



SpareBank 1 SR-Bank ASA

# Sustainability strategy

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## 1. Background and objective

The sustainability strategy will clarify and provide guidance for the SR-Bank's work on sustainability, and support staff and leaders in decisions and daily work. The strategy will also clarify to customers and investors how sustainability is integrated into SR-Bank's activities and how it impacts on our decisions.

Sustainability - The term: Sustainable development is defined as "development that meets the needs of today's generation without reducing the potential for future generations to meet its needs" (Brundtland Commission, 1987). In order to create sustainable development, work is mainly underway in three areas: Climate and environment, economic and social conditions.

Sustainability must be included in the documentation and routine work associated with credit lines and investments/management, and be incorporated into the group's strategy. The sustainability strategy must be seen in conjunction with other internal governing documents, such as corporate strategy and associated business plan, the bank's ethical guidelines, credit strategy and other relevant policies and guidelines of the group.

The principles and related guidelines apply to the entire group's activities, including daughter companies, and regardless of customer groups and organizational affiliation.

## 2. Overall goals and principles of the bank

**Overall goal: 'Savings Bank 1 SR-Bank will be among the top 30% companies (on the Oslo Stock Exchange) within sustainability within 2020-2021'**

*(Benchmark: Annual sustainability Report by The Governance Group and Burson Cohn & Wolfe who evaluate the 100 largest companies on the Oslo Stock Exchange)*

The SR-Bank aims to be an organisation that has an active approach to sustainability and takes responsibility for the environmental challenges facing the community. The bank will not, directly or indirectly, participate in violations of human and labour rights, corruption, serious environmental harm or other actions that could be considered unethical. This applies both internally and in relation to society as a whole. The responsibilities include products and services, consultancy and sales, investment and credit decisions, marketing, procurement, corporate governance and business administration. In addition, sustainability responsibilities apply to internal work with EHS, ethics, equality and environmental efficiency.

The UN's 17 Sustainable Development Goals are the basis for the group's sustainability principles. The group also backs the UN Global Compact's Ten Principles (human rights, labour standards, environment and anti-corruption).

The group will place particular importance on the following areas in the years ahead. These are based on a materiality analysis conducted in spring 2018 and are as follows:

- Financial crime
- Ethics and anti-corruption
- Privacy and information security
- Negative screening and exclusion
- Policy/guidelines for responsible credit

- Climate risk
- Local business development
- Marketing of products and services
- Active ownership/green products/positive screening
- Banking practice
- Supplier chain follow-up
- Diversity and equality

## 2.1 Corporate governance

The group's activities depend on the trust of customers, public authorities and the community. SpareBank 1 SR-Bank will provide factual and accurate information in an open and honest manner about the group's activities and services. SpareBank 1 SR-Bank's employees will be characterised by their high ethical standards. This means that each employee will demonstrate behaviour that is perceived as being trustworthy, honest and fair, and that is in accordance with the standards, rules and laws that are otherwise applicable in society.

Employees of the SR-Bank and the business in general:

- Will be characterised by high ethical standards and good corporate governance and business administration.
- Have zero tolerance for corruption.
- Have an open, honest and clear communication with all stakeholders.
- Are active and listening citizens who provide or collaborate to ensure the right to effective complaints access for affected parties through responsible processes.
- Keep their own house in order in terms of environment and actions that can be perceived as unethical.

This is otherwise referred to in the bank's Code of Conduct stated in the Personal Manual.

## 2.2 Sustainable credit

Credit is the bank's mainstay business area, and the area in which the bank has the greatest opportunity to contribute within sustainability, especially in the corporate market. We see that there is increasing focus on sustainable credit in the industry, especially climate risk evaluations. SR-Bank will ensure it is positioned in line with leading players when it comes to sustainable credit.

- We will constantly work to achieve a more sustainable credit portfolio.
- We will help our customers to have a conscious approach to sustainability and climate risk, and expect them to take an active attitude towards their own practice in this field.
- Relevant ESG factors will be assessed in all credit cases.

We aim to increase the share of companies that contribute to the increased use of renewable energy

Essentially, we want to work together with the companies to find good solutions for restructuring rather than excluding; we think this will make a bigger contribution.

Chiefly, the customer shall operate in accordance with applicable laws and regulations. In order to support this, the bank, in its credit, will have a particular focus on whether the customer;

- Treats people in accordance with recognised international standards.

- Operates prudent management of recyclable natural resources.
- Operates prudent operation and interaction with all stakeholders when extracting non-recyclable natural resources.
- In the event of direct/indirect participation within the arms industry, operates within national laws and international norms.
- Liquidates/scrap/sanitises assets in accordance with recognised international standards.
- Pornography, coal power, coal mining, controversial weapons, tobacco production, and nuclear power will not be funded.

Further elaboration and details are stated in the bank's AML and KYC routines, credit strategy and credit policy guidelines, and sustainability guidelines for the corporate market.

### 2.3 Responsible investments

Responsible investments and active ownership of SR-Bank are handled directly in the bank and indirectly through management in SR-Management. There must be consistency in the guidelines of the bank and the management company.

- We will invest in sustainable companies capable of adapting business to a changing world
- We integrate ESG<sup>1</sup> into our investment analyses
- We will be active owners in the companies in which we are invested and have a transparent management structure according to national and international corporate governance standards
- We actively work to reduce climate risk in our investments and to invest in companies that have a positive impact on climate

Further elaboration and details are stated in the bank's guidelines for responsible investment in SR-Management.

### 2.4 Climate and environment

We will work towards becoming a climate neutral corporation, and continually ensure reduced environmental impact from our own business.

- We will develop and decide on a climate strategy
- We will adapt the loan and investment portfolio according to climate risk.
- We use, develop and invest in technology to reduce environmental impact.
- We arrange for employees to reduce their environmental impact and to make environmentally friendly choices.
- We will contribute to increasing competence in the area so that employees become conscious of their impact on climate and environment, both through their own actions and through their work at the bank.

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<sup>1</sup> Environmental, Social, Governance

## 2.5 Sustainability requirements for suppliers and partners

We will set requirements for our suppliers, customers and partners have to a conscious approach to sustainability. Furthermore, specific requirements will be set to ensure compliance with laws and regulations relating to human rights, working conditions, the environment and honourable activities.

This involves:

- Clear requirements, dialogue with and follow-up of suppliers.
- Clear requirements, dialogue with and follow-up of partners.
- Consistent use of supplier declarations.

## 3. Responsibilities and organisation

The sustainability strategy is decided by the executive board of SpareBank 1 SR-Bank. The strategy is anchored and revised in line with the overall corporate strategy. The strategy is incorporated and kept up-to-date in appropriate strategic governance documents, routines and guidelines for responsible resources (pursuant to Appendix 2).

The Executive Vice President, Communication and Sustainability is responsible for managing and maintaining the group's sustainability strategy.

To ensure compliance with the strategy in practice, each department manager must ensure that principles, objectives and initiatives are known throughout the organization and systematically followed up. The individual companies that form the corporation as well as the bank's business and support areas are responsible for implementing sustainability in accordance with the current strategy and action plans.

## 4. Management and reporting

The group's activities and work on sustainability are reported in an annual sustainability report and a climate statement as part of the bank's annual report.

A major and multi-disciplinary sustainability committee will be established in the group. The committee's mandate will be advisory in individual cases, and also clarify principle cases relating to sustainability and responsible investments and credit in the group's operations.

Starting with the financial year 2018, the bank will report on sustainability efforts in line with recommendations from Oslo Stock Exchange's guidance on reporting corporate social responsibility; i.e. according to the international GRI reporting standard.