A	a. i. https://www.sor.no/felles/om-sparebanken-sor/styre-ledelse-og-organisasjon/ Annual report 2022, page 107
2-21	Annual total compensation ratio. a. report the ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual); b. report the ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual); c. report contextual information necessary to understand the data and how the data has been compiled.	a. The ratio of the annual compensation for the highest-paid person in the bank to the median salary in the bank is 4.58 b. The salary growth of the highest-paid person was 3.1%, while the median salary increase in the bank was 3.9%, i.e. the highest-paid person received 80% of the salary increase in relation to the median in the bank c. Indicators of salaries are based on the following data: - Fixed salary, i.e. excluding bonus - Salary as at 31.12. - Salaries of part-time employees are taken into account in the calculations - Salaries of temporary workers are not taken into account in the calculations	
Strategy, policy and practice			
2-22	Statement from the CEO on the relevance of sustainability to the organisation and its strategy for addressing sustainability. a. report a statement from the highest governance body or most senior executive of the organisation about the relevance of sustainable development to the organisation and its strategy for contributing to sustainable development.	The bank's mission is to create sustainable growth and development for our region, and sustainability is embedded in and integrated into the bank's overall strategy. We aim to contribute to sustainable development in the region and to be part of the green transition. The challenge moving forward will be to integrate ESG effectively into our business areas, develop and sell sustainable products and services, and issue sustainable bonds in line with market and customer expectations. We have set targets to reduce greenhouse-gas emissions from our lending and investment portfolio by 40 per cent by the end of 2030, and achieve full carbon neutrality by 2050. Our focus on green and sustainable banking, digitalisation and new technology will continue unabated.	a. Annual Report 2022, pages 5, 20-22

2-23	<p>Policy commitments related to responsible business and human rights.</p> <p>a. describe its policy commitments for responsible business conduct, including: i. the authoritative intergovernmental instruments that the commitments reference;</p> <p>ii. whether the commitments stipulate conducting due diligence; iii. whether the commitments stipulate applying the precautionary principle; iv. whether the commitments stipulate respecting human rights;</p> <p>b. describe its specific policy commitment to respect human rights, including:</p> <p>i. the internationally recognised human rights that the commitment covers;</p> <p>ii. the categories of stakeholders, including at-risk or vulnerable groups, that the organisation gives particular attention to in the commitment;</p> <p>c. provide links to the policy commitments if publicly available, or, if the policy commitments are not publicly available, explain the reason for this;</p> <p>d. report the level at which each of the policy commitments was approved within the organisation, including whether this is the most senior level;</p> <p>e. report the extent to which the policy commitments apply to the organisation's activities and to its business relationships;</p> <p>f. describe how the policy commitments are communicated to workers, business partners, and other relevant parties.</p>	<p>a</p> <p>ii. There are requirements for reporting the status and development of initiatives in connection with the UN Global Compact and UNEP PRB, but there is no requirement for due diligence.</p> <p>iii. The bank has adopted the UN Global Compact's "precautionary" principles.</p> <p>iv. Yes</p> <p>b. ii. Key UN conventions have been selected based on a risk assessment of assessment of suppliers and business activities, but we have not defined vulnerable groups beyond the fact that these are largely safeguarded by the UN conventions in relation to our geographical area and business activities.</p> <p>d. Board of Directors</p> <p>e. Applies to the organisation's activities, suppliers, and business associates</p> <p>f. All our policies are publicly available on our website. The policies are communicated to relevant users internally and externally and stakeholders through internal courses and training, and in dialogue, meetings, lectures with relevant customers/customer groups and stakeholders</p>	<p>a.</p> <p>https://www.sor.no/globalassets/organisasjon/barekraft/respensible-lending-policy-sporebanken-sor.pdf</p> <p>https://www.sor.no/globalassets/organisasjon/barekraft/policy-responsible-investment-securities-trading-sporebanken-sor.pdf</p> <p>a, b. i., c.</p> <p>https://www.sor.no/globalassets/organisasjon/barekraft/purchasing-policy-sporebanken-sor.pdf</p> <p>https://www.sor.no/globalassets/organisasjon/barekraft/policy-employee-and-human-rights-sporebanken-sor.pdf</p> <p>https://www.sor.no/globalassets/organisasjon/barekraft/sustainability-strategy-sporebanken-sor.pdf</p> <p>c. https://www.sor.no/felles/om-sporebanken-sor/about/social-responsibility/sustainability-</p>
2-24	<p>Embedding policy commitments.</p> <p>a. describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including:</p> <p>i. how it allocates responsibility to implement the commitments across different levels within the organisation;</p> <p>ii. how it integrates the commitments into organisational strategies, operational policies, and operational procedures;</p> <p>iii. how it implements its commitments with and through its business relationships;</p> <p>iv. training that the organisation provides on implementing the commitments.</p>	<p>a. Policy documents, together with operational guidelines, are reviewed with the respective responsible organisational units and business associates.</p> <p>i. Responsibility for the various topics and business areas lies with the division.</p> <p>ii. The commitments are integrated into respective operational guidelines.</p> <p>iii. The commitments are implemented through customer meetings, questionnaires and dialogue.</p> <p>iv. Internal and external courses, training and digital meetings regarding ESG. Workshops and theme-based training.</p>	<p>a.</p> <p>ii. https://www.sor.no/felles/om-sporebanken-sor/about/social-responsibility/sustainability-reports/</p> <p>iii. https://www.sor.no/globalassets/organisasjon/barekraft/guidelines-for-responsible-purchasing-sporebanken-sor.pdf</p> <p>https://www.sor.no/globalassets/organisasjon/barekraft/guidelines-for-responsible-purchasing-sporebanken-sor.pdf</p>
2-25	<p>Processes to remediate negative impacts.</p> <p>a. describe its commitments to provide for or cooperate in the remediation of negative impacts that the organisation identifies it has caused or contributed to;</p> <p>b. describe its approach to identify and address grievances, including the grievance mechanisms that the organisation has established or participates in;</p> <p>c. describe other processes by which the organisation provides for or cooperates in the remediation of negative impacts that it identifies it has caused or contributed to;</p> <p>d. describe how the stakeholders who are the intended users of the grievance mechanisms are involved in the design, review, operation, and improvement of these mechanisms;</p> <p>e. describe how the organisation tracks the effectiveness of the grievance mechanisms and other remediation processes, and report examples of their effectiveness, including stakeholder feedback.</p>	<p>a. UN Global Compact and UNEP PRB. The Norwegian Transparency Act sets commitments in relation to labour and human rights.</p> <p>c. The Bank has an established system for registering and handling "unwanted incidents". All such incidents are recorded in the Bank's Incident Database and reported quarterly in the risk report to management and the Board of Directors. Measures to reduce or avoid unwanted incidents are included in the Bank's internal control system.</p> <p>Complaints are dealt with centrally by the Bank and any measures and improvements are assessed on the basis of the nature and significance of the complaint. Complaints related to regulatory matters such as data breaches, product information etc. are handled by public complaints bodies such as the Norwegian Data Protection Authority, the Norwegian Financial Services Complaints Board etc.</p> <p>d. Procedures relating to complaints are drawn up by Corporate Staff and adopted by Group Management. The Head of Operational Risk assesses customer complaints and how they should be handled further. There are no other stakeholders involved in customer complaint procedures.</p> <p>e. The complaints procedure is intuitive and is publicly available on the bank's website. Customer Service can be contacted if necessary. Input on complaints procedures in relation to stakeholders is assessed and taken into account, but there has been little input. Complaints are registered in the bank's incident database and are integrated into quarterly risk reports that are submitted to Group Management and the Board. Any key aspects that are important to follow up are integrated into the bank's internal control system.</p>	<p>a.</p> <p>https://www.sor.no/globalassets/organisasjon/barekraft/purchasing-policy-sporebanken-sor.pdf</p> <p>b. https://www.sor.no/globalassets/organisasjon/barekraft/customer-complaints-procedure-sporebanken-sor.pdf</p>

2-26	<p>Mechanisms for seeking advice and raising concerns.</p> <p>a. describe the mechanisms for individuals to:</p> <p>i. seek advice on implementing the organisation's policies and practices for responsible business conduct;</p> <p>ii. raise concerns about the organisation's business conduct.</p>	<p>a. Through dialogue and meetings with the bank, customers, suppliers and partners have the opportunity to seek advice on the implementation of policies and practices for responsible business conduct. All of the bank's ESG policies are publicly available on the bank's website.</p> <p>b. Directly in meetings and phone calls, or through complaints and/or notification procedures.</p>	<p>a.</p> <p>i. https://www.sor.no/felles/om-sparebanken-sor/about/social-responsibility/sustainability-reports/</p> <p>ii. https://www.sor.no/globalassets/organisasjon/barekraft/customer-complaints-procedure-sparebanken-sor.pdf https://www.sor.no/globalassets/organisasjon/barekraft/external-whistleblowing-procedure-sparebanken-sor.pdf https://www.sor.no/globalassets/organisasjon/barekraft/internal-whistleblowing-procedure-</p>
2-27	<p>Compliance with laws and regulations.</p> <p>a. report the total number of significant instances of non-compliance with laws and regulations during the reporting period, and a breakdown of this total by:</p> <p>i. instances for which fines were incurred;</p> <p>ii. instances for which non-monetary sanctions were incurred;</p> <p>b. report the total number and the monetary value of fines for instances of non-compliance with laws and regulations that were paid during the reporting period, and a breakdown of this total by:</p> <p>i. fines for instances of non-compliance with laws and regulations that occurred in the current reporting period;</p> <p>ii. fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods;</p> <p>c. describe the significant instances of non-compliance;</p> <p>d. describe how it has determined significant instances of non-compliance.</p>	<p>a. 0</p> <p>i. 0</p> <p>ii. 0</p> <p>b. 0</p> <p>i. 0</p> <p>ii. 0</p> <p>c. 0</p> <p>d. Orders, fees for violations of privacy by the Norwegian Data Protection Authority. Lost cases in front of the Norwegian Financial Services Complaints Board. Lost cases related to violations of product and service information. Lost cases related to violations of marketing communications. Fines from the FSA related to money laundering.</p>	
2-28	<p>Membership in industry organisations or other associations, and national/international lobbyist organisations.</p> <p>a. report industry associations, other membership associations, and national or international advocacy organisations in which it participates in a significant role.</p>	<p>Sparebanken Sør is a member of or has endorsed the following organisations' principles with regard to ESG:</p> <ol style="list-style-type: none"> 1. UN Global Compact 2. UNEP Principles for Responsible Banking 3. Finance Norway's Roadmap for green competitiveness in the finance sector 4. Partnership for Carbon Accounting Financials (PCAF) 	
Stakeholder engagement			
2-29	<p>Approach to stakeholder engagement.</p> <p>a. describe its approach to engaging with stakeholders, including:</p> <p>i. the categories of stakeholders it engages with, and how they are identified;</p> <p>ii. the purpose of the stakeholder engagement;</p> <p>iii. how the organisation seeks to ensure meaningful engagement with stakeholders.</p>		<p>a.i., ii., iii.</p> <p>Sustainability Report, Chapter 2</p>
2-30	<p>Percentage of all employees who are covered by collective bargaining agreements.</p> <p>a. report the percentage of total employees covered by collective bargaining agreements;</p> <p>b. for employees not covered by collective bargaining agreements, report whether the organisation determines their working conditions and terms of employment based on collective bargaining agreements that cover its other employees or based on collective bargaining agreements from other organisations.</p>	<p>a. 100%</p> <p>b. Not relevant</p>	

GRI 2021 – Material topics			
GRI	Indicator	Comments	Source
3-1	<p>Process to determine material topics.</p> <p>a. describe the process it has followed to determine its material topics, including:</p> <p>i. how it has identified actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights, across its activities and business relationships;</p> <p>ii. how it has prioritised the impacts for reporting based on their significance;</p> <p>b. specify the stakeholders and experts whose views have informed the process of determining its material topics.</p>	b. Consultants, auditors, brokers, analysts, the Board and owners have provided useful input on material topics.	a. i., ii. Sustainability Report, Chapter 2
3-2	<p>List of material topics.</p> <p>a. list its material topics;</p> <p>b. report changes to the list of material topics compared to the previous reporting period.</p>	b. There were no changes in material topics. Gender equality and diversity as well as the working environment and employee development were separate topics in 2021. They are now part of the topic Labour and human rights, which has received more focus due to the Norwegian Transparency Act.	a. Sustainability Report, Chapter 2
Employee and Human Rights			
3-3	<p>Management of material topics.</p> <p>For each material topic:</p> <p>a. describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights;</p> <p>b. report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships;</p> <p>c. describe its policies or commitments regarding the material topic;</p> <p>d. describe actions taken to manage the topic and related impacts, including:</p> <p>i. actions to prevent or mitigate potential negative impacts;</p> <p>ii. actions to address actual negative impacts, including actions to provide for or cooperate in their remediation;</p> <p>iii. actions to manage actual and potential positive impacts;</p> <p>e. report the following information about tracking the effectiveness of the actions taken:</p> <p>i. processes used to track the effectiveness of the actions;</p> <p>ii. goals, targets, and indicators used to evaluate progress;</p> <p>iii. the effectiveness of the actions, including progress toward the goals and targets;</p> <p>iv. lessons learned and how these have been incorporated into the organisation's operational policies and procedures;</p> <p>f. describe how engagement with stakeholders has informed the actions taken in d and e.</p>		Sustainability Report, Sections 3.1 and 2.3 https://www.sor.no/globalassets/organisasjon/barekraft/polisy-employee-and-human-rights-sparebanken-sor.pdf
401-1	New employee hires and employee turnover.		Scorecard section 1.2
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	Part-time employees have the same welfare schemes as full-time employees.	
401-3	Number of employees on parental leave.	All employees returned to the bank after their parental leave.	Scorecard section 1.2
404-1	Average hours of training per year per employee.	The bank does not have data for average training per job category.	Scorecard section 1.2
404-2	Programmes for upgrading employee skills and transition assistance programs.	The bank has no programme for transition to retirement.	Sustainability Report, Section 3.4.3
404-3	Percentage of employees receiving regular performance and career	All employees have a mandatory performance review at least once	Scorecard section 1.2
405-1	Composition of governing bodies, management and employee		Scorecard section 1.1
405-2	Ratio of basic salary and remuneration of women to men.		Scorecard section 1.1
406-1	Incidents of discrimination and corrective actions taken.	There were no cases of discrimination.	Scorecard section 1.2
Data protection and information security			
3-3	Management of material topics.		Sustainability Report, Sections 4.1 and 2.3 https://www.sor.no/globalassets/organisasjon/barekraft/privacy-policy-sparebanken-sor.pdf
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data.		Scorecard section 1.3
KPI B1	Orders, fines related to privacy by the Norwegian Data Protection Agency (DPA)	No fines or orders from the Norwegian Data Protection Agency	Sustainability Report, Section 4.1; Scorecard, Section 1.3
KPI B2	Service level agreement (SLA), uptime in % for customer systems.		Sustainability Report, Section 4.1; Scorecard, Section 1.3

Financial crime			
3-3	Management of material topics.		Sustainability Report, Sections 5.1 and 2.3 https://www.sor.no/globalassets/organisasjon/barekraft/policy-anti-corruption-and-bribery-sparebanken-sor.pdf https://www.sor.no/globalassets/organisasjon/barekraft/policy-antikorrupsjon-bestikkelser-sparebanken-sor.pdf https://www.sor.no/globalassets/organisasjon/barekraft/anti-money-laundering-anti-terrorism-financing-policy-sparebanken-sor.pdf
205-3	Confirmed incidents of corruption and actions taken.	No incidents of corruption identified.	
KPI C3	Suspicious of money laundering flagged.		Sustainability Report, Section 5.1; Scorecard, Section 1.4
KPI C4	Suspicious of money laundering reported to the National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim).		Sustainability Report, Section 5.1; Scorecard, Section 1.4
Responsible products and services (product information and marketing)			
3-3	Management of material topics.		Sustainability Report, Sections 6.1 and 2.3 https://www.sor.no/globalassets/organisasjon/barekraft/marketing-product-information-policy.pdf
417-2	Incidents of non-compliance concerning product and service information and labelling (Norwegian Financial Services Complaints Board).	There were no cases of complaints, fines or warnings for non-compliance regarding products and services, information and labelling.	Scorecard section 1.5
417-3	Incidents of non-compliance concerning marketing communications (Norwegian Financial Services Complaints Board).	There were no cases of complaints, fines or warnings regarding non-compliance with communications and marketing.	Scorecard section 1.5
Responsible and ethical business conduct			
3-3	Management of material topics.		Sustainability Report, Sections 7.1 and 2.3 https://www.sor.no/globalassets/organisasjon/corporate-governance-sparebanken-sor.pdf https://www.sor.no/felles/om-sparebanken-sor/about/social-responsibility/ethics-and-transparency/
201-1	Direct economic value generated and distributed.		Annual report 2022, pages 25 and 26. Scorecard, Section 2.1
201-2	Financial implications and other risks and opportunities due to climate change.		https://www.sor.no/globalassets/organisasjon/barekraft/2022-tcf-report-sparebanken-sor.pdf
KPI E1	Customer satisfaction indicator, retail market.		Sustainability Report, Sections 7.1 and 7.5; Scorecard, Section 2.2
KPI E2	Customer satisfaction indicator, corporate market.		Sustainability Report, Sections 7.1 and 7.5; Scorecard, Section 2.2
KPI E3	Complaint cases lost at the Norwegian Financial Services Complaints Board.		Sustainability Report, Chapter 7
KPI E4	Whistleblowing cases, internal and external.		Sustainability Report, Chapter 7
KPI E5	ESG Rating according to Sustainalytics.	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, Sections 1.3.8 and 7.1

Responsible credit		
3-3	Management of material topics.	Sustainability Report, Sections 8.1 and 2.3 https://www.sor.no/globalassets/organisasjon/barekraft/responsible-lending-policy-sparebanken-sor.pdf
FS8	The monetary value of products and services developed to make an environmental difference.	The monetary value of products and services is related to green home mortgages and green commercial real estate loans.
Responsible investments and financing		
3-3	Management of material topics.	Sustainability Report, Sections 9.1 and 2.3 https://www.sor.no/globalassets/organisasjon/barekraft/policy-responsible-investment-securities-trading-sparebanken-sor.pdf
KPI G1	Green bonds in the liquidity portfolio.	Sustainability Report, Section 9.1; Scorecard section 2.4 and Scorecard Definition
KPI G2	Financing in line with the Green & Sustainability Bond Framework.	Sustainability Report, Section 9.1; Scorecard section 2.4 and Scorecard Definition
Responsible procurement (environmental impact)		
3-3	Management of material topics.	Sustainability Report, Sections 10.1 and 2.3 https://www.sor.no/globalassets/organisasjon/barekraft/policy-ansvarlige-innkjop-sparebanken-sor.pdf
308-1	New suppliers that have been assessed against environmental criteria.	There are nine new suppliers with annual deliveries greater than NOK 1 million, which have been assessed against environmental criteria. These constitute 15.3 per cent of suppliers with deliveries in 2022 that are greater than NOK 1 million.
308-2	Negative environmental impacts in the supply chain.	There are two suppliers that are considered to have a high risk of negative impact on climate and nature. No other suppliers or subcontractors have been identified that have a significant negative environmental impact. These two suppliers constitute 3.4 per cent of suppliers with deliveries in 2022 that are greater than NOK 1 million. No suppliers have been excluded due to negative impacts on climate and nature.
414-1	New suppliers that have been assessed against social criteria.	There are nine new suppliers with annual deliveries greater than NOK 1 million, which have been assessed against social criteria. These constitute 15.3 per cent of suppliers with deliveries in 2022 that are greater than NOK 1 million.
414-2	Negative social impacts in the supply chain.	There are three suppliers who state that they have violated labour and human rights. These violations apply to subcontractors. Measures have been implemented by the suppliers, and they have stated that the violations have been rectified. They also state that the seriousness of the violations was of a minor nature. The contracts with the subcontractors have not been terminated, as the violations have been resolved. These three suppliers constitute 5.3 per cent of suppliers with deliveries in 2022 that are greater than NOK 1 million.
KPI HI	Suppliers > NOK 1 million in annual deliveries that are risk assessed in terms of ESG	78,30 %
Climate and nature		
3-3	Management of material topics.	Sustainability Report, Sections 11.1 and 2.3 https://www.sor.no/globalassets/organisasjon/barekraft/policy-klima-miljo-sparebanken-sor.pdf
302-1	Direct energy consumption within the organisation.	Total energy consumption is specified in the climate accounts. Sparebanken Sør consumes energy for its own operations (no sales). 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.
305-1	Direct (Scope 1) GHG emissions	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.
305-2	Energy indirect (Scope 2) GHG emissions.	
305-3	Other indirect (Scope 3) GHG emissions.	
KPI I2	Reductions in greenhouse-gas emissions, own activities (Baseline 2017).	Sustainability Report, Section 11.1
KPI I5	Reductions in greenhouse-gas emissions, Lending.	We are working to establish a baseline.
KPI I8	Reductions in greenhouse-gas emissions, Investments.	We are working to establish a baseline.

13 APPENDIX 2: Scorecard

KPI (for definitions, see last page in Scorecard, Appendix 2)	GRI	UNIT	2020	2021	2022	Objective		Ambition
						Goal	Date	
1. SOCIAL CONDITIONS								
1.1 EQUALITY AND DIVERSITY								
Equality report								
Total number of employees		Number	457	476	502			
Number of female employees		Number	226	230	241			
Number of male employees		Number	231	246	261			
FTEs		FTEs		464	485			
Women		%	49,5	48,3	48,0			
Men		%	50,5	51,7	52,0			
Percentage of employees under 30		%		6,1	8,0			
Percentage of employees between 30 and 50		%		42,4	41,6			
Percentage of employees over 50		%		51,5	50,4			
Full-time women	GRI 102-8	Anall	181	194	206			
Full-time men		Anall	230	245	252			
Deltidsansatte kvinner		Anall	41	35	35			
Part-time women		Anall	5	2	9			
Part-time men		Antall	46	37	44			
Part-time women		%	1,5	7,4	7,0			
Part-time men		%	1,1	0,4	1,8			
Part-time total		Antall	46	37	39			
Temp positions women		Number	8	3	5			
Temp positions men		Number	11	3	6			
Temp positions total		Number	19	6	11			
Percentage of women by position and category								
Percentage of female managers in total		%	38,5	38,9	37,3	40-60	2025	
Female managers Level 1 (CEO)		%			0			
Female managers Level 2 (Group management)		%	25,0	37,5	33,3			
Female managers Level 3 (Division management teams)		%	30,0	21,9	33,3			
Female managers Level 4/5 (Bank and Assistant bank managers)		%	46,8	53,5	42,1			
Percentage of women on the Board	GRI 405-1	%	50,0	50,0	50,0	40-60		
Percentage of female Authorised financial advisers		%		55,0	55,6			
Percentage of female Financial advisers		%		42,1	33,3			
Percentage of female Business advisers		%		31,4	34,4			
Percentage of female Customer service representatives		%		80,0	70,3			
Percentage of employees in different positions by age								
Management Level 2 under 30		%		0	0			
Board under 30 years		%			0			
Board between 30 and 50 years		%			25,0			
Board over 50 years		%			75,0			
Management Level 2 between 30 and 50		%		50,0	33,3			
Management Level 2 over 50		%		50,0	66,7			
Management Level 3 under 30		%		0	0			
Management Level 3 between 30 and 50		%		44,0	45,7			
Management Level 3 over 50		%		56,0	54,3			
Management Level 4/5 under 30		%		0	0			
Management Level 4/5 between 30 and 50		%		43	54			
Management Level 4/5 over 50		%		60	46			
Authorised financial advisers under 30	GRI 102-8	Number		2	4			
Authorised financial advisers between 30 and 50	GRI 405-1	Number		44	46			
Authorised financial advisers over 50		Number		54	50			
Financial advisers under 30		Number		32	47			
Financial advisers between 30 and 50		Number		63	53			
Financial advisers over 50		Number		5	0			
Business advisers under 30		Number		0	0			
Business advisers between 30 and 50		Number		60	56			
Business advisers over 50		Number		40	41			
Customer service representatives under 30		Number		13	27			
Customer service representatives between 30 and 50		Number		13	14			
Customer service representatives over 50		Number		73	59			

KPI	GRI	UNIT	2020	2021	2022	Objective		Ambition
						Goal	Date	
Women's pay compared to men's								
Women		NOK	600.867	638.079	663.673			
Men		NOK	716.414	742.463	763.425			
Women's average pay compared to men		%	83,9	85,9	86,9	90-110	2025	
Women's pay compared to men's, median		%		89,2	87,1			
Women's median pay		NOK	574.168	616.800	629.800			
Men's median pay		NOK	662.689	691.648	722.766			
Median pay women and men (New requirement GRI 21)					675.436			
Median pay women and men, excl. CEO (New requirement GRI 21)					675.436			
Average number of female managers compared to male	GRI 405-2	%	93,3	91,2	90,3	90-110	2025	
Management level 1 (CEO)		%						
Management level 2		%	85,4	87,7	89,8			
Management level 3		%	89,1	104,4	91,3			
Management level 4		%	101,0	92,0	101,0			
Business adviser		%	91,7	95,5	92,0			
Authorised financial adviser		%	95,8	99,4	94,3			
Customer service representative		%	95,8	101,9	110,0			
1.2 WORKING ENVIRONMENT AND EMPLOYEE DEVELOPMENT								
Employees								
Average age		years	49,5	49,1	48,4			
Average age recruited		years	35,8	36,4	35,5			
Average age leaving		years		54,2	49,3			
Number of women leaving		Number	13	17	9			
Number of men leaving		Number	10	12	14			
Recruited women in total		Number	21	20	23			
Percentage of recruited women in total		%		42,6	39			
Percentage of recruited women under 30		%		5	34,8			
Percentage of recruited women between 30 and 50		%		95	60,9			
Percentage of recruited women over 50		%		0	4,3			
Recruited men in total		Number	16	27	36			
Percentage of recruited men in total		%		57,4	61			
Percentage of recruited men under 30	GRI 401-1	%		40,7	33,3			
Percentage of recruited men between 30 and 50		%		44,5	55,6			
Percentage of recruited men over 50		%		14,8	11,1			
Recruits with higher education		%	91,9	93,7	86,4			
Turnover women		%	2,9	3,2	1,8			
Percentage turnover women under 30		%		17,6	22,2			
Percentage turnover women between 30 and 50		%		29,4	22,2			
Percentage turnover women over 50		%		53,0	55,6			
Turnover men		%	2,2	1,7	2,9			
Percentage turnover men under 30		%		10	7,1			
Percentage turnover men between 30 and 50		%		10	42,9			
Percentage turnover men over 50		%		80	50			
Training								
Average training per woman		hours/year	40,0	65	144			
Average training per man		hours/year	40,0	65	144			
Average training per employee (categorised from 2022)		hours/year	40,0	65	144			
Employees who have had training in Ethics		Number		476	502			
Employees who have had training in Ethics		%	100,0	100	100			
Employees who have had training in Sustainability		Number		476	402			
Employees who have had training in Sustainability		%	100,0	100	80			
Employees who have had training in Data Protection, GDPR		Number		476	502			
Employees who have had training in Data Protection, GDPR	GRI 404-1	%	100,0	100	100			
Employees who have had training in Information Security		Number		476	502			
Employees who have had training in Information Security		%	100,0	100	100			
Employees who have had AML training		Number		386	502			
Employees who have had AML training		%		100	100			
Managers who have had AML training		Number		90	93			
Managers who have had AML training		%		100	100			
Managers who received training in HSE		Number	15	13	13			

KPI	GRI	UNIT	2020	2021	2022	Objective Goal	Date	Ambition
Working environment								
Discrimination		Cases	0	0	0			0
Employee satisfaction		Score	84	N/A	85	≥ 80		
Percentage had performance appraisal		%	100	100	100			100
Sick leave absence, total, %		%	2,70	3,72	4,59			≤ 4.00
Sick leave absence, short, %		%	0,53	0,49	0,92			
Sick leave absence, medium, %		%	0,68	0,69	0,75			
Sick leave absence, long, %		%	1,49	2,53	2,92			
Sick leave for child's illness, women		Days		223	215			
Sick leave for child's illness, men		Days		119	155			
Parental leave – average number of weeks, women	GRI 401-3	Weeks		19	16			
Parental leave – average number of weeks, men	GRI 404-3	Weeks		8	8			
Number of men entitled to parental leave	GRI 406-1	Number		12	11			
Number of men who took parental leave		Number		12	11			
Men who returned to work after leave, after 12 months		Number		12	11			
Men who took continuous parental leave		Number		17	8			
Number of women entitled to parental leave		Number		11	14			
Women who took parental leave		Number		11	14			
Women who returned to work after leave, after 12 months		Number		11	14			
1.3 DATA PROTECTION AND INFORMATION SECURITY								
Cases reported to the Norwegian Data Protection Authority regarding breaches of data protection		Number	12	9	7			
Orders, fines related to privacy by the Norwegian Data Protection Agency		Number	0	0	0			0
Data protection complaints from external parties	GIR 418-1	Number		0	0			
Data protection complaints from supervisory authorities		Number		0	0			
Identity leaks, theft and loss of customer data		Number		0	0			
Uptime customer solutions, SLA		%	99,6	99,77	99,64	≥ 99.70		
Serious digital fraud cases against the bank (hacking etc.)		Number	0	0	0			0
1.4 FINANCIAL CRIME								
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	18.900	18.933	20.878			
Suspicious of money laundering reported to Økokrim		Number	62	102	161			
1.5 RESPONSIBLE PRODUCTS AND SERVICES								
Lost cases, breach of product and service information		Number	0	0	0			0
Lost cases, breach of marketing communications		Number	0	0	0			0
Mobile/online banking, retail market, active unique users > NOK 1,000	GRI 417-2 GRI 417-3	%	73,4	74,8	77,0			
Online banking, corporate market		%	N/A	76,6	95,7			
2. CORPORATE GOVERNANCE								
2.1 SOCIETY								
Donations to local community		NOK mill.	36,1	39,2	100,8			
Sponsorship agreements		NOK mill.	11,8	12,5	10,9			
Tax expenses Group		NOK mill.	307	323	332			
Wealth tax		NOK mill.	24	16	13			
Employer's national insurance contributions		NOK mill.	60	67	75			
Financial tax	GRI 201-1 GRI 203-2	NOK mill.	16	19	21			
Total taxes and fees		NOK mill.	407	425	441			
Net salaries/pensions and other benefits		NOK mill.	552	606	659			
Cash dividend to shareholders		NOK mill.	219	125	250			
Customer dividends		NOK mill.			226			
Growth capital, retained earnings		NOK mill.	766	952	685			

KPI	GRI	UNIT	2020	2021	2022	Objective Goal	Date	Ambition
2.2 RESPONSIBLE BUSINESS								
Customer satisfaction indicator, retail market		%	74,3	71,5	74,6			
Customer satisfaction indicator, corporate market		%	71,3	66,6	67,9			
Customer satisfaction indicator, retail market		Place no.	5	11	6	Top 3		
Customer satisfaction indicator, corporate market		Place no.	3	7	7	Top 3		
Complaint cases reported to Norwegian Financial Services Complaints Board		Number	12	9	15			
Complaint cases lost at the Norwegian Financial Services Complaints Board		Number	0	0	2			0
Whistleblowing cases, internal		Number	0	2	0			0
Whistleblowing cases, external		Number	0	2	2			0
ESG Rating, according to Sustainability rating scale, Low risk is ≤ 20		Points		11,7	9,7	≤ 20		
2.3 RESPONSIBLE CREDIT								
Green home mortgages		NOK mill.	N/A	14.000	11.044			
Green home mortgages, annual growth (* Growth based on the framework from 2019)		%	N/A	N/A	24.5*	≥ 10	Annual	
Green home mortgages, percentage		%	16,5	18,5	14,0	50	2030	
Green loans for commercial real estate		NOK mill.	N/A	8.000	N/A			
Green loans for commercial real estate, annual growth		%	N/A	N/A	N/A	≥ 10	Annual	
Green loans for commercial real estate, percentage		%	N/A	30	N/A	50	2030	
2.4 RESPONSIBLE INVESTMENT AND FINANCING								
Financing in line with the Green & Sustainability Bond Framework		NOK mill.	5.102	5.102	12.231			
Sustainable bonds, liquidity portfolio		NOK mill.	680	1.495	3.178	2.000	2022	
Percentage of policy breaches, own investments		NOK mill.	0	0	0			
Percentage of policy breaches, liquidity portfolio		NOK mill.	0	0	0			
Percentage of policy breaches, fund managers		NOK mill.	0	0	0			
2.5 RESPONSIBLE PROCUREMENT								
Total procurements		NOK mill.	440	447	515			
Total procurement suppliers > NOK 1 mill.		NOK mill.	365	357	428			
Total procurement suppliers > NOK 1 mill.		%	80,6	79,8	83,2			
Suppliers > 1 NOK mill.								
Suppliers that are risk assessed as % of all suppliers		% volume			78,3			
Have good management systems for labour and human rights		% number			69,7			
Low risk of violations of labour and human rights		% volume			39,5			
Moderate risk of violations of labour and human rights		% volume			59,4			
High risk of violations of labour and human rights		% volume			1,1			
Violations of labour and human rights		Number			2	0		
Have good management systems for corporate governance		% number			62,7			
Low risk related to corporate governance		% volume			94,3			
Have good management systems for climate and nature		% number			75,7			
Low risk related to climate and nature		% volume			37,9			
3. CLIMATE AND ENVIRONMENT								
Greenhouse-gas emissions, own activities (Baseline 2017)		tonnes CO2	273,0	254,4	232,2			
Reductions in greenhouse-gas emissions, own activities (Baseline 2		%	46,8	50,4	54,7	55,0	2030	
Energy intensity, own activities		kWh/m ²	214	233	203,0	0 (NZE)	2050	
Reduction in greenhouse-gas emissions from lending in 2030, Baseline 2021		%		N/A	N/A	40	2030	
Reduction in greenhouse-gas emissions from lending in 2050, Baseline 2021		%		N/A	N/A	0 (NZE)	2050	
Reduction in greenhouse-gas emissions from investments in 2030, Baseline 2021	GRI 305-1	%		N/A	N/A	40	2030	
Reduction in greenhouse-gas emissions from investments in 2050, Baseline 2021	GRI 305-2 GRI 305-3	%		N/A	N/A	0 (NZE)	2050	
Electric power from renewable energy sources		%		94,0	96,1			
Greenhouse-gas emissions Scope 1		tonnes CO2	19,0	13,6	11,3			
Greenhouse-gas emissions Scope 2		tonnes CO2	181,3	174,8	131,8			
Greenhouse-gas emissions Scope 3		tonnes CO2	72,7	66,0	89,1			
Company cars that are electric		%	62	81	83	100	2023	

KPI DEFINITIONS	UNIT	Comments
SOCIAL CONDITIONS		
Percentage of female managers by position		
Percentage of female managers in total		Number of female managers at Management Levels 1 to 4 (CEO, Group Management, Management Teams Divisions, Bank Manager and Asst Bank Manager) in relation to the total number of managers at Levels 1 to 4
Women's pay compared to men's		
Women's pay compared to men's	NOK	Average fixed salary for female permanent employees compared to average fixed salary for male permanent employees
Working environment		
Employee satisfaction	Score	Score based on employee satisfaction in Kantar's survey, where 100 points is the top score
DATA PROTECTION AND INFORMATION SECURITY		
Uptime customer solutions, SLA	%	Availability of the customer-oriented online banking services "Nettbank" (Online bank), "Mobilbank" (Mobile bank) and "Nettbedrift" (Online business), measured as the number of minutes of uptime in relation to the number of minutes per day, in accordance with defined opening hours in SLAs (Service Level Agreements)
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
CORPORATE GOVERNANCE		
SOCIETY		
Donations and sponsorships to the local community	NOK mill.	Donations and sponsorships to the local community paid out in 2021
RESPONSIBLE BUSINESS ACTIVITIES		
Customer satisfaction, retail market	%	Rank on EPSI Rating's annual survey of customer satisfaction in the banking industry. 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, corporate market	%	Rank on EPSI Rating's annual survey of customer satisfaction in the banking industry. 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
RESPONSIBLE CREDIT		
Green home mortgages, percentage	%	Percentage of green home mortgages (balance) according to the allocation report and the bank's Green & Sustainability Bond Framework in % of total home mortgages
Green loans for commercial real estate, percentage	%	Percentage of green loans for commercial real estate (balance) according to the bank's Green & Sustainability Bond Framework in % of total loans for commercial real estate

RESPONSIBLE INVESTMENT AND FINANCING		
Sustainable bonds (issued)	NOK mill.	Value of sustainable bonds issued in accordance with allocation report and the bank's framework for bonds, see Green & Sustainability Bond Framework
Sustainable bonds, liquidity portfolio	NOK mill.	Market value of bonds in the liquidity portfolio that satisfy requirements for green bonds as defined in the bank's financial document. This means that the bond must be 1) Defined as a green bond 2) Marketed as a green bond 3) Covered bond LCR 1&2 or 0 weights in LCR 1a, and 4) Second-party opinion. The liquidity portfolio is the liquidity that banks are required by the authorities to hold for liquidity reasons
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, fund managers	NOK mill.	As for investments
RESPONSIBLE PROCUREMENT		
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
Proportion of suppliers who have been risk-assessed in terms of ESG	% volume	Share of suppliers who have been risk-assessed in terms of ESG according to the bank's system for risk assessment, measured in purchase volume in 2022 from suppliers who have been risk-assessed, in % of the bank's total purchases in 2022
Suppliers > 1 MNOK who have reported violations of labor and human rights	Number	Number of suppliers with deliveries > 1 million, who have responded to the survey, and who themselves report that they or their subcontractors are/have been in breach of labor and human rights in accordance with the bank's Responsible Procurement Policy
CLIMATE AND NATURE		
Greenhouse-gas emissions, own activities (Baseline 2017)	tonnes CO2	Total greenhouse-gas emissions in CO2 equivalents Scope 1–3 from own activities (i.e. not including Scope 3 from Lending and Investments), in line with the climate accounts prepared in accordance with the GHG protocol
Reduction in greenhouse-gas emissions, own activities	%	Reduction in greenhouse-gas emissions Scope 1–3 from own activities (i.e. not including Scope 3 from Lending and Investments), in accordance with the GHG protocol in relation to the 2017 baseline
Reduction in greenhouse-gas emissions, Lending	%	Ambition to reduce greenhouse-gas emissions Scope 1–2 included in the bank's climate accounts from Lending (i.e. not including Scope 3), based on methods and data used by the bank, measured in relation to the established baseline. The goal is to establish a baseline in 2022,
Reduction in greenhouse-gas emissions, Investments	%	Ambition to reduce greenhouse-gas emissions Scope 1–2 included in the bank's climate accounts from Investments (i.e. not including Scope 3), based on methods and data used by the bank, measured in relation to the established baseline. The goal is to establish a baseline in 2021, based on data as at 31 December 2021
Energy intensity	kWh/m²	This indicator is an expression of energy intensity, i.e. 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

14 APPENDIX 3: ARP action plan

Area	Description of measures	Purpose of measures	Goal of measures	Status	Responsible for implementation	Long-term results
Embedding	Equality and diversity – recertification as a topic at management and employee gatherings. Regular information on intranet/Workplace throughout the year.	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	New topics for equality and diversity are included in the 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 performance appraisals.	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 workplace	Consider using Quiz from LDO at department meetings in the Bank, or purchase/develop NanoLearning on the subject.	In the 2022 employee survey, none of the employees stated that they had been subject to bullying or harassment.	Prevent bullying, harassment and exclusion. Develop 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 workplace	A risk assessment of harassment, sexual harassment and exclusion at work will be conducted.	In the 2022 employee survey, none of the employees stated that they had been subject to bullying or harassment. Does 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.

Area	Description of measures	Purpose of measures	Goal of measures	Status	Responsible for implementation	Long-term results
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.
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 who need it in collaboration with the Norwegian Labour and Welfare Administration	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 phase	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 phase	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 men and women.

Area	Description of measures	Purpose of measures	Goal of measures	Status	Responsible for implementation	Long-term results
Life phase	Encourage men who wish to take a longer leave of absence than the statutory paternity leave to 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	It is currently difficult to assess positions from an equal-pay perspective. Different job 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

15 APPENDIX 4: Auditor's statement



Til styret i Sparebanken Sør

Uavhengig uttalelse vedrørende Sparebanken Sørs rapportering av bærekraft

Vi har kontrollert om Sparebanken Sør har utarbeidet GRI-indeks for 2022, samt kontrollert målinger og beregninger av indikatorer for bærekraft (rapportering av bærekraft) for perioden 1. januar - 31. desember 2022. Vårt attestasjonsoppdrag er utført for å gi moderat grad av sikkerhet.

Sparebanken Sør sin GRI Indeks for 2022 er en oversikt over hvilke bærekraftstemaer Sparebanken Sør anser som vesentlige for deres virksomhet og hvilke indikatorer 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 2022 er tilgjengelig og inngår i Sparebanken Sør sin bærekraftsrapport for 2022. Vi har kontrollert om Sparebanken Sør har utarbeidet en GRI Indeks for 2022 og om informasjonen er presentert i overensstemmelse med Standarder publisert av The Global Reporting Initiative (www.globalreporting.org/standards) (kriterier)

Indikatorer for bærekraft er rapportert i Bærekraftsrapport 2022, kapittel 1.2.4 «Scorekort og KPI». Scorekortet inneholder indikatorer for bærekraft som Sparebanken Sør måler og følger opp. Sparebanken Sør har definert indikatorene for bærekraft og forklart hvordan de måles i vedlegg 2 «Scorekort» (kriterier).

Ledelsens ansvar

Ledelsen er ansvarlig for Sparebanken Sørs rapportering av bærekraft og for at den er utarbeidet i overensstemmelse med kriterier som beskrevet over. Ansvaret 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 slik det kreves i lov, forskrift og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av the International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Vi anvender ISQM 1 [NORSK] – Kvalitetsstyring for revisjonsforetak som utfører revisjon og forenklet revisorkontroll av regnskaper, eller 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 avgi en uttalelse som gir moderat grad av sikkerhet om Sparebanken Sørs rapportering av bærekraft basert på handlinger vi har utført og bevis vi har innhentet. Vi har utført vårt oppdrag i samsvar med standard for attestasjonsoppdrag "ISAE 3000 Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon". Et attestasjonsoppdrag med moderat grad av sikkerhet i samsvar med ISAE 3000, innebærer å vurdere

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egnetheten av ledelsens bruk av de gjeldende kriteriene som grunnlag for rapporteringen om bærekraft, vurdere risiko for at rapporteringen om bærekraft inneholder vesentlig feilinformasjon, enten det skyldes misligheter eller feil, adressere de vurderte risikoer på en hensiktsmessig måte etter omstendighetene, og å vurdere den samlede presentasjonen av rapporteringen av bærekraft. Et attestasjonsoppdrag som skal gi moderat grad av sikkerhet, har et betydelig mindre omfang enn et attestasjonsoppdrag som skal gi betryggende grad av sikkerhet, både med hensyn til risikovurderingshandlingene, herunder forståelsen av den interne kontrollen, og handlingene som utføres for å håndtere de anslåtte risikoene.

Kontrollhandlingene vi har utført er basert på vårt profesjonelle skjønn og omfattet blant annet en vurdering av egnetheten av kriteriene som er benyttet, samt en vurdering av presentasjonen av rapporteringen om bærekraft. Våre kontroller omfattet også møter med representanter fra Sparebanken Sør som er ansvarlige for de vesentlige områdene som dekkes av rapporteringen om bærekraft, gjennomgang av internkontroll og rutiner for rapportering av indikatorer for bærekraft, innhenting og gjennomgang av relevant informasjon som understøtter utarbeidelsen av indikatorer for bærekraft, vurdering av fullstendighet og nøyaktighet av indikatorer for bærekraft som rapporteres i scorekort som presenteres i bærekraftsrapportens kapittel 1.2.4 og kontrollberegninger av indikatorer for bærekraft basert på en vurdering av risiko for feil.

Handlingene som utføres ved et attestasjonsoppdrag med moderat grad av sikkerhet varierer i art og tidspunkt fra, og er av et mindre omfang enn handlingene som utføres ved et attestasjonsoppdrag med betryggende grad av sikkerhet. Følgelig er graden av sikkerhet som oppnås fra et attestasjonsoppdrag med moderat grad av sikkerhet betydelig lavere enn sikkerheten som kunne blitt oppnådd dersom vi hadde utført et attestasjonsoppdrag med betryggende grad av sikkerhet. Vi avgir følgelig ikke en uttalelse som gir uttrykk for om rapporteringen om bærekraft, i all vesentlighet, er utarbeidet i samsvar med gjeldende kriterier.

Innhentet bevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Konklusjon

Basert på vår kontroll og innhentede bevis er vi ikke blitt oppmerksomme på forhold som gir oss grunn til å tro at

Sparebanken Sørs GRI-indeks for 2022 ikke, i det alt vesentlige, er utarbeidet i overensstemmelse med kravene i standarder utgitt av The Global Reporting Initiative; og

Sparebanken Sørs indikatorer for bærekraft i Bærekraftsrapport 2022, kapittel 1.2.4 «Scorekort og KPI» ikke, i det alt vesentlige, er utarbeidet, målt og rapportert i overensstemmelse med definisjonene som er presentert i vedlegg 2 «Scorekort».

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PricewaterhouseCoopers AS

Hanne Sælemyr Johansen
Statsautorisert revisor

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