



SUSTAINABILITY REPORT 2019



SPAREBANKEN SØR

Sustainability report 2019

INTRODUCTION

A RESPONSIBLE CORPORATE CITIZEN

Sparebanken Sør has a long tradition of being a responsible corporate citizen and has participated in the development of local communities in the Bank's market areas for generations. Work on sustainability has been a natural further development of the role that the Bank has played for almost 200 years.

Sustainability and corporate social responsibility, or ESG (Environmental, Social, Governance), is about the environment, social conditions and corporate governance.

Sustainability has been a foundation of Sparebanken Sør's business development since the beginning and is a priority area of the Bank's strategy. Even though the Bank, as the region's largest and leading financial group, focuses primarily on the local community, it is also committed to ensuring that whatever the Bank does is also sustainable in a global context.

Sustainability is an integral part of Sparebanken Sør's business activities. The Bank's sustainable development work is reflected in the concept of contributing to growth and development in the region. Work on sustainability helps to strengthen the Bank's competitiveness, reduce risk, and attract good customers and investors, not to mention capable employees as well.

For Sparebanken Sør, sustainable development entails contributing to a positive development of the environment and climate, social conditions and corporate governance, as well as safeguarding corporate social responsibility in the areas where the Bank operates. Sparebanken Sør wants to contribute to the development of a low-emission society, and to achieve the UN's Sustainable Development Goals by 2030 in the areas where the Bank can have a positive impact.

As an employer, investor, lender and supplier of financial products and services, the Bank aims to create value for the benefit of society and lay the foundation for sustainable growth.

Sparebanken Sør is interested in the same strict requirements regarding climate and the environment, social conditions and corporate governance that apply to the Bank shall also apply to subsidiaries and companies in which the Bank has ownership stakes.

CONTRIBUTIONS TO THE LOCAL COMMUNITY

As a savings bank owned by a combination of private and community ownership, the Bank has two very clear objectives. Through sound banking operations, the Bank aims to deliver competitive returns to equity certificate holders and contribute at the same time to society by creating growth and development in the region.

In 2019, the Bank contributed over NOK 45 million in the form of donations to various organisations, associations and clubs. The Bank's areas of focus for donations include:

- Culture
- Skills/training
- Sports and physical activity
- Clubs/associations/organisations

To contribute to the creation of skills-based jobs, Sparebanken Sør has provided capital investment:

- Ownership in regional development funds, such as Aust-Agder Næringssselskap and Teknova.
- Through its ownership of the former Coventure, the Bank is also a shareholder of the national research company Norce, which has close links to the University of Agder.
- Together with other regional actors, Sparebanken Sør contributed capital to establish the national seed capital fund Skagerak Maturo in Kristiansand. The purpose of this seed capital fund is to create greater diversity in businesses and workplaces in several industries.

FRAMEWORK

Organisation

The organisational structure for work on sustainability at Sparebanken Sør is illustrated in the figure below.



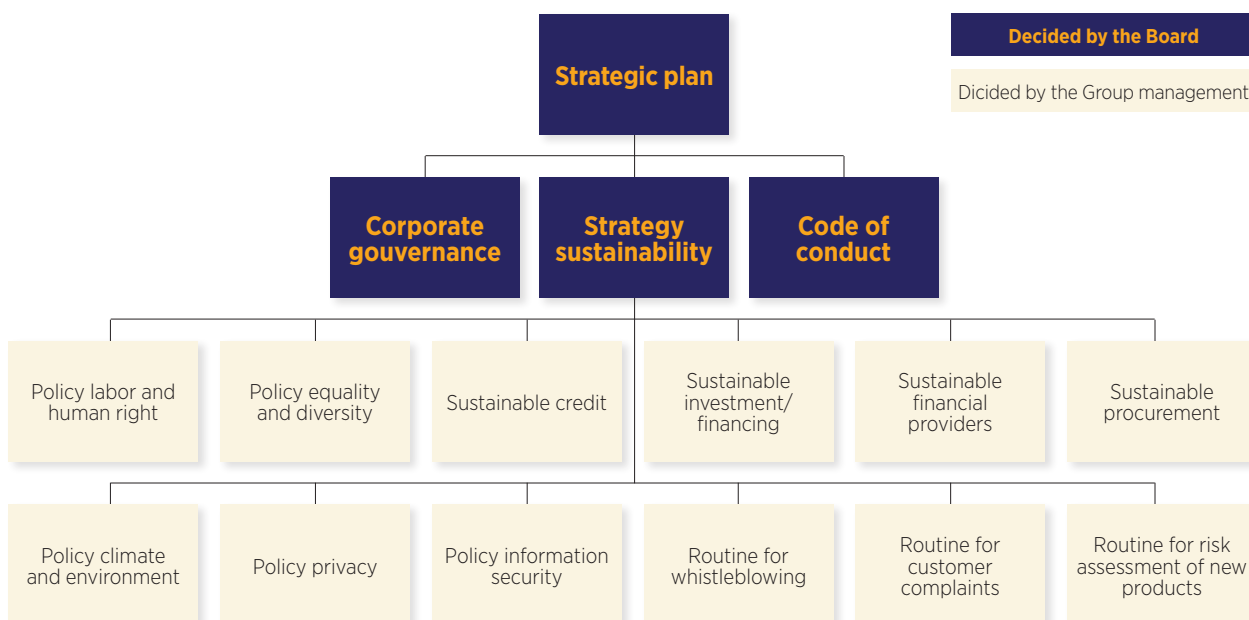
Sustainability work is firmly embedded in the Bank's Board of Directors and management.

- The Board of Directors is responsible for the strategy.
- The CEO is responsible for the implementation of this strategy.
- Division directors in the group management have overall responsibility for the respective topics/areas.
- The Division's Corporate Staff has the professional responsibility, as well as responsibility for the organisation, coordination, communication and follow-up of work at the general level.
- A working group has been established with representation from those who are responsible for each topic. Together with the Corporate Staff, this group will work on proposals for KPIs, action plans and measures on how the Bank will operationalise and develop its work on sustainability.
- Divisions in the line and staff hierarchy are responsible for the operationalisation of measures and action plans.
- The Green Bond Committee shall ensure that the commitments under the framework for green and sustainable bonds are met.
- A "Sustainability Committee" will be established, which will be a forum that will assist the Corporate Staff with brainstorming, acting as a sparring partner and further development of sustainability at Sparebanken Sør.

In order to strengthen this work, resources dedicated to further work on the development of the sustainability initiative at Sparebanken Sør were allocated to the Corporate Staff in 2019.

Governing documents

Good guidelines are an important prerequisite for work on sustainability. Governing documents have been prepared at the general strategic level, and at the more operative level within the various topical areas. The figure below illustrates the structure of the governing documents in the area of sustainability.



All the general governing documents are in place. With regard to documents at the operative level, several documents are also in place. All the governing documents will be established/revised by the end of 2020 according to plan. In addition, the Bank has a number of governing documents within various fields.

Governing documents are regularly reviewed and maintained, normally once a year, and decisions are made by the relevant body.

Framework conditions

Norwegian legislation, including

- Section 3-3 c of the Accounting Act
- Working Environment Act, etc.

UN GLOBAL COMPACT

Sparebanken Sør has endorsed the UN Global Compact. The UN Global Compact is a global network for companies that want to work on sustainability and contribute to responsible and sustainable business practices. The Global Compact is the world's largest corporate social responsibility initiative in the area of sustainability, ESG.

UN Environmental Programme (UNEP) (Principles for Responsible Banking)

The UN Environmental Programme aims to enable the banking industry to take a leadership role in achieving the sustainable development goals and fulfilling the Paris Agreement. The UN Principles for Responsible Banking is a guide for the global banking industry. These principles create commitments to accountability and ambitions to take action for sustainable development. Sparebanken Sør has endorsed the UNEP Principles for Responsible Banking.

Finance Norway's «Roadmap for Green Competitiveness» in the financial services industry

Finance Norway has prepared a roadmap for green competitiveness in the financial services industry with a vision that the financial services industry will be profitable and sustainable in 2030. The roadmap includes 6 principles for the financial services industry, as well as two principles for banking. Sparebanken Sør will integrate these principles into its strategic and operative plans.

Sustainable development goals

The UN sustainable development goals were adopted in 2015 and represent a global plan to eradicate poverty, combat inequality and stop climate change. The plan consists of 17 goals, which are referred to as the world's common roadmap for sustainable development. Sparebanken Sør supports all 17 sustainable development goals and has identified certain goals that the Bank will focus on in particular, which are illustrated in the figure below.



GRI Standards (Global Reporting Initiative)

In 2019, Sparebanken Sør has reported in accordance with the GRI Standard (Global Reporting Initiative). The GRI Standard is a recognised global system and framework for sustainability reporting (ESG). The Oslo Børs guidelines for the reporting of sustainability recommend the GRI Standard.

In GRI reporting, materiality is a key principle. A company must work on reporting the factors that are the most significant to the company's impact on the environment, social conditions and corporate governance.

Sparebanken Sør has conducted a stakeholder survey and materiality analysis.

Based on this work, the Bank has chosen the most important topics. Under the various topics, a brief account is given of why these topics have been selected and what limitations have been made. GRI and its principles have been taken into account in the reporting, and relevant KPIs have been selected for the various topics. Targets and objectives have been defined for some of the indicators (see the item concerning the Fact Book below). This is an area that will be further developed.

Sparebanken Sør reported in accordance with the GRI Standards for the first time in the 2019 financial year. Therefore, there will be areas that will be further developed. Consequently, no evaluations of the management system have been made, nor have any adjustments been made as a result of this either. These activities will be carried out in connection with the next report. The selected ESG topics will be integrated into the Bank's internal control and reporting in the incident database. Annual revisions of governing documents, measurement systems, GRI indices and internal Sparebanken Sør indices will be carried out. The Bank will also benchmark systems and targets against other relevant banks, comply with changes in regulatory matters or other framework conditions, and integrate any feedback from the Bank's stakeholders into the evaluation.

The GRI Index is included as part of the overall sustainability reporting and can be found on the Bank's website, www.sor.no

Fact Book

The Sustainability Fact Book is a supplemental part to the Sustainability Strategy and to the Sustainability Report. The Fact Book provides a more qualitative overview of certain matters related to the topics chosen by the Bank. The Fact Book is part of the overall sustainability reporting and can be found on the Bank's website, www.sor.no

STAKEHOLDERS AND THE MATERIALITY MATRIX

STAKEHOLDER ENGAGEMENT

Process

In 2019, Sparebanken Sør completed a process to identify relevant stakeholder groups and survey material topics for further reporting. The purpose of the materiality analysis and stakeholder engagement was to identify the most important areas that are relevant to the Bank's work on sustainability (ESG), which form the basis for reporting in accordance with the GRI Standard.

The process started with a survey of the Bank's key stakeholders and how the Bank communicates with them on material topics. This survey was conducted by internal resources at the Bank, which have ongoing contact with the stakeholder groups. The materiality of relevant topics per stakeholder group was assessed in a workshop with joint discussions. This has created the basis for the overview of the stakeholder engagement and the materiality matrix. Through the process of surveying stakeholders, Sparebanken Sør has complied with the 10 reporting principles of the GRI Standards. In future, the Bank will quality assure and further develop this work through ongoing stakeholder engagement.

Stakeholder map



Stakeholder groups (102-42)

The primary stakeholders are listed in the table below. Even though some stakeholders are more important than others, all the stakeholders are important and meaningful in relation to the Bank's work on sustainability.

| STAKEHOLDER GROUPS (102-40) | Stakeholder groups specified | Communication with stakeholders (102-43) |
|--------------------------------------|---|--|
| Management | Group Management | Physical meetings and written communication on a weekly basis or more often. |
| Suppliers | Buildings, property and management, IT systems and hardware | Physical meetings, telephone calls and written communication on a daily basis. |
| RM Customers | RM Customers | Ongoing communication through agreed advisory conversations, e-mail, text messages, questionnaire surveys, CRM system and social media (Facebook). |
| Local communities | Potential customers, politicians, universities, donation recipients and sponsorships | Various meeting places, physical meetings, telephone calls, e-mail, advertising, regional and local media, customer surveys, donations, sponsorships and events. |
| Social media | Facebook, Instagram, LinkedIn | Daily through digital interfaces/communication channels. |
| Employees | Union representatives, safety delegates | Weekly information on the intranet and meetings at different levels in the organisation. |
| Public authorities | Financial Supervisory Authority, Data Protection Authority, Norges Bank, Competition Authority, Municipalities, County Authorities, rating companies and the Guarantee Fund | Various meeting places, physical meetings quarterly/semi-annually, regular reports, ad hoc reports, inspections, etc. |
| Rating agencies | Rating companies | Various meeting places, semi-annual/annual physical meetings, reports, inspections, etc. |
| Board of Directors/Board of Trustees | Board Chair | Mainly physical meetings and reports |
| Investors | Investors, brokers/issue managers | Ongoing contact through physical meetings, telephone calls and e-mail. |
| Owners | Foundations, other equity owners | Regular meetings, quarterly communication through Oslo Børs, websites, presentations and telephone inquiries. |
| CM Customers | CM customers, organisations (clubs and associations), KNIF | Physical meetings, telephone calls, e-mail, social media, CRM (logging of communications) on an annual basis. |
| Media | Local newspapers | Physical meetings and communication through press releases, blog posts, social media, telephone calls and press conferences. |
| Subsidiaries/partly-owned companies | Sørmeglere, Frende, Norne and Brage | Physical meetings (CEO and Board Chair of Sparebanken Sør are on the boards of these companies), e-mail and telephone calls on a monthly basis. |
| Other societal actors | Norwegian Confederation of Trade Unions (LO), Finance Norway, Financial Portal, Oslo Børs, Confederation of Norwegian Enterprise (NHO) | Quarterly communication through press releases, stock exchange announcements and information through the Bank's own channels. |
| Stakeholder | UN Global Compact, UNEP PFRB, Climate partner, Eco-Lighthouse, Cicero | Various meeting places, physical meetings, telephone calls, e-mail, video conferencing, regular reports, events, projects |

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. In addition, it is very important for the Bank to listen to stakeholder opinions. The financial market and rating agencies are of key importance to the Bank's financing and investments. Special interest groups can provide good input on what measures can be taken and which are effective. Through cooperation with the stakeholder groups, the Bank will be better equipped to find good, balanced solutions for work towards a sustainable development locally, nationally and globally.

MATERIALITY MATRIX

The figure below shows the materiality matrix for Sparebanken Sør.

| | | | | |
|---|-----------------------|--|--|--|
| IMPORTANT TO THE STAKEHOLDERS | Most important | | Responsible products, green innovation and digitalisation | Financial crime Privacy protection and information security Responsible and ethical business conduct Responsible credit |
| | More important | Strengthen financial knowledge of customer | Responsible procurement Responsible investment/financing Development of employees Climate and the environment Customer satisfaction Ethical marketing Contributions to the local community | Diversity and equal opportunity Good banking |
| | Important | Activ ownweship | Attractive workplace | |
| | | Important | More important | Most important |
| IMPORTANCE OF SPAREBANKEN SØR'S LONG-TERM VALUE CREATION | | | | |

Sparebanken Sør has selected the following topics as the most important in the ESG area:

- Responsible and ethical business conduct
- Financial crime
- Development of employees
- Diversity and equal opportunity
- Privacy protection and information security
- Responsible products, green innovation and digitalisation
- Responsible credit
- Responsible investment/financing
- Responsible procurement
- Climate and the environment

SOCIAL CONDITIONS

DIVERSITY AND EQUAL OPPORTUNITY

Sparebanken Sør is a large employer and an important societal actor with high ethical standards. Therefore, diversity and equal opportunity are important topics for the Bank.

The topics are limited to the company's own organisation, as well as the opportunities the Bank has to make a positive contribution in these areas to customers, suppliers, partners, special interest groups and companies where Sparebanken Sør has ownership interests.

For Sparebanken Sør, diversity and equal opportunity mean equal rights and opportunities for all. A separate Diversity and Equal Opportunity committee has been established. The Bank makes determined efforts to promote diversity and prevent unequal treatment and discrimination. The Bank has a long-term goal of achieving a relatively even gender distribution at all levels of the organisation, and the Bank aims to increase the proportion of women in senior positions. Diversity and equal opportunity are followed up in all parts of the organisation, and the Bank's regulations safeguard this in recruitment and selection processes. When recruiting, the best female applicant will always be assessed against the best male applicant. In departments where one gender is underrepresented, special emphasis shall be attached to this in the assessment. When recruiting, the best-qualified applicant with an ethnic background other than Norwegian must be interviewed. The Bank's goal is to increase the proportion of employees from other ethnic backgrounds.

Sparebanken Sør is certified in the field of diversity and equal opportunity through Equality at Work, a certification scheme under the auspices of the Vest-Agder County Authority, Aust-Agder County Authority, the Directorate for Children, Youth and Family Affairs and the Chamber of Commerce in the Kristiansand region. In the certification scheme, the Bank is measured against criteria within the following areas of focus: Embedding equality work, recruitment, equal pay, an inclusive working environment, adaptation, a full-time culture and life-phase flexibility.

The Bank aims to give equal pay for equal work, qualifications and performance regardless of gender. The Bank's management has focused on equal pay in cooperation with the unions for several years, and the figures show a positive development.

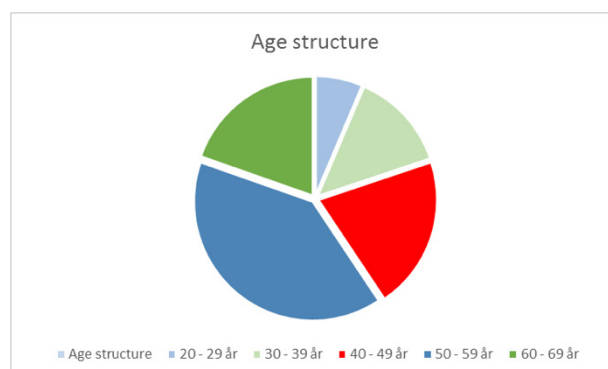
| Equality report | 2018 | 2019 |
|---------------------------------------|------|------|
| Number of full-time equivalents total | 453 | 446 |
| Proportion of women, % | 50.4 | 50.0 |
| Proportion of men, % | 49.6 | 50.0 |
| Temporary employees women, % | 10.1 | 8.5 |
| Temporary employees men, % | 0.9 | 0.9 |

| Proportion of women by job level | 2018 | 2019 |
|---|------|------|
| Management level 1, % | 0 | 0 |
| Management level 2 (Group management), % | 33.3 | 33.3 |
| Management level 3 (Management teams divisions), % | 30.0 | 26.7 |
| Management level 4 (Bank manager PM, assistant bank manager), % | 44.0 | 47.5 |
| Proportion of women on the board, % | 50.0 | 50.0 |

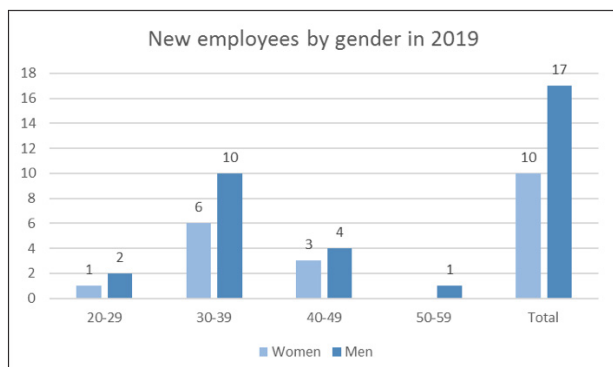
| Average salary | 2018 | 2019 |
|----------------|---------|---------|
| Women, NOK | 529 080 | 574 995 |
| Men, NOK | 658 343 | 695 945 |

| Women's pay in relation to men | 2018 | 2019 |
|--|------|------|
| Female average in relation to male, % | 80.4 | 82.6 |
| Female managers' average in relation to male managers, % | 86.1 | 50.0 |
| Management level 1, % | | |
| Management level 2, % | 82.0 | 83.2 |
| Management level 3, % | 88.0 | 91.7 |
| Management level 4, % | 100 | 100 |

On the Bank's Board of Directors, there is equal distribution, 50% of each gender. Of these, no one is under the age of 30, while 12.5% are aged 30-50. The average age in 2019 was 49.8 years, a reduction of 0.3 years from 2018. The trend is for the average age to decline somewhat, as a result of older employees retiring and being replaced by new younger employees.

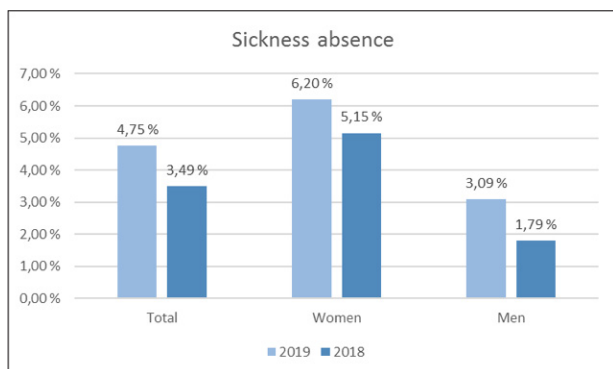


In 2019, 27 new employees were hired, while 35 new employees were hired in 2018. A total of 34 persons left in 2019, 14 of whom were women and 20 of whom were men.



Sickness absence was 4.75% in 2019, with self-reported and physician-reported absences accounting for 0.52% and 3.66%, respectively. The Bank closely monitors employees on sick leave. Sparebanken Sør is affiliated with a company health service. In addition, the Bank established cooperation with a company psychology service in 2019.

| Sickness absence | 2018 | 2019 |
|---------------------------------|------|------|
| Sickness absence total, % | 3.49 | 4.75 |
| Sickness absence short-term, % | 0.55 | 0.52 |
| Sickness absence medium-term, % | 0.75 | 0.57 |
| Sickness absence long-term, % | 2.10 | 3.66 |



| Parental leave, 2019 | Women | Men |
|--|-------|-----|
| The total number of employee who where entitled to parental leave | 10 | 5 |
| The total number of employee who took parental leave | 10 | 5 |
| The total number of employee who returned to work during the reporting period after the end of their parental leave | 10 | 5 |
| The total number of employee who returned to work following their parental leave and who continue to be employed 12 months later | 100 | 100 |

Sparebanken Sør offers various benefits, such as personnel insurance, travel insurance, fee-free accounts, company cabins and discounted equity capital certificate purchases. These benefits are only available to permanent employees. There is a subsidised loan scheme that is granted to all

permanent employees based on their fixed salary and percentage of full-time employment. All permanent employees are eligible for Sparebanken Sør's bonus scheme, while temporary employees must be employed at least 50% in order to be eligible for the scheme. Defined contribution pensions are offered as a percentage of the salaries of permanent and temporary employees who work more than 20% in the course of a year.

As at 31 December 2019, there were 13 women (11.6 full-time equivalents) and 17 men (11.2 full-time equivalents), for a total of 30 employees (22.80 full-time equivalents) in temporary positions.

Implemented measures:

- In 2019, an employee satisfaction survey was conducted, and it included follow-up processes.
- In addition, trainee places were established through the Norwegian Labour and Welfare Administration (NAV).
- The Bank has contributed to the annual "TV aksjonen" charitable fundraising campaign, which supported women in developing countries this year through Care. The Gender Equality Conference 2019 under the auspices of the University of Agder received support.
- Contributions were also given to the Jobs Creator project under the auspices of the Strømme Foundation.

Planned measures:

A brief outline of the measures the Bank will be working on is provided below:

- Employee satisfaction survey
- Trainee places through the Norwegian Labour and Welfare Administration (NAV)

DEVELOPMENT OF EMPLOYEES

Technological developments and changes in customer behaviour entail that the Bank must adapt to a new everyday reality and adapt to the future. Our ability to attract, retain and develop the skills that the Bank needs in the future is one of our most important competitive advantages. Working toward healthy and sustainable development will be a positive factor when recruiting new competent employees.

Restructuring, employee development and recruitment of new skills to build a bank for the future are therefore a high priority for Sparebanken Sør. The topic is limited to the Bank's own organisation, as well as the Bank's opportunities to have a positive impact on others that the Bank interacts with in this area.

Sparebanken Sør aims to be an attractive and inclusive workplace for employees of all age groups and all phases of life. The Bank endeavours to ensure that all employees

experience a good balance between work, home and leisure time. Continuous efforts are being made to ensure a good working environment, and considerable resources are used to stimulate employees to stay healthy through physical activity and exercise. Employees whose needs are accommodated, perform better and are more satisfied. To promote better health, greater motivation and well-being, the Bank subsidises fitness centre memberships and stimulates training activities through the Bank's company sports teams.

The Bank has established a good framework for the organisation and its employees, which includes a staff handbook, HSE handbook, and several internal committees established under collective bargaining agreements. There is good cooperation between the management and the union representatives.

Implemented measures:

- Sparebanken Sør works systematically to enhance the skills of employees and facilitates internal training and education. Video conferencing, Skype Meetings and e-learning are increasingly used for training purposes.
- Following the introduction of the authorisation schemes in the financial services industry, a great deal of resources has been used on authorisation and annual updates directly in FINAUT (Finance Industry Authorisation schemes) and through the learning portals of Spama and KAN Finans.
- In recent years, the Bank has increased its focus on contributing to general financial education in society at large. The Bank has reached children and young people through cooperation with Ungt Entreprenørskap (Junior Achievement/Young Enterprise).
- For other groups, the Bank has arranged special topic gatherings, such as "the new inheritance law", "future authorisation", and "your finances – your responsibility".
- Internally, annual employee appraisal interviews are conducted, where training and skills development are key topics. Development measures are dependent on the role of the employee, and may consist of credit-based courses, e-learning, nano-learning, adviser meetings, and professional and product days, as well as internal and external workshops.
- Attracting talent can be challenging at times, and there is a great deal of competition. As a member of Trainee Sør, the Bank is part of a corporate network that helps to strengthen our position with respect to talent. Correspondingly, the Bank is cooperating with the University of Agder, where students are given an opportunity to gain work experience with an internship in various branches of the Bank.

Planned measures:

A brief outline of the measures the Bank will be working on is provided below:

- Sparebanken Sør has entered into an agreement to finance a doctorate for an employee, and the project is entitled "How will the use of AI in customer relationships affect Sparebanken Sør's ability to act as an ethical, socially responsible relationship actor"
- A management development programme for all managers at the Bank, 360 management development process and management development in collaboration with Kilden Kulturhus
- Introduction of the authorisation scheme for Personal Insurance
- Updates to the authorisation schemes for Credit, General Insurance, Savings and Investment
- A number of training initiatives and gatherings for various subjects and topics
- Sparebanken Sør has entered into a two-year agreement with the UiA Executive to implement a development path for all of the Bank's CM advisers

PRIVACY PROTECTION AND INFORMATION SECURITY

The Bank relies on a great deal of trust from customers, public authorities and other stakeholders, and it is crucial that the Bank process information and customer data in a secure manner. Digitalisation provides new business opportunities for both the customers and the Bank, provided that the information is used in a good and legal manner. Digitalisation may be an advantage for individuals, since the services and products can be adapted to their wishes and needs. The value of information is therefore increasing in the digital world. On the other hand, digitalisation may be a threat to the privacy of individuals, since there is an ever-increasing possibility that personal data may be misused. Digitalisation provides more sustainable solutions for the customers, the Bank and society through reduced costs and greenhouse gas emissions.

These factors make privacy protection and information security a key topic for Sparebanken Sør. This topic is limited to data and information security that Sparebanken Sør has control over in its own house.

Privacy protection and information security is directly affected through our own solutions, but also indirectly through how the data and security is managed by our suppliers and partners. With regard to privacy protection and information security for data managed by our suppliers, the Bank assumes that the data is managed in accordance with the privacy protection and information security policy determined by the Bank and in accordance with the statutory requirements in force at any given time.

Privacy protection:

New privacy protection regulations were introduced in Norway in 2018 through the EU General Data Protection Regulation. Sparebanken Sør processes personal data in accordance with the Personal Data Act, including the General Data Protection Regulation (GDPR). The regulations regulate the Bank's collection, storage and use of such information, among other things. Sparebanken Sør's employees have a statutory duty of confidentiality regarding all matters concerning our customers. Only employees with an official need should have access to personal data concerning our customers. The Bank shall not collect any personal data other than what is necessary to serve the individual customer. Sparebanken Sør's privacy statement is available at www.sor.no and describes how the Bank handles personal data.

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 privacy protection principles. Privacy protection is about ensuring the confidentiality, integrity and accessibility of all personal data that is owned, processed or managed by the Bank. Sparebanken Sør has appointed a data protection officer to assist with ensuring compliance with the Bank's requirements for processing personal data.

Implemented measures:

- Training measures have been implemented for the GDPR and privacy protection for all employees.
- Governing documents have been established for this topic.

Information security:

Sparebanken Sør is an important regional societal actor, and it is of key importance that the Bank's solutions function well, both directly in relation to the Bank's customers, but also for society at large.

The Bank's routines and infrastructure protect both the Bank's and the customers' sensitive information from cyber attacks. The Bank's services, such as payment infrastructure (card payments, mobile banking, online banking, corporate online banking), are part of the region's critical infrastructure.

The security measures that protect both the personal data of the Bank's customers and the payment infrastructure consist of solid routines, 24-hour continuous monitoring and modern security mechanisms.

Implemented measures:

- Various training measures have been implemented for all employees throughout the year in the area of information security, including a series of e-learning programmes.

Planned measures:

A brief outline of the measures the Bank will be working on is provided below:

- GDPR training for new employees
- Control of individual data processors
- Report form for other data processors, who must confirm that they comply with the data processors deal terms and conditions
- Establish a new routine related to privacy and automated decisions when the Bank implements fully automated loans and a new routine regarding the relationship between privacy and the PSD2
- Information security document
- Consider the establishment of an Information Security Management System (ISMS)
- Indices for measuring information security.

FINANCIAL CRIME

Financial crime is a serious societal problem and a threat to individuals and society. Banking and finance are important contributors to the fight against money laundering, financing of terrorism and corruption. This topic is therefore important to Sparebanken Sør. This topic is limited to matters related to transactions, services, systems and products that take place in our bank by our own customers, or others who use the Bank's services. In addition, the Bank can make a positive impact in this area in relation to customers, suppliers, partners, special interest groups and companies where the Bank has ownership stakes.

Sparebanken Sør supports actions aimed at combating financial crime. The Bank's work to combat money laundering and the financing of terrorism is based on the Money Laundering Act and regulations pursuant thereto, as well as in the role as a responsible societal actor. The Bank's overall objective is to combat financial crime and contribute to healthy economic development. The Bank has a zero tolerance policy for all types of financial crime.

Banks play a key role in allowing criminals to conceal funds stemming from financial crime, making them appear as legal funds. The work to uncover this is demanding, and over the past year, the Bank has significantly increased its resources in this area.

Sparebanken Sør shall have robust control and customer measures, as well as good internal control and monitoring functions. Good routines, good training and the necessary resources shall contribute to preventing the Bank from being used in financial crime. The Bank will thus contribute to a healthy business environment based on fair competition and legal activities.

Under the Money Laundering Act, the Bank has a responsibility to know its customers, and therefore has a strict policy about taking on new customers. Identity checks must be carried out on new customers, and the customer's aims and the intended type of customer relationship must be clarified.

Implemented measures:

- The Bank has arranged a mandatory e-learning course in anti-money laundering and the financing of terrorism for the management and employees. Training was also arranged for members of the Bank's Board of Directors. In addition to this, there have been presentations at professional and special topic gatherings for employees in direct contact with customers.
- The Bank has conducted a new business-oriented risk analysis and is continuously working on the definition of risk reduction measures. Processes and routines have been updated in accordance with the new Money Laundering Act of 2018 and the new Financial Supervisory Authority guide from June 2019.
- Throughout 2019, we have been working actively to update information on, and legitimise/relegitimise all the customers.

Planned measures:

A brief outline of the measures the Bank will be working on is provided below:

- Continue and complete the work to legitimise/relegitimise all the customers
- Ongoing update with regard to training

RESPONSIBLE PRODUCTS, GREEN INNOVATION AND DIGITALISATION

Through new system solutions, service solutions and more environmentally and climate friendly products, the Bank can contribute to sustainable development, while at the same time the Bank safeguards the business opportunities that such developments represent. This makes the topic important to Sparebanken Sør. The topic is limited to what the Bank develops in-house, products distributed from product companies, and what the Bank has the opportunity to influence in relation to external suppliers.

Digitalisation and rapid technological development will simplify and streamline the way we serve our customers. Combined with an ever-increasing demand for more sustainable products and services, this means that there will be strong growth in new products and the way they are distributed. Sparebanken Sør will prepare solutions to meet the growing demand for green products and services, and in this way contribute to sustainable development of the banking and financial services industry. The Bank offers, for

example: "Green Home Mortgage Loans" and distributes "Green Car Loans" (electric car loans).

Sparebanken Sør also deliberately offers products that can contribute to equalising social differences, such as products for saving with high-interest rates to buy a home (BSU and Boligspær) for customers between the ages of 18 and 34. The Bank also offers home mortgage loans at extra favourable terms for young people so that they can get established (First-home Loans).

In a modern society, access to basic banking and payment services is important. There are groups in society who do not readily have access to these services. Sparebanken Sør therefore offers a payment card to all of our municipal customers. The card is a prepaid card that functions as a debit card and can be replenished with money directly from municipal support schemes, such as the Norwegian Labour and Welfare Administration (NAV), and is distributed to various recipients in need of such a card.

Sparebanken Sør is active in relation to the further development and distribution of VIPPS, which contributes to simplifying payments for all age groups in Norway.

Children are another group who have limited access to banking services. Sparebanken Sør gives children the opportunity to pay by card, and in 2019 issued approximately 5,900 debit cards adapted to children under the age of 13. With "Lommepengekortet", children can learn early to handle cards and payments – in a secure environment.

In addition, videoconferencing is facilitated for efficient interaction and to reduce the travel activity of our employees and partners.

The tables below provide an overview of the degree of automation and green/social products.

| Degree of automation | % of total customers | |
|--|----------------------|------------------|
| Self-service online banking and mobile banking | 65.1 | |
| Products and services | Loans, NOK mill | % of total loans |
| Green Home Mortgage Loans | 897 | 1.1 |
| First-home Loans | 6.166 | 9.3 |

Planned measures:

A brief outline of the measures the Bank will be working on is provided below:

- We will work to further develop new digital and self-service solutions, for advice related to long-term fund savings, for example. This should contribute to ensuring that efficient solutions are available to our customers, which will reduce the need for physical meetings and transport, as well as help ensure that our customers have secure finances in old age through better facilitation of long-term pension savings.

CORPORATE GOVERNANCE

RESPONSIBLE AND ETHICAL BUSINESS CONDUCT

Sparebanken Sør is dependent on customers, public authorities and society at large having confidence in the Bank's products, services and business conduct. Sparebanken Sør shall act in an open and honest manner with respect to the Bank's activities, products and services. All activity at Sparebanken Sør is, without exception, carried out in accordance with the applicable laws and regulations in Norway.

Responsible and ethical business conduct is a fundamental principle for our existence through time. This has characterised our business conduct for almost 200 years and is therefore a key theme for us in our work on sustainability. The topic is limited to our own organisation. In addition, the Bank can make a positive impact in this area in relation to customers, suppliers, partners, special interest groups and companies where the Bank has ownership stakes. The Bank has a strong focus on ensuring that those who interact with the Bank comply with the Bank's policies and guidelines.

Corporate governance shall be exercised so that the Bank does not contribute to human or employee rights violations, corruption, unacceptable greenhouse gas emissions, serious environmental damage or other actions that may be perceived as unethical or irresponsible, but rather contributes to a more sustainable development in these areas.

Customers and society at large are increasingly more focused on sustainability and that profitability shall not be at the expense of environmental and social conditions. For the Bank, responsible business practices mean the integration of all business processes and all parts of the value chain. Clear requirements related to responsible and ethical corporate governance are also made applicable to the Bank's customers and suppliers.

A requirement that any customer relationship must meet is that the customers comply with legislation and agreements applicable to Norway and in the countries where the customers operate. This includes, for example, striving for equal opportunities and zero tolerance of racism and other discrimination at the workplace. The Bank also expects its customers to respect regulations for the use of natural resources, greenhouse gas emissions, activity in areas that are currently used in other ways by the local population or indigenous peoples, or in areas with a vulnerable environment, endangered species or water shortages.

All of the Bank's business areas are included in the sustainability commitment. However, the Bank's primary focus is on the areas that represent the Bank's core operations, which the Bank can have the greatest positive impact on:

- Lending to retail and corporate customers
- Investments and funding
- Procurement

Sparebanken Sør has developed 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, and their own and customers' trading in financial instruments. The code of conduct shall help ensure that employees do not become embroiled in conflicts of interest, and that clear procedures have been established should this occur. All employees review the code of conduct 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 offers good, secure financial solutions and professional advice to its customers. By knowing the customer and seeing the totality of their financial needs, a foundation is established for good customer experiences and a lasting high level of customer satisfaction. Good customer relationships are important for stable and profitable banking, and essential if the Bank is to fulfil its societal mission. The Bank has established routines for customer complaints and for whistleblowing, cf. our website, www.sor.no.

Sparebanken Sør is included in the EPSI Norway annual bank survey. In the 2019 survey, the Bank received a score of 74.3 in the retail market. Sparebanken Sør was the fourth best bank and scored 3.4 points above the industry average. In the corporate market, Sparebanken Sør was one of the best banks in the survey, with a score of 71.6 (0.6 points above the industry average). These surveys indicate that customers have good faith in the Bank and its business conduct.

Planned measures:

A brief outline of the measures the Bank will be working on is provided below:

- Sustainability training initiatives, ESG topics, throughout the organisation in general and within relevant topics

RESPONSIBLE CREDIT

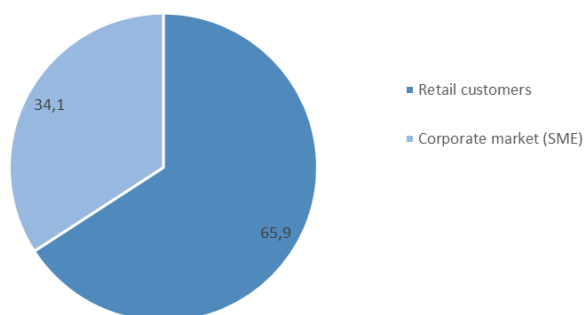
Lending to private customers and the corporate market represents the Bank's core operations, and this is probably the area in which the Bank can have the greatest positive impact on sustainable development. Therefore, this is one of the Bank's most important topics.

The topic is limited to matters related to lending, transactions, services, systems and products that take place in our bank by our own customers, or others who apply for loans or use the Bank's services related to the lending area. The Bank can also

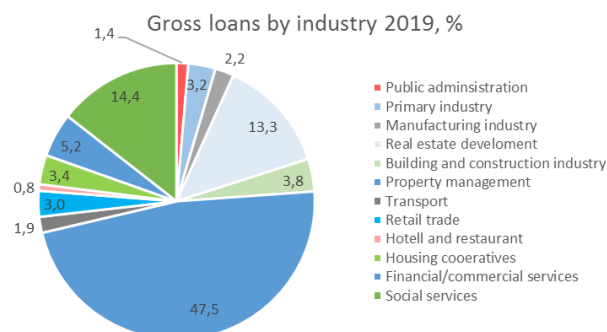
have a positive impact on this area in relation to customers, suppliers, partners, special interest groups and companies where Sparebanken Sør has ownership stakes. The Bank expects that they stress the importance of the commitments and principles for sustainable development that the Bank has endorsed in their corporate governance.

The bank's gross lending amounts to approximately NOK 106.7 billion. The distribution among markets and industries is illustrated in the figures below.

Gross loans by sector 2019, %



Gross loans by industry 2019, %



Most of the loans to retail customers are for home financing.

The Bank's corporate customers cover the full range, from sole proprietors to listed companies. The majority of our customers are typical SMEs in the region. The Bank has customers in most industries. The largest industry in terms of lending volume is commercial property. A varied customer portfolio enables the Bank to reduce risk related to individual industries and to ensure stability.

Sustainable credit processes entail safeguarding the environment, social conditions and good corporate governance in the granting 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. The lending operations must be carried out so 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. Assessments of risk and opportunities in the area of the environment, social conditions and corporate governance are integrated into the granting of credit. Initial screening in relation to the requirements that apply to the Bank for ESG in connection with lending takes place in the credit rating process.

It is in the corporate market in particular where the Bank can have the greatest positive impact on sustainability.

The structure of the industry in Norway and in the Bank's market area, combined with Norwegian legislation, entails that industries associated with significant environmental pollution operate in violation of human rights and ethical rules across societal interests, are essentially not represented in the Bank's market area.

The Bank does not, and shall not have customers in industries that significantly pollute the environment, are harmful to the diversity of species, or are engaged in gaming, weapons production, energy production in coal and oil, pornography or the tobacco industry.

Accountability and corporate social responsibility have always been the foundation of the Bank's granting of credit. Sustainability shall be integrated into our credit processes because it is ethically and morally correct, while it also provides good risk management. By placing requirements on our customers, the Bank can contribute to positive social development, while reducing the customers' and Bank's risk. Sparebanken Sør has introduced guidelines that involve taking sustainability, ESG, into account in the Bank's lending operations. The purpose of these guidelines is to provide the customer service representatives with a framework for assessing the company's status, improvement potential and risk in relation to sustainability. Sparebanken Sør will continue the process of developing the framework, as well as integrating ESG into credit assessments and customer interviews.

Green Home Mortgage Loans have been established as a new product for retail customers and amounted to NOK. 0.9 billion as at 31 December 2019.

Planned measures:

A brief outline of the measures the Bank will be working on is provided below:

- Revise the Sustainable Credit Processes document
- Consider how ESG factors can be integrated into credit ratings and in customer interviews
- Training activities related to sustainability
- Measure the climate risk of portfolios (Scenario 3) when relevant frameworks and adequate systems for measurement are available
- Market and increase the portfolio of green home mortgage loans, and consider establishing green corporate market loans

RESPONSIBLE INVESTMENT/ FINANCING

Investing/financing is the other major business area in the Bank's core operations. In this area, the Bank also has a great opportunity to make a positive impact in relation to sustainable development. This makes the topic one of the most important.

The topic is limited to matters related to investment/financing, transactions, services, systems and products that take place in our bank, investments in companies the Bank has ownership stakes in, or investments made by fund managers from which the Bank distributes products. In addition, the Bank can have a positive impact on this in relation to customers, suppliers, partners and special interest groups and require that those who interact with the Bank comply with the Bank's policies and guidelines.

Responsible investment/financing entails safeguarding the environment, social conditions and good corporate governance in the management. The main objective is to achieve a good long-term return with an acceptable level of risk and to contribute to sustainable development. The investment operations must be carried out so 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. They shall also ensure that the assessments of risk and opportunities in the area of the environment, social conditions and corporate governance are integrated into the management.

Investment/financing is divided into four categories:

- Investments in the liquidity portfolio
- Financing
- Investments in subsidiaries and companies in which the Bank has ownership stakes
- Investments made by fund managers in connection with fund products distributed by the Bank

Investments in the liquidity portfolio:

Sparebanken Sør always has a significant portfolio of liquid investments to fulfil the requirements that apply to the Bank. These investments are managed in accordance with the Bank's Finance Document, with clear guidelines for management with respect to corporate social responsibility and risk. The liquidity portfolio's investments shall be exclusively in debt securities issued by central governments, banks, financial institutions, multinational investment banks and international organisations guaranteed or owned by a central government, local authorities and public enterprises with a municipal guarantee and Norwegian municipalities or county authorities. The Finance Document highlights an ambition to increase the share of green and social investments in the liquidity portfolio.

Financing:

In 2019, Sparebanken Sør established a framework for green and sustainable bonds in accordance with the ICMA's Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines. Raising capital through this framework allows the Bank to finance sustainable and environmentally friendly purposes.

The framework allows the Bank to reach a broader investor base. This in turn will allow the Bank to adapt its granting of credit and raising customer awareness to risk and other important issues related to ESG. In this way, the Bank can facilitate a more sustainable society. The framework that was presented to a number of investors in Europe in the autumn of 2019 was very well received. As one of the first banks in Norway, Sparebanken Sør issued a green bond, the Inaugural Green Covered Bond, for EUR 500 million through the Bank's mortgage company.

Investments in subsidiaries and companies in which the Bank has ownership stakes:

Sparebanken Sør manages assets of approximately NOK 3 billion in ownership stakes in subsidiaries and companies where the bank has ownership stakes. Of this amount, ownership stakes in subsidiaries account for approximately NOK 1.9 billion, while other ownership stakes amount to approximately NOK 1.1 billion

Sparebanken Sør Boligkreditt AS is a wholly owned subsidiary that is closely integrated with the Bank's operations and accounts for NOK. 1.85 billion, corresponding to 61.2%, of our investments. The company works in accordance with the same strategies, policies and guidelines as the Bank, and is included in the Bank's GRI and sustainability report.

As a responsible bank, Sparebanken Sør is concerned that all the companies in which the Bank has ownership stakes shall comply with the same strict requirements for business conduct, policies and guidelines as the Bank has. The Bank prioritises work with the companies where the Bank has the largest ownership stakes through a positive impact and influence.

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 the partly owned product company Norne Securities, the Bank distributes funds from Skagen, DNB, Holberg, Odin and Eika. Norne Securities works in accordance with a framework that requires the fund providers to comply with the UN Principles for Responsible Investment (UN PRI), a set of investment rules. All the fund providers have signed or observe the UN Principles for Responsible Investment, and they have clear guidelines for the exclusion of companies.

The Bank focuses on the fact that the fund managers with which Norne Securities has a distribution agreement have guidelines and policies that document that they have ESG

requirements for the companies in which they invest.

Sparebanken Sør expects that Norne Securities will select funds and fund managers that have good principles and routines in place to ensure socially responsible investments.

Planned measures:

A brief outline of the measures the Bank will be working on is provided below:

- Sustainable investments document
- Sustainable financial providers document
- Investment mandate for the liquidity portfolio, which contains targets for the share of sustainable investments
- Expand the scope of "green bonds"

RESPONSIBLE PROCUREMENT AND SUPPLIERS

Sparebanken Sør is a major actor for the procurement of goods and services. This includes both ordinary goods and services for operations, as well as financial services, products and systems. The Bank thus has a great deal of influence through requiring that the Bank's suppliers shall be as sustainable as possible.

This topic is limited to requirements that the Bank expects suppliers to comply with. This applies to the Bank's policies and guidelines for procurement and suppliers. The intention here is to positively influence suppliers to ensure sustainable development.

The Bank can influence the topic directly by making demands on our suppliers, indirectly through statements from our suppliers in relation to which subcontractors they use, as well as by evaluating the suppliers.

Responsible procurement entails stipulating requirements for how suppliers relate to climate and the environment, social conditions and corporate governance. Requirements are also stipulated for information and documentation, as well as the evaluation of suppliers.

The Bank shall influence the relevant suppliers to have an awareness of sustainability through requirements and the follow-up of suppliers.

Management of procurement and suppliers is regulated in the Bank's governing documents and is carried out through the prioritisation of environmentally certified suppliers, as well as the introduction of self-declarations from suppliers.

The largest procurement categories are IT systems, property management, marketing, external consultants and contracted personnel.

Most of the procurement takes place through the Bank's procurement agreements. In 2019, the Bank purchased goods and services for approximately NOK 400 million. The Bank has a significant number of suppliers, and the 20 largest suppliers account for approximately NOK 320 million, which corresponds to around 80% of the total procurements. Of the

largest suppliers, around half of them have environmental certification.

It is important that what is purchased is of good quality, delivered at competitive prices and produced in a responsible manner in accordance with the Bank's requirements and guidelines. The Bank focuses on ensuring that the relevant suppliers operate sustainably. All procurements must be made in accordance with the Bank's procurement policy. All else being equal, the Bank gives priority to local suppliers.

The Bank's suppliers have received letters and been asked to document their environmental certification. This was done in connection with the Bank's Eco-Lighthouse certification in 2019. The Bank has actively sought out environmental trade fairs and changed the composition of products in accordance with the environmental requirements.

The Bank has no identified suppliers that have significant potential for a negative environmental impact. The Bank does not have any identified suppliers that have a significant actual or potential negative social impact either.

Planned measures:

A brief outline of the measures the Bank will be working on is provided below:

- Sustainable procurements document, including self-declaration forms from our suppliers regarding ESG requirements
- Outsourcing of IT systems/tasks document

CLIMATE AND THE ENVIRONMENT

CLIMATE AND THE ENVIRONMENT

Climate change and environmental challenges pose a great risk to society and to the Bank. The Bank's business activities will be affected by changes in the climate and environment, both in the short and long term. This represents a risk to the Bank, but also an opportunity in relation to change, restructuring and new business areas. This is therefore a fundamental topic for the Bank, and probably the most important factor in working towards sustainable development.

The topic is primarily confined to the locations where the Bank is represented. In addition, the topic is limited to matters related to climate and the environment that the Bank can influence directly in its own organisation. In addition, the Bank can have a positive indirect impact in this area in relation to customers, suppliers, partners, special interest groups and companies where the Bank has ownership stakes. Directly or indirectly, the Bank can also have a positive impact on the climate and environment nationally and globally, for example, through contributions to and involvement in special interest groups. The topic is regulated by the governing documents that the Bank has for this area, as well as through the Eco-Lighthouse certification programme.

Sparebanken Sør's approach to climate and environmental challenges takes place both internally and externally. Internally, the Bank shall reduce its own impact on climate and the environment. Externally, the Bank shall work to help reduce the impact of customers and suppliers on climate and the environment. It is through the external segment that the Bank has the greatest positive impact.

Sparebanken Sør has made a commitment through the UN Global Compact and the UNEP Principles for Responsible Banking to support a precautionary principle in relation to climate and environmental challenges, take initiatives to promote increased accountability for the environment and encourage the development/spread of environmentally friendly technologies. Sparebanken Sør views its efforts to cut greenhouse gas emissions as part of the Bank's corporate social responsibility to help fulfil the UN's Sustainable Development Goals and the Paris Agreement.

In order to reduce the impact internally on climate and the environment, the Bank has chosen to certify itself through the Eco-Lighthouse scheme. Eco-Lighthouse is Norway's most widely used environmental certification scheme. Certification entails systematic, targeted and continuous improvement in the area of the working environment, procurement, waste, transport, energy, emissions and aesthetics. The Bank uses a modern environmental reporting system, where HSE and environmental indicators are assessed in light of the Bank's objectives.



As part of these efforts, a decision has been made that the Bank's operations should be carbon neutral.

The commitments to comply with the UN requirements for climate neutral companies are fulfilled in accordance with the following criteria:

- The Bank publishes approved carbon footprint statements for the organisation, prepared by CEMAsys.com AS, annually on its website.
- The Bank has assessed its energy consumption and has set targets to reduce its own greenhouse gas emissions.
- The Bank offsets its residual emissions by purchasing emission allowances.

An environmentally aware attitude is sought with regard to paper use, waste management, recycling, transport and travel. Through the work on approval as an Eco-Lighthouse

Company, and through the implementation of several environmentally oriented measures, both the management and employees have received training in changing their behaviour in order to contribute to an increased environmental focus and sustainability.

To reduce emissions and costs in connection with travel to and from meetings, investments have been made in videoconferencing technology in many departments. In addition, all offices have technology that enables PC-assisted conference calls. The Bank purchases electricity with a certificate of origin and emission allowances for voluntary offsetting of its own greenhouse gas emissions.

The Bank prepares an annual climate report to enable it to identify emissions, quantify pollution and enable the Bank to implement targeted measures. The report, which will be published on the Bank's website, is based on the international "A Corporate Accounting and Reporting Standard". The report covers consumption related to transport, energy, waste and air travel. The Bank is not aware of any environmental impact other than consumption that can be converted to carbon equivalents, and therefore does not publish emission figures.

In 2019, Sparebanken Sør purchased emission allowances for voluntary offsetting of its own greenhouse gas emissions equivalent to 222 tonnes of CO2. Emission allowances that are linked to the GS 1385 project, Energy-efficient and Clean-burning Kitchen Stoves in Ghana, have been approved by the Gold Standard Foundation in accordance with the guidelines and methodology of the UN Framework Convention on Climate Change. In addition to the climate benefit, the project has positive health and economic consequences.



With regard to external work on climate and environmental risk, this is also addressed in other topics such as responsible procurement, responsible credit and responsible investment/financing.

In the autumn of 2019, the Bank endorsed the UN Environmental Programme, UNEP Principles for Responsible Banking.



In 2019, the Bank completed its Eco-Lighthouse certification in accordance with the head office model, which included the Bank's head office in Kristiansand. In addition, the Bank's branch office in Arendal was recertified.

In 2019, it was decided that all company cars shall be electric.

Carbon footprint statement:

The purpose of this report is to provide an overview of the organisation's greenhouse gas emissions (GHG emissions), as an integral part of an overall climate strategy. A carbon footprint statement is an important tool in the work to identify specific measures to reduce the organisation's energy consumption and associated GHG emissions.

The report enables the organisation to measure key figures and thus evaluate itself over time.

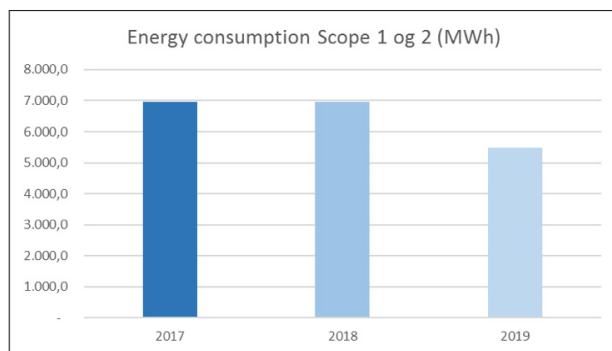
The information used in the carbon footprint statements comes from both external and internal sources and is converted into tonnes of CO2 equivalents. The analysis is based on the international standard, A Corporate Accounting and Reporting Standard, which has been developed by the Greenhouse Gas Protocol Initiative - the GHG Protocol. This is the most widely used method worldwide for measuring greenhouse gas emissions. ISO Standard 14064-1 is based on this.

Scope 1: Direct emissions from sources owned by the Bank, including the Bank's own cars, vehicles and transport

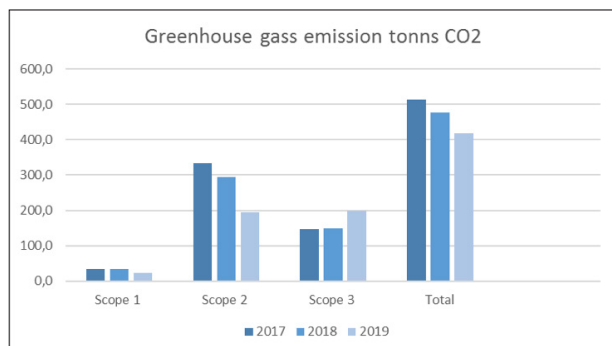
Scope 2: Emissions related to the purchase of energy, mainly electricity, as well as some district heating

Scope 3: The Bank's own emissions from air travel, official employee travel and waste

| Energy and climate indicators | 2017 | 2018 | 2019 | % change |
|---|---------|---------|---------|----------|
| Total energy consumption Scope 1 and 2 (MWh) | 6 967.9 | 6 967.9 | 5 480.3 | -21.3 |
| Total emissions Scope 1, 2 and 3, tonnes of CO2 | 512.7 | 476.4 | 417.5 | -12.4 |
| Total emission tonnes of CO2 per man-year | 1.2 | 1.1 | 1.0 | -11.3 |
| Energy consumption MWh per man-year | 16.1 | 16.1 | 12.8 | -20.4 |
| Energy consumption kWh per m2 | 254.2 | 259.1 | 228.7 | -11.7 |
| The number of man-year | 432 | 434 | 429 | -1.2 |
| Heated area, m2 | 27 408 | 26 893 | 23 964 | -10.9 |



There has been a reduction in the annual energy consumption in recent years. Energy consumption has been reduced by approximately 1,487 MWh from 2018 to 2019, corresponding to a reduction of 21.3%.



In 2019, Sparebanken Sør had total greenhouse gas emissions of 417.5 tonnes of CO2 equivalents. This represents a reduction of 58.9 per cent compared with 2018. There has been a reduction in Scope 1 and 2 from 2018 to 2019 due to a reduction in fuel purchased and a reduction in electricity and district heating consumption, while there has been an increase in Scope 3 due to increased air travel. The change in the emission factors has also had a positive effect on emissions.

Planned measures:

A brief outline of the measures the Bank will be working on is provided below:

- Eco-Lighthouse certification of the remaining 10 offices
- Climate and the environment document
- We will work to comply with the recommendations of the Task Force for Climate Related Financial Disclosures (TCFD) with regard to reporting climate risk and integrating carbon footprint statement calculations from external parties when satisfactory frameworks and measurement systems (taxonomy) are available.
- The Bank will follow up the implementation of measures related to the Eco-Lighthouse certification, including training and increasing the awareness of the Bank's employees.

CORPORATE SOCIAL RESPONSIBILITY REPORT

| CORPORATE SOCIAL RESPONSIBILITY REPORT | 2017 | 2018 | 2019 |
|--|-------------|-------------|---------------|
| Strategic plan | | | |
| Strategic plan | Updated | Updated | Updated |
| Strategy sustainability | Established | Updated | Updated |
| Corporate governance | Updated | Updated | Updated |
| Code of conduct | Updated | Updated | Updated |
| Policy sustainable credit | | Established | To be updated |
| Value creation (NOK mill) | | | |
| Tax expenses for the Group | 282 | 285 | 342 |
| Wealth tax | 11 | 17 | 20 |
| Payroll tax | 44 | 44 | 47 |
| Financial tax | 16 | 18 | 18 |
| Tax paid by employee | 93 | 105 | 103 |
| Total tax/fee | 446 | 469 | 530 |
| Net wages/pension and other benefits | 453 | 499 | 533 |
| Cash dividende to shareholders | 94 | 94 | 125 |
| Growth capital retained profits | 802 | 748 | 880 |
| Society/social condition | | | |
| Number of FTE | 432 | 434 | 429 |
| Non absence degree, % | 96.3 | 96.3 | 94.3 |
| Proportion of women in senior position, % | 34.0 | 34.0 | 35.9 |
| Mean age, year | 51.8 | 50.6 | 49.8 |
| Donation and sponsorships | | | |
| Sponsorship, NOK mill | 14.8 | 14.8 | 11.6 |
| Number of donation processed | 444 | 494 | 197 |
| Total donation, NOK mill | 25.8 | 40 | 45.9 |
| Environment | | | |
| Residual waste, tonnes | 21.2 | 28.5 | 27.6 |
| Sorted waste, tonnes | 12.2 | 12.7 | 12.1 |
| Power consumption electricity, kwh | 5 652 062 | 5 556 067 | 4 352 285 |
| Power consumption district heating, kwh | 1 152 350 | 1 156 290 | 1 005 578 |
| Flight in Norway, tonnes CO2 | 23.2 | 24.3 | 17.1 |
| Flight in Europe, tonnes CO2 | 25.8 | 29.4 | 38.0 |
| Flight intercontinental, tonnes CO2 | 9.5 | 10.2 | 48.5 |
| Driving remuneration, km | 533 715 | 535 635 | 582 291 |
| Numer of electric cars as part of car pool | 5 | 3 | 6 |
| Number of videoconference rooms | 18 | 18 | 18 |

GRI STANDARD - GENERAL DISCLOSURES

| GRI Indicator | Description | Reporting 2019 |
|-------------------------------|--|---|
| Organisational Profile | | |
| 102-1 | Name of the organisation | Sparebanken Sør |
| 102-2 | Activities, brands, products, and services | Annual Report p. 8 |
| 102-3 | Location of headquarters | Kristiansand |
| 102-4 | Location of operations | Norway |
| 102-5 | Ownership and legal form | Annual Report p. 8 |
| 102-6 | Markets served | Annual Report p. 8 |
| 102-7 | Scale of organisation | Annual Report p. 6 |
| 102-8 | Information on employees and other workers | Annual Report p. 18 Sustainability Report p. 8-9 |
| 102-9 | Supply chain | Board of Directors' report |
| 102-10 | Significant changes to the organisation and its supply chain | No changes, first GRI report 31.12.2019 |
| 102-11 | Precautionary Principle or approach* | The bank has joined FN Global Compact og "lead were" principles |
| 102-12 | External initiatives | Sustainability Report p. 4 |
| 102-13 | Membership of associations | Sustainability Report p. 6. Finans Norge, NHO, Miljøfyrtårn, Klimapartner-nettverk. |
| Strategy | | |
| 102-14 | Statement from senior decision maker | Annual Report p. 5 |
| Ethics and integrity | | |
| 102-16 | Values, standards, principles and norms | Code of conduct, www.sor.no |
| Governance | | |
| 102-18 | Governance structure | Sustainability Report p. 3 |
| Stakeholder Analysis | | |
| 102-40 | List of stakeholder groups | Sustainability Report p. 6 |
| 102-41 | Collective bargaining agreements | All employees are covered by the sentral agreement Bank & Finance |
| 102-42 | Identifying and selecting stakeholders | Sustainability Report p. 6 |
| 102-43 | Approach to stakeholder engagement | Sustainability Report p. 6 |
| 102-44 | Key topics and concerns raised | Sustainability Report p. 7 |
| Reporting practice | | |
| 102-45 | Entities included in the consolidated financial statements | Sparebanken Sør (parent) and Sparebanken Sør Boligkreditt AS |
| 102-46 | Defining report content and topic Boundaries | Sustainability Report p.5 |
| 102-47 | List of material topics | Sustainability Report p. 7 |
| 102-48 | Restatements of information | First reporting year of GRI is 2019 |
| 102-49 | Changes in reporting | No changes, first GRI report 31.12.2019 |
| 102-50 | Reporting period | 01.01.2019-31.12.2019 |
| 102-51 | Date of previous report | First reporting year of GRI is 2019 |
| 102-52 | Reporting cycle | Annual |
| 102-53 | Contact point | magne.kvaslerud@sor.no |
| 102-54 | Claims of reporting in accordance with the GRI Standards | Core |
| 102-55 | GRI content index | Sustainability Report p. 20 |
| 102-56 | Applicable practice for external assurance of reporting | The report has not been verified externally |

MATERIAL TOPICS

| GRI Indicator | Description | Reporting 2019 |
|---|--|---|
| Responsible and ethical business conduct(financial performance and indirect financial impact) | | |
| 103-1 | Explanation of the material topic and its Boundary | Sustainability Report p. 13 |
| 103-2 | The management approach and its components | Sustainability Report p. 13 Fact Book p. 10 |
| 103-3 | Evaluation of the management approach | Sustainability Report p. 5 |
| 201-1 | Direct economic value generated and distributed | Annual Report p. 22 |
| 201-2 | Financial implications and other risks and opportunities due to climate change | Theme for further development |
| 203-2 | Significant indirect economic impacts | Sustainability Report p. 19 |
| Financial crime | | |
| 103-1 | Explanation of the material topic and its Boundary | Sustainability Report p. 11 |
| 103-2 | The management approach and its components | Sustainability Report p. 11 Fact Book p. 8 |
| 103-3 | Evaluation of the management approach | Sustainability Report p. 11 |
| 205-2 | Communication and training about anti-corruption policies and procedures | Sustainability Report p. 11 Fact Book p.8 |
| 205-3 | Confirmed incidents of corruption and actions taken | No incidents of corruption |
| Climate and the environment | | |
| 103-1 | Explanation of the material topic and its Boundary | Sustainability Report p.16 |
| 103-2 | The management approach and its components | Sustainability Report p. 16 Fact Book p. 14 |
| 103-3 | Evaluation of the management approach | Sustainability Report p. 5 |
| 302-1 | Energy consumption within the organisation | Sustainability Report p. 18 |
| 305-1 | Direct (Scope 1) GHG emissions | Sustainability Report p. 18 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Sustainability Report p. 18 |
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| Responsible procurement (environmental impact) | | |
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| 103-2 | The management approach and its components | Sustainability Report p 15. Fact Book p. 13 |
| 103-3 | Evaluation of the management approach | Sustainability Report p. 5 |
| 308-2 | Negative environmental impacts in the supply chain and actions taken | Sustainability Report p. 16 Fact Book p. 13 |
| Diversity and equal opportunity (work/employees) | | |
| 103-1 | Explanation of the material topic and its Boundary | Sustainability Report p. 8 |
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| 103-3 | Evaluation of the management approach | Sustainability Report p. 5 |
| 401-1 | New employee hires and employee turnover | Sustainability Report p. 9 |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Sustainability Report p. 9 |
| 401-3 | Parental leave | Sustainability Report p. 9 |
| 405-1 | Diversity of governance bodies and employees | Sustainability Report p. 8 |
| 405-2 | Ratio of basic salary and remuneration of women to men | Sustainability Report p. 8 |
| 406-1 | Non-discrimination | Fact Book p. 5 |
| Development of employees | | |
| 103-1 | Explanation of the material topic and its Boundary | Sustainability Report p. 9 |
| 103-2 | The management approach and its components | Sustainability Report p. 10 Fact Book p. 6 |
| 103-3 | Evaluation of the management approach | Sustainability Report p. 5 |
| 404-1 | Average hours of training per year per employee | Fact Book p. 6 |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | Sustainability Report p. 9 |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | Sustainability Report p. 10 |
| Responsible procurement (social) | | |
| 103-1 | Explanation of the material topic and its Boundary | Sustainability Report p. 16 |
| 103-2 | The management approach and its components | Sustainability Report p. 16 Fact Book p. 13 |
| 103-3 | Evaluation of the management approach | Sustainability Report p. 5 |
| 414-2 | Negative social impacts in the supply chain and actions taken | Sustainability Report p. 16 |

| GRI Indicator | Description | Reporting 2019 |
|---|---|---|
| Responsible and ethical business conduct (marketing of services and products) | | |
| 103-1 | Explanation of the material topic and its Boundary | Sustainability Report p. 12 |
| 103-2 | The management approach and its components | Sustainability Report p. 13 Fact Book p. 10 |
| 103-3 | Evaluation of the management approach | Sustainability Report p. 5 |
| 417-2 | Incidents of non-compliance concerning product and service information and labeling | Fact Book p. 9 |
| 417-3 | Incidents of non-compliance concerning marketing communications | Fact Book p. 9 |
| Privacy protection and information security | | |
| 103-1 | Explanation of the material topic and its Boundary | Sustainability Report p. 10 |
| 103-2 | The management approach and its components | Sustainability Report p. 11 Fact Book p.7 |
| 103-3 | Evaluation of the management approach | Sustainability Report p. 5 |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Fact Book p. 7 3 complaints of data breach have been reported to the Data Protection Authority in 2019 |
| Responsible products, green innovation and digitalisation | | |
| 103-1 | Explanation of the material topic and its Boundary | Sustainability Report p. 12 |
| 103-2 | The management approach and its components | Sustainability Report p. 12 Fact Book p. 9 |
| 103-3 | Evaluation of the management approach | Sustainability Report p. 5 |
| FS7 | Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose | Sustainability Report p. 12 |
| Responsible credit | | |
| 103-1 | Explanation of the material topic and its Boundary | Sustainability Report p. 13 |
| 103-2 | The management approach and its components | Sustainability Report p. 14 Fact Book p. 11 |
| 103-3 | Evaluation of the management approach | Sustainability Report p. 5 |
| FS8 | Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose | Sustainability Report p. 14 |
| Responsible investment/financing | | |
| 103-1 | Explanation of the material topic and its Boundary | Sustainability Report p. 15 |
| 103-2 | The management approach and its components | Sustainability Report p. 15. Fact Book p. 12 |
| 103-3 | Evaluation of the management approach | Sustainability Report p. 5 |
| FS10 | Percentage and number of companies held in the institution's portfolio with which the reporting organisation as interacted on environmental or social issues. | Sustainability Report p. 15 |
| FS11 | Percentage of assets subject to positive and negative environmental or social screening | Sustainability Report p. 15 |





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