

Sustainability Fact Book

2019



1 INTRODUCTION

The Sustainability Fact Book is a supplement to the Sustainability Strategy, GRI and Sustainability Report, which are available at www.sor.no. The Fact Book provides a qualitative overview of the individual topics we have selected.

The materiality matrix below shows which sustainability topics we believe to be important to the stakeholders and society, as well as in relation to the Bank's long-term value creation.

Materiality matrix

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				

We have selected the most important topics from the materiality matrix, which are described in more detail in the sections below.

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). GRI Index Found in the Sustainability Report on the Bank's website, www.sor.no.

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.

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. Sparebanken Sør has endorsed the UN Environment Programme's Principles for Responsible Banking.

UN Sustainable Development Goals

Sparebanken Sør supports all of the 17 sustainable development goals, but we have identified some goals that we believe we can contribute more positively to.

<p>SDG nr. 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>SDG nr. 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>SDG nr. 5: Achieve gender equality and empower all women and girl</p>
		
<p>SDG nr. 13: Take urgent action to combat climate change and its impacts</p>	<p>SDG nr. 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all level</p>	<p>SDG nr. 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>

The following fact tables outline which sustainable development goals and principles the Bank finds to be the most relevant to the topics in question.

2 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 is a priority area for the Bank's strategy, and an integral part of its business operations. 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, this means:

- ensuring that the Group has a long-term strategy for the business assessment of risk and opportunities in relation to sustainable development.
- supporting beneficial causes and upholding important social values in the areas in which the Group operates.
- working with stakeholders locally, regionally and nationally in order to contribute to sustainable development in the areas where the Group operates.
- being a positive contributor to social development in the local communities of which the Bank is a part.

Corporate social responsibility			
Focus area	SDG	Status	New measures
Sparebanken Sør contributes to responsible and sustainable development and growth	   	Described under the individual topics.	Described under the individual topics.
Governing documents	Sustainability Strategy, Donation Strategy, Sponsor Strategy		
Sør indicator	In 2020, Sparebanken Sør has a donation fund that amounts to NOK 60 million. Most of the donation fund will be allocated to initiatives, activities and projects that support sustainable development in the region.		
Responsible	Corporate Staff Division		




3 SOCIAL CONDITIONS

3.1 Diversity and equal opportunity

Diversity and equal opportunity are important pillars for promoting justice, innovation and competitiveness. Through diversity and equal opportunity, equal rights and opportunities are created for everyone to participate in working life and the development of society.

For Sparebanken Sør, this means:

- not contributing to the violation of human rights, workers' rights and international law.
- being an active and listening societal actor who ensures – or collaborates on – the safeguarding of an effective right of appeal for affected parties through proper proceedings.
- striving for diversity among the Bank's employees.
- ensuring that no discrimination takes place based on factors such as ethnic background, religion, sexual orientation, disability, age or gender.
- giving equal pay for equal work, qualifications and performance regardless of gender.
- having a working environment characterised by respect and consideration, where harassment is not tolerated.
- being a health-promoting workplace where all employees are given the opportunity for professional development and skills enhancement.



Diversity and equal opportunity			
Focus area	SDG	Status	New measures
Sparebanken Sør focuses on contributing to diversity and equal opportunity among employees, customers, suppliers, partners and society at large.	  	Personnel Satisfaction Survey, PSS. Trainee Places, NAV. Various contributions to organisations regarding support for women and gender equality, job creation, etc.	Diversity and Equal Opportunity Document. Labour and Human Rights Document. Personal Satisfaction Survey Trainee Places, NAV.
Governing documents	Staff Handbook, Code of Ethics, Corporate Governance, HSE Handbook		
KPI	GRI Index 401-1, 401-2, 401-3, 405-1, 405-2, 406-1		
Sør indicator	1: Zero tolerance policy for bullying and discrimination, and thus a goal of no whistleblowing cases 2: Equal pay for equal work, qualifications and performance, regardless of gender, ethnicity or orientation 3. Goal of increasing the proportion of women in management		
UN Global Compact Principles	Principle 1: We shall support and respect the protection of internationally proclaimed human rights Principle 2: We shall ensure that we are not complicit in human rights abuses Principle 3: We shall uphold the freedom of association and the effective recognition of the right to collective bargaining Principle 6: We shall eliminate discrimination in respect of employment and occupation		
Responsible	Corporate Staff Division		

3.2 Development of employees

Technological developments, regulatory changes and changes in customer behaviour entail that the Bank must adapt to a new everyday reality and prepare for the future. The Bank's ability to attract, retain and develop the skills that the Bank needs in the future is one of our most important competitive advantages. Restructuring, employee development and recruitment of new skills to build a bank for the future are therefore a high priority for Sparebanken Sør.

For Sparebanken Sør, this means:

- striving to ensure that all employees throughout the Bank have equal opportunities for personal and professional development.
- adapting the need for new knowledge to the changes that are taking place in banking/finance and society at large.
- contributing to skills development, culture building and increased awareness of the Bank's responsibilities towards managers and employees in the areas of climate and the environment, social conditions and corporate governance.
- being a health-promoting workplace to reduce absence due to illness.



Restructuring and skills			
Focus area	SDG	Status	New measures
Sparebanken Sør focuses on attracting, retaining and developing the skills that the Bank needs for the future.	 	<p>Carried out various training measures. More use of e-learning, Skype and video conferencing in training measures.</p> <p>The average training in 2019 was approximately 35 hours per employee.</p> <p>Personnel satisfaction survey, PSS</p>	Various training measures
Governing documents	Staff Handbook, HSE Handbook, Code of Ethics		
KPI	GRI Index 404-1, 404-2, 404-3		
Sør indicator	<p>10: Total sickness absence: < 4.0%</p> <p>11: Completed sustainability training (ESG) throughout the organisation in 2020</p> <p>12. Training: 30-40 hours per year per employee</p>		
UN Global Compact Principles			
Responsible	Corporate Staff Division		

3.3 Privacy protection and information security

Sparebanken Sør relies on the trust of its customers, the public authorities and other stakeholders, and it is therefore decisive that the Bank process customer data in a secure manner. Through the Bank's services, large volumes of personal data are managed, which places great demands on the Bank's handling of customer information and compliance with key privacy protection principles.

For Sparebanken Sør, this means:

- protecting the integrity, availability and confidentiality of personal data.
- processing personal data in accordance with the applicable privacy protection regulations, including the GDPR and the Personal Data Act.
- not storing personal data longer than is necessary to fulfil the purpose of the processing or our statutory duties.
- deleting personal data if someone requests it, unless there is a statutory duty or other legal basis for retaining the personal data longer.
- having good security practices that protect against cyber-attacks and other incidents that can interfere with the secure and stable production of the Bank's services.
- ensuring that our platforms and services are secure.


Privacy protection and information security			
Focus area	SDG	Status	New measures
Sparebanken Sør shall safeguard the privacy protection and information security of our customers in a responsible and secure manner	 	Various training measures. Governing documents, the GDPR.	Training measures Privacy Protection Document Information Security Document. Considering the establishment of an Information Security Management System (ISMS) Sør measurement indicators.
Governing documents	Corporate Governance, Code of Ethics, Processing of Personal Data, ICT Document		
KPI	GRI Index 418-1		
Sør indicator	20: Goal of receiving no directives or fines from the Norwegian Data Protection Authority regarding the GDPR 21. Uptime for customer solutions (online and mobile banking) > 99.7%		
UN Global Compact Principles	Principle 2: We shall ensure that we are not complicit in human rights abuses		
Responsible	Corporate Staff Division (Privacy Protection) and Business Development Division (Information Security)		

3.4 Financial crime

Financial crime is a serious societal problem and a threat to individuals and society at large. Sparebanken Sør supports actions aimed at combating financial crime. The Bank's overall objective is to contribute to combating financial crime and ensuring a healthy financial development. The Bank has a zero-tolerance policy for all types of financial crime. Sparebanken Sør undertakes to work to reduce financial crime, such as money laundering, financing of terrorism and corruption. The Bank shall have robust control and customer measures, as well as good internal control and monitoring functions.

For Sparebanken Sør, this means:

- having zero tolerance for financial crime
- having zero tolerance for corruption in own operations
- systematically working to prevent, identify and handle fraud and other criminal acts
- complying with laws and regulations through good guidelines and procedures, electronic monitoring, investigations, customer measures and reporting

Financial crime			
Focus area	SDG	Status	New measures
Sparebanken Sør shall work to prevent, avert and combat financial crime and corruption		Increased staffing in the Anti-Money Laundering Department by four people. Organised in a separate unit. Carried out training in anti-money laundering and anti-terrorist financing for all employees, management and the Board. Updated information and proof of identity for all customers. Project shall be completed in Q1 2020.	Estimated increased capacity in the Anti-Money Laundering Department by three people. Working actively to reduce the number of false positive hits in transaction monitoring.
Governing documents	Code of Ethics, Compliance Document, Money Laundering Document, Routine Notification		
KPI	GRI Index: 205-2, 205-3		
Sør indicator	30: Goal of no internal corruption cases 31: Carry out ongoing updating of skills to combat money laundering throughout the organisation		
UN Global Compact Principles	Principle 10: We shall should work against corruption in all its forms, including extortion and bribery		
Responsible	Risk Management Division		

3.5 Responsible products, green innovation and digitalisation

Digitalisation and rapid technological development will simplify and streamline the way the Bank serves its customers. This, together with an ever-increasing focus on sustainability, and demand for more sustainable products and services, will contribute to a sustainable development of the banking and financial sector.

For Sparebanken Sør, this means:

- delivering user-friendly and transparent products and services
- setting requirements that third-party providers of fund products comply with internationally recognised principles of sustainability in their investments and can document their follow-up and control of the companies in this respect.
- develop green products and services that can contribute to sustainable development.
- developing more sustainable solutions through technology and digitalisation.
- seeking partnerships and suppliers that promote the development of profitable, sustainable products and services.

Responsible products, green innovation and digitalisation			
Focus area	SDG	Status	New measures
Sparebanken Sør shall contribute to sustainable development (ESG) through the facilitation of sustainable products, systems and services	  	Green home mortgage loans. Green car loans Self-service and digitalised services.	Development of digital consulting services.
Governing documents	Risk assessment of products, services, routines, processes and systems, ICT Document		
KPI	GRI Index: FS7, FS8		
Sør indicator	40: Goal of no lost cases regarding marketing or product information breaches		
UN Global Compact Principles	Principle 1: We shall support and respect the protection of internationally proclaimed human rights Principle 8: We shall undertake initiatives to promote greater environmental responsibility Principle 9: We shall encourage the development and diffusion of environmentally friendly technologies		
Responsible	Business Development Division, Retail Market Division (RM) and Corporate Market Division (CM)		

4 CORPORATE GOVERNANCE



4.1 Responsible and ethical corporate governance

Sparebanken Sør relies on creditability and the trust of customers, public authorities and society at large, and that there is a 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.

Corporate governance shall 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. The objective is to contribute to more sustainable development in these areas.

For Sparebanken Sør, this means:

- maintaining high ethical standards and exercising good corporate governance.
- maintaining open, honest and clear communication with all the target groups.
- integrating ESG into corporate governance.
- keeping order in one's own house with a view to the environment, social conditions and corporate governance, as well as actions that can be perceived as unethical.
- being active owners of the companies, we have ownership interests in, and working to ensure that these companies have the same strict requirements with respect to corporate governance, ethical business conduct and corporate social responsibility as the Bank has.





Responsible and ethical corporate governance			
Focus area	SDG	Status	New measures
Sparebanken Sør focuses on the creation of trust and shall have open and honest communication with customers, suppliers, partners and society at large in compliance with the Code of Ethics.	 	Supporting the UN Environmental Programme (UNEP) Principles for Responsible Banking.	ESG training measures.
Governing documents	Corporate Governance, Code of Ethics, Routine Notification, Routine Complaint Handling, Compliance Document		
KPI	GRI Index: 201-1, 201-2, 203-2, 417-2, 417-3, FS10, FS11		
Sør indicator	50: Goal of no lost cases before the Financial Complaints Board		
UN Global Compact Principles	Principle 1: We shall support and respect the protection of internationally proclaimed human rights Principle 2: We shall ensure that we are not complicit in human rights abuses Principle 4: We shall eliminate all forms of compulsory labour Principle 5: We shall effective abolition of child labour Principle 7: We shall support a precautionary approach to environmental challenges Principle 8: We shall undertake initiatives to promote greater environmental responsibility		
Responsible	Corporate Staff Division		

4.2 Responsible credit

Responsible credit (lending) entails safeguarding the environment and climate, social conditions and good corporate governance in credit processes and management. The main objective is to achieve a good long-term return with an acceptable level of risk and to contribute to sustainable development. 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 risks and opportunities in the area of the environment, social conditions and corporate governance will be integrated into the granting of credit, and through this we want to contribute to a more sustainable credit portfolio.

For Sparebanken Sør, this means:

- including sustainability (relevant ESG factors) in credit ratings.
- including sustainability in the customer conversation, so that the customers have a more conscious relationship with sustainability and climate risk.
- continuously striving for a more sustainable credit portfolio.
- not financing enterprises that violate recognised national/international norms and ethics.
- measuring carbon-related exposure in the credit portfolio when relevant frameworks and measurement systems are available.





Responsible credit			
Focus area	SDG	Status	New measures
Sparebanken Sør shall integrate sustainability (ESG) into customer conversations and credit ratings, and the Bank shall not grant credit to customers/projects that do not protect the environment, social conditions and corporate governance in an ethical and responsible manner.	   	<p>The Bank has incorporated a document on “Sustainable Credit Processes” in the Bank's governing documents for the credit operations.</p> <p>The Bank has established green home mortgage loans and distributes green car loans.</p>	<p>Consider how ESG factors can be integrated into credit ratings.</p> <p>Revise document Sustainable Credit Processes.</p>
Governing documents	Code of Ethics, Sustainable Credit Processes, Risk and Capital Strategy, Credit Documents		
KPI	GRI Index: FS8		
Sør indicator	60: Customer satisfaction score RM (CSI): > Industry average 61: Customer satisfaction score CM (CSI): > Industry average 62: Goal to increase the lending volume of green loans		
UN Global Compact Principles	Principle 7: We shall support a precautionary approach to environmental challenges Principle 8: We shall undertake initiatives to promote greater environmental responsibility Principle 9: We shall encourage the development and diffusion of environmentally friendly technologies		
Responsible	Retail Market Division (RM), Corporate Market Division (CM) and Risk Management Division (RM and CM)		

4.3 Responsible investment/financing

Responsible investment/financing entails safeguarding the environment, social conditions and good corporate governance in the financing of the Bank through allocation and management of the available funds. The financing and investments shall 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 assessments of risk and opportunities in the areas of the environment, social conditions and corporate governance are carried out.

For Sparebanken Sør, this means:

- integrating ESG into investment analysis.
- working actively to reduce climate and environmental risk through investment choices.
- establishing financing that can be allocated to sustainable lending purposes.
- investing in companies that have a positive impact on climate.
- being an active and responsible owner of companies in which we have strategic ownership positions.




Responsible investment/financing			
Focus area	SDG	Status	New measures
Sparebanken Sør does not make investments or sell financial products from third-party suppliers that do not safeguard the environment, social conditions and corporate governance (ESG) in an ethical and responsible manner.	   	Established framework for green and sustainable bonds. Issued a “green bond” in the amount of EUR 500 million.	Assess ESG rating. New green bonds. Sustainable Investments Document. Sustainable Financial Providers Document. Investment mandate for the liquidity portfolio, which contains targets for the share of sustainable investments.
Governing documents	Corporate Governance, Code of Ethics, Finance Document, Processing of Personal Data		
KPI	GRI Index: FS10, FS11		
Sør indicator	70: Goal to increase the portfolio of green bonds 71: Establish ESG requirements with regard to liquidity portfolio placements 72: Establish ESG requirements for fund providers		
UN Global Compact Principles	Principle 1: We shall support and respect the protection of internationally proclaimed human rights Principle 2: We shall ensure that we are not complicit in human rights abuses Principle 7: We shall support a precautionary approach to environmental challenges Principle 8: We shall undertake initiatives to promote greater environmental responsibility		
Responsible	Capital Markets Division, Corporate Staff Division and Retail Market Division (RM)		

4.4 Responsible procurement

Responsible procurement entails setting requirements for suppliers to be as sustainable as possible, and for tenderers to submit sustainability information as part of their tender. Requirements, dialogue and the follow-up of suppliers, shall contribute to influencing our suppliers to have greater awareness of sustainability.

For Sparebanken Sør, this means:

- setting requirements for how we expect our suppliers to comply with laws, regulations and principles regarding climate and the environment, social conditions and corporate governance.
- setting requirements for how we expect our suppliers' subcontractors to comply with internationally recognised laws and regulations.
- setting requirements for our suppliers with regard to environmental certification.
- including due care assessments for our procurements, which entails clear requirements for, dialogue with and follow-up of suppliers.

Responsible procurement			
Focus area	SDG	Status	New measures
Sparebanken Sør shall safeguard the requirements for sustainable development (ESG) in its follow-up of suppliers.	  	<p>Documentation obtained from our suppliers regarding environmental certification.</p> <p>Miscellaneous development work and improvements in the work on Eco-Lighthouse certification.</p>	<p>Sustainable Procurement Document.</p> <p>Document Outsourcing of IT Systems/.</p>
Governing documents	Code of Ethics, Purchasing Routine, Routine Risk Assessment for the Procurement of New Products and Systems		
KPI	GRI Index: 308-2, 414-2		
Sør indicator	80: Establish ESG requirements for suppliers: Suppliers shall have Eco-Lighthouse certification or equivalent certification		
UN Global Compact Principles	<p>Principle 1: We shall support and respect the protection of internationally proclaimed human rights</p> <p>Principle 2: We shall ensure that we are not complicit in human rights abuses</p> <p>Principle 7: We shall support a precautionary approach to environmental challenges</p> <p>Principle 8: We shall undertake initiatives to promote greater environmental responsibility</p>		
Responsible	Corporate Staff Division (Property, Fixtures and Operations) and Business Development Division (IT, consultants, etc.)		

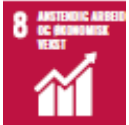


5 CLIMATE AND THE ENVIRONMENT

5.1 Climate and the environment

Climate change and environmental challenges pose a great risk to society and to Sparebanken Sør. 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 for change, restructuring and new business areas. Sparebanken Sør has both an internal and external approach to the climate and environmental challenges. 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.

For Sparebanken Sør, this means:

- not contributing to serious environmental damage, such as extensive greenhouse gas emissions and irreversible damage to vulnerable areas, biodiversity, ecosystems or groups of people.
- making sure the operations are climate neutral and continuously work to reduce the environmental impact from own operations.
- working to reduce the environmental and climate impact of customers, suppliers and partners.
- making provisions for employees so that the environmental impact can be reduced, and the employees can make environmentally friendly choices.
- contributing to skills development in the area so that our employees are aware of their impact on climate and the environment, both through their own actions and through their work at the bank.
- certifying our own offices through the Eco-Lighthouse scheme to reduce costs and the environmental impact.

Climate and the environment			
Focus area	SDG	Status	New measures
Sparebanken Sør shall conduct its business in a way that can help achieve the goals of the Paris Agreement.	  	Eco-Lighthouse certified head office in Kristiansand and recertified office in Arendal. Purchased carbon credit to become climate neutral. All company cars shall be electric cars. Cycling campaign for staff.	Climate and the Environment Document. Eco-Lighthouse certify 10 offices, i.e. all the relevant offices will be certified in 2020. Build a network.
Governing documents	Sustainability Strategy, Corporate Governance, Code of Ethics, Eco-Lighthouse Certification Guidelines		
KPI	GRI Index: 201-2, 302-1, 305-1, 305-2, 305-3		
Sør indicator	90: Eco-Lighthouse certify all the relevant properties in 2020 91: Carbon neutral 92: Reduction of own annual carbon emissions: > 50% by 2030 93: All company cars shall be electric by the end of 2023		
UN Global Compact Principles	Principle 7: We shall support a precautionary approach to environmental challenges Principle 8: We shall undertake initiatives to promote greater environmental responsibility		
Responsible	Corporate Staff Division		