

CORPORATE SOCIAL RESPONSIBILITY

SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt (the Enterprises) are owned by the SpareBank 1 Alliance, and BN Bank. The business of the Enterprises aims to reflect the fundamental philosophy of the savings banks—a broad responsibility for sustainable social development—and contribute to an orderly and safe working life.

The Enterprises deliver financial services to their owners in the form of mortgages and commercial real estate loans, respectively. The Enterprises are licensed OMF businesses, and borrowing occurs through bonds with a high rating and pre-emption rights (Moody's Seasoned Aaa Corporate Bond Yield), and which give financial advantages to the owner banks. All the Enterprises' customer relationships are administered by the bank from which the Enterprises purchased the loan. In addition, the SpareBank 1 Alliance (the owner banks, the Enterprises and a range of other entities owned by or affiliated with SpareBank 1) extensively cooperate on, inter alia, joint acquisition of both goods and services, and other cooperation on platforms that are not sensitive to competition, etc. These initiatives also directly or indirectly benefit the Enterprises.

The SpareBank 1 Alliance, including the Enterprises, seek to reduce their environmental footprint whilst supporting the green shift. Through internal operations, procurement and our own products, SpareBank 1 impacts humans, the environment and society. In order to be a positive contributor to sustainable restructuring, a long-term perspective is required, and demands above and beyond the legislation that governs the finance market must be set.

The SpareBank 1 Alliance experiences that the expectations of stakeholders have increased in relation to how the business shall contribute to sustainable restructuring. Additionally, the reporting requirements and transparency around sustainable corporate governance are constantly increasing.

CLIMATE AND ENVIRONMENT

Climate change, including increased frequency of extreme weather and essential sustainable restructuring in society, brings forth climate-related risks and opportunities.

Climate risks

The Enterprises' business (and the SpareBank 1 Alliance) is exposed to climate risks in terms of both physical risks and transition risks. This is connected to the fact that the Banks and Enterprises finance customers who are exposed to such risks. The physical risk for real estate, which forms the Enterprises' collateral, entails, inter alia, the risk of increased loss due to depreciation, e.g., because they are located in places prone to landslides or avalanches, flooding or other natural phenomena.

The actual damage that may be caused is covered by natural disaster insurance, but depreciation due to a drop in the market value because the real estate is situated in a hazardous area in relation to such events, is not covered. The Company is exposed to loss due to depreciation or because the real estate is less attractive.

The SpareBank 1 Alliance works actively on increasing knowledge and awareness of how climate risks impact the Alliance's businesses. In conjunction with this, work on materiality analyses has been implemented for businesses in the Alliance to identify the most important sustainability themes. In this regard, climate risk management is considered an important theme for SpareBank 1 Alliance's sustainability work.

Opportunities

An opportunity also exists for the Enterprises' business to take an active position and become a driving force in the green shift. This also includes making it easier for private and corporate customers to make sustainable choices. This can be attained by giving a lower interest rate for energy-efficient real estate compared to other real estate, or by offering other measures to make it more attractive for customers to make sustainable choices.

External environment and impacts

Through their business operations, the Enterprises have both a direct and indirect impact on the environment. The Enterprises are consumers of natural resources (including energy and water), they produce waste, and are responsible for transport and travel. The Enterprises seek to minimise the adverse environmental effect of their business and systematically work on environmental measures everyday.

During the course of the last twelve months, work has been initiated to obtain a better overview of and to implement measures that help reduce the Enterprises' climate footprint. Among other things, work has been done on improving the sorting at source scheme in a separate building to facilitate sorting of household-like waste and the recycling of materials. Further, the impact of travel on the climate has been mapped.

SpareBank 1 Alliance's work on materiality analyses has also uncovered which themes have a high social and environmental impact and will be prioritised in our continuing sustainability work.

SOCIAL CONDITIONS

Social conditions covers the working environment, human rights, equality and anti-discrimination under one umbrella and includes the social pillar of corporate social responsibility.

Organisation

At the end of 2023, the Enterprises have eight permanent employees. This is the same as at the end of 2022. This amounts

to approx. seven full-time jobs. The employees hold the same positions in both Enterprises with formal employment relationships with SpareBank 1 Boligkreditt. SpareBank 1 Næringskreditt refunds SpareBank 1 Boligkreditt with 20% of the personnel costs.

HR strategy

HR has been outsourced to SpareBank 1 SMN and primarily follows its policies related to this field. The core areas of the Enterprises' HR strategy are: competence development, career opportunities, pay and rewards, equality and prevention of discrimination, life-phase policy and the protection of physical and mental health. The HR strategy contains guidelines that aim to help the Enterprises to be an attractive and inclusive workplace without any form of discrimination. The Enterprises have accomplished a good balance between work and leisure time, where the working day contributes to personal development.

Working environment

The company's working environment is rated as excellent. Remote work has become more popular in recent years after experiences with two years of the pandemic. No agreement exists that specifically regulates the use of remote working. This is determined by each single employee in relation to what is considered appropriate.

The modest size of the organisation makes it difficult to carry out anonymous employee surveys. A separate external reporting system has been established for employees who need to report matters of concern further. Employees have the freedom of association and SpareBank 1 Boligkreditt (with which the employees have an employment relationship) is a member of the Norwegian Confederation of Business (NHO).

Rules have been established in the Enterprises' ethical guidelines stating how employees and employee representatives shall report any violation that comes to their knowledge of, inter alia, laws, regulations and the group's internal rules. A separate reporting routine has been established. In the future, the Enterprises will regularly review the reporting routines to ensure that all employees are always up to date and familiar with routines and guidelines. No matters of concern were reported in 2023.

Equality, discrimination prevention and life-phases

The promotion of equality and discrimination prevention due to gender, disability, ethnicity, national origin, descent, skin colour, sexual orientation, religion and life philosophy, in addition to striving for a correct balance between the genders is emphasised in all recruitment processes. In a company with eight employees, it is difficult to have the same diversity that is otherwise represented in society. The content of job advertisements has been changed with additional focus on diversity, and we are more aware that the use of images and choice of words has consequences in relation to who applies for a job at our company.

In 2023, one man left and a woman was employed. This means that two of eight employees are women. Measured as full-time jobs, two of seven full-time jobs are carried out by women. The company has a flat structure where the CEO is in practice the only manager.

The Boards of the Enterprises are identical with seven members. Of these, two are women. The Election Committee carries out an assessment on how the Enterprises shall fulfil their obligations on representative gender distribution, which will be clarified at the Enterprises' General Meetings in March 2024.

Since the Enterprises do not have many employees, it is difficult to measure differences in pay based on gender. For that, the work tasks are too different. The CEO sets the annual salaries and reports them to the Board's Remuneration Committee, which shall help ensure that the Enterprises' payroll guidelines are adhered to without any negative considerations towards gender, ethnicity and so forth. An annual assessment is carried out on pay levels based on insight from the financial industry and the general labour market in Norway.

The Enterprises' modest number of employees gives the employees considerable freedom to adapt their work to the life phase they are currently in.

The Enterprises' have modern premises that are well-adapted to safeguard disabled employees.

Supplier requirements

The Enterprises largely carry out procurement through SpareBank 1 Utvikling, which is a joint venture for a number of the Alliance's common affairs, including the procurement of goods and services. The procurement policy of SpareBank 1 Utvikling requires all procurement agreements to include an appendix on sustainability and ethical business practices. The suppliers shall at the minimum satisfy and adhere to local, national and international laws; rules and principles, including provisions on matters such as wages; working hours and HSE (health, safety and environment); and environment and anti-corruption.

The suppliers undertake to act in an ethically sound manner on all occasions in connection with production and deliveries to the SpareBank 1 Alliance. The same requirements apply to the suppliers' sub-suppliers and cooperation partners connected to deliveries to the SpareBank 1 Alliance. Breach of the provisions on corporate social responsibility is considered a breach of contract and may form grounds for rescission of the agreement.

The Transparency Act entered into force on 1 July 2022. Through stricter transparency and responsibility requirements, the Act shall help prevent abuses of human rights and indecent working conditions in the enterprises of the company's business contacts and supplier chains. The statutory requirement is a result of higher expectations in relation to businesses acting more

responsibly in their value chains. The objective is to promote the respect of businesses for fundamental human rights and decent working conditions.

The Boards have adopted a 'Safeguarding Human Rights and Decent Working Conditions Policy'. The policy ensures ingrainment of the Enterprises' work on maintaining the obligations in accordance with the Transparency Act. The policy aims to help the Enterprises, through all their business, to contribute to sustainable development and to refrain from contributing to adverse effects on humans, society and the environment. The Enterprises must not under any circumstances carry out business that violates respect for fundamental human rights and decent working conditions – internally in supplier chains or the enterprises of business contacts. Corresponding policies have been adopted by the relevant SpareBank 1 entities.

The Enterprises' suppliers and business partners consist of both direct and indirect business contacts. The direct business contacts deliver goods and services connected to the Enterprises' business. These are mainly the owner banks (customer service), SpareBank 1 Utvikling (operation of IT systems, etc.) and Spare 1 SMN (which has an SLA with the Enterprises related to the operation of staff functions, such as HR, accounting, back office and so forth).

Other suppliers primarily deliver services connected to the rental of premises, and procurement of auditing, legal and consultancy services. The Enterprises consider that the attached risk is extremely low and has therefore not carried out further mapping of this to uncover the risk of adverse effects on social conditions and ethical business practices. However, based on knowledge of the actual industries, the Enterprises' contacts within auditing (3) and legal services (1) have been written to and challenged to facilitate a higher ratio of women and improved multicultural diversity in leading positions (particularly at partner level). This does not necessarily concern discrimination, but the fact that steps other than traditional thought must be taken to achieve the desired effect. This could mean that less weight should be placed on the earnings criteria attached to becoming a partner, so it is not so vital to work outside normal working hours. The OECD Due Diligence Guidance for Responsible Business Conduct was the starting point for risk mapping.

The Enterprises also have indirect business contacts who the banks deal with. These also have indirect business contacts preferably through the same entity, namely, Allianseinnkjøp in SpareBank 1 Utvikling. In this context, SpareBank 1 Utvikling is responsible for managing large procurement agreements for the SpareBank 1 Alliance that benefit the whole alliance. SpareBank 1 Utvikling has worked on due diligence assessments in accordance with OECD guidance on a significant portion of the supplier portfolio since 2019, and has worked purposefully on following up suppliers with a high sustainability risk. The point of departure for the Alliance's procurement work with supplier

follow-up was a risk-based assessment of 249 existing suppliers. This review showed that 91 suppliers had some or a higher risk of having a negative impact on the environment, and social and ethical business conditions. In 2020, the 91 suppliers were followed-up further and 43 were identified as relevant for additional follow-up. In this connection, the Enterprises were supported by SpareBank 1 Utvikling's work on due diligence assessments for agreements negotiated through Allianseinnkjøp.

The SpareBank 1 Alliance and the Enterprises will further develop the work on due diligence assessments in 2024 in close cooperation with SpareBank 1 Utvikling. Work will also be carried out on updating other relevant routines and governance documents in accordance with the transparency legislation. It is considered that the Enterprises are well positioned for the work on the Transparency Act.

The Enterprises will publish a due diligence statement on the business' website in accordance with the guidelines of the Act. These will be published on www.spabol.no and www.spacom.no.

ETHICAL BUSINESS PRACTICES

Among other things, ethical business practices include reporting, legal requirements, principles of corporate governance and also covers the ethical business pillar of corporate social responsibility.

Corruption

In their code of ethics, the Enterprises have included, as part of their employment contract, a ban on corruption. They also describe how employees shall relate to gifts, customers and representation. The Enterprises have zero tolerance for corruption and matters akin thereto. The Enterprises also have routines for reporting objectionable circumstances and security breaches.

Corruption covers a range of activities where the objective is to gain illegal advantages for oneself or others. Bribery is the most common form of corruption. In terms of the Enterprises, the risk of corruption is mainly linked to entering into agreements and procurement of goods and services.

The Enterprises do not accept any form of corruption, since it breaches the Enterprises guidelines and may lead to serious consequences for employees and the Enterprises alike. The Enterprises emphasise attitude-creating work and preventive activities.

New requirements and expectations

The Enterprises are subject to sustainability regulations, and may also be included in the regulations affecting the banks. In 2023, more emphasis was placed on complying with and positioning the Enterprises for new requirements, and meeting the expectations of authorities and other stakeholders.

Cyber risk

The Enterprises are covered by SpareBank 1 Alliance's joint cyber insurance. In order to reduce this risk, comprehensive work is carried out at alliance level largely through SpareBank 1 Utvikling.

DIRECTORS' LIABILITY INSURANCE

The Enterprises are covered by SpareBank 1 Alliance's joint directors' liability insurance. The insured sum applies to all Enterprises and banks that form part of the SpareBank 1 Alliance, so in the event of injury the same insured sum is used. The insurance does not have excess.

The insurance applies to anyone who has been or is or becomes a general manager, board member, member of the management team or equivalent controlling body in companies and banks included in the insurance, and any earlier or current or future employees that may acquire independent managerial responsibility. The insurance covers the insured's liability for economic loss due to a claim filed during the insurance period resulting from an alleged tortious act or forbearance. Economic loss means a loss that has not directly occurred through physical personal injury or damage to a thing.

Further, the insurance covers claims against the insured or on behalf of an employee due to discrimination, harassment or other wrongdoing during employment or neglecting to introduce or implement an adequate HR policy or procedures. The insurance covers fines issued to the insured as a result of coverage requirements in accordance with the insurance policy conditions, unless the fines are not insurable pursuant to applicable law in the jurisdiction where the claim is filed.