

Due Diligence Statement SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt

In accordance with the requirements of the Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act).

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1. Background

The aim of SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt (the "Enterprises") is to acquire long-term, stable and competitive financing for the owner banks. The Boards and administration of the Enterprises are identical. Their business is also virtually the same except that SpareBank 1 Boligkreditt deals with residential mortgages, and SpareBank 1 Næringskreditt offers loans with security in commercial real estate.

Through their annual reports, the Enterprises have provided more in-depth information about their business and prioritisations. Among other things, they have further explained sustainability and corporate social responsibility, which is an important area for the Enterprises' shareholders. Since the Enterprises' business typically supports the shareholders, it is natural that the main part of the outward-looking business related to sustainability and corporate social responsibility lies here, whilst the Enterprises focus on their business and strive to actively contribute to their circumscribed areas. The Enterprises also cooperate with SMN 1 SMN regarding the delivery of several support functions (accounting, HR, etc.), in addition to SpareBank 1 Utvikling who assist with a significant amount of the Alliance's general procurement, especially related to system deliveries.

Several owner banks have committed to supporting multiple national and international agreements, and principles and standards in the work on integrating sustainability into the business.

Social sustainability is about enterprises making sure that they have decent working conditions and respect for fundamental human rights in their own business and supplier chain, and the companies of their business contacts. Through the "**Transparency Act**" it is mandatory for large businesses to know the risk that their business represents in relation to breaching fundamental rights or having an adverse impact thereon. The Act also gives consumers the right to know how a good or service has been developed.

"Fundamental human rights" cover, inter alia, the Human Rights Act² Convention on the Rights of the Child³, and the Indigenous and Tribal Peoples Convention⁴.

"Decent working conditions includes fundamental rights at work as set out in internationally recognised human rights, inter alia, laid down ILO core conventions, cf. ILO Declaration of Fundamental Principles and Rights at Work (1998).

The Enterprises are subject to requirements laid down in the Transparency Act and shall carry out due diligence assessments ⁵ on their own business, the supplier chain and business partners.

According to the Transparency Act, Section 5, the businesses shall publish a due

¹ LOV 2021-06-18-99

² The Human Rights Act (LOV-2014-05-09-14) incorporates, e.g., the European Convention on Human Rights

³ The United Nations [Convention on the Rights of the Child](#) of 1989

⁴ ILO Convention (No. 169) on Indigenous and Tribal Peoples in Independent Countries

⁵ The Transparency Act, Section 4

diligence statement. The statement must at least contain:

- a general description of the business's organisation, operating area, guidelines and routines for handling actual and potential negative impacts on fundamental human rights and decent working conditions;
- information about actual negative impacts and significant risk of negative impacts that the business has uncovered through its due diligence assessments;
- information about measures that the business has implemented or plans to implement to stop actual negative impacts or limit significant risk of negative impacts, and the result or expected results of these measures.

2. Purpose

In the following, the Enterprises will provide an in-depth due diligence statement, which was carried out as part of the work on promoting fundamental human rights and decent working conditions, and ensuring public access to such information.

The Enterprises have prepared a joint statement, which in essence covers both Enterprises. Any material deviation will be commented separately.

3. Due Diligence Statement

3.1 A general description of the business's organisation, operating area, guidelines and routines for handling actual and potential negative impacts on fundamental human rights and decent working conditions.

3.1.1 The Enterprises' organisation and business activities

The Enterprises are independent credit institutions that issue bonds with pre-emption rights (OMF), and provide loans in accordance with permits and applicable legislation. In total, the Enterprises have eight employees who carry out approx. seven full-time jobs. The Enterprises are owned by most of the banks in the SpareBank 1 Alliance. The banks' lending is managed by the banks from which the Enterprises have purchased loans.

Shareholders as per 01/03/24	Shareholders SB1 Boligkreditt	Shareholders SB1 Næringskreditt
SpareBank 1 SMN	23.75%	14.80%
SpareBank 1 Østlandet	23.45%	12.78%
SpareBank 1 Nord-Norge	16.18%	1.05%
SpareBank 1 Sørøst-Norge	10.30%	10.04%
BN Bank	6.76%	41.64%
SpareBank 1 Østfold Akershus	4.66%	7.57%
SpareBank 1 Ringerike Hadeland	4.46%	8.02%
SpareBank 1 Nordmøre	3.36%	2.62%
SpareBank 1 Helgeland	3.12%	
SpareBank 1 Gudbrandsdal	1.59%	
SpareBank 1 Hallingdal Valdres	1.43%	1.50%
SpareBank 1 Lom og Skjåk	0.94%	
SpareBank 1 SR-Bank		0%
	100.00%	100.00%

Through the Alliance and the banks' own subsidiaries, the owners offer products within financing, saving, insurance and payment, estate agency, leasing, accounting services and capital market services.

The Enterprises' offices are in Stavanger. Lending for residential purposes and commercial real estate is the Enterprises sole business, in addition to managing their own liquidity. The Enterprises do not have subsidiaries.

3.1.2 Guidelines and routines for handling actual and potential negative impacts - ingrainment

Together with the owner banks, the Enterprises' ambition is to draw sufficient attention to the work on promoting human rights and decent working conditions.

This happens through involving the Board and involvement further down in the operational activities by:

- establishing governance documents; and
- responsibility for follow-up.

The Enterprises have ingrained the work on sustainability at board level and further into the operational business. This also applies to the work on promoting fundamental human rights and decent working conditions through internal guidelines and routines.

The Board's strategy includes sustainability and is, inter alia, concretised through the adopted 'ESG Policy' and 'Safeguarding Human Rights and Decent Working Conditions Policy'.

Guidelines and routines are also implemented for the execution of due diligence assessments. Since the activities of the Enterprises are extremely limited, most matters concerning customers will be subject to the provisions of the bank that granted the loan which, after the sale of the loan to the Company, continues to deal with the customer. Procurement is mainly conducted through the joint alliance company SpareBank 1 Utvikling following its applicable guidelines. The Company has an SLA with SpareBank 1 SMN regarding HR, accounting, back office, etc., and for this part of the business and for the Company’s employees, follows the guidelines applicable to SpareBank 1 SMN.

The finance director has been assigned main responsibility for follow-up.

In addition, there are a few well-established policies with guidelines within the following areas in the Enterprises, which support the promotion of work on human rights, decent working conditions, ethical conduct and prevention of crime in general.

- Anti-money laundering policy (in this case, the Company’s guidelines are those of the individual owner bank)
- Anti-corruption policy (refer to the code of ethics. The owner banks also have their own rules for this)
- Privacy policy when regulating the use of personal information (the owner banks also have guidelines on this)
- The Enterprises’ ethical guidelines
- Pursuant to the Working Environment Act⁶ the Enterprises’ reporting routines are regulated through the implementation of guidelines and channels for anonymous reports.

Through ‘The Procurement Standard for SpareBank 1 Utvikling’, a procurement framework has been establishment to ensure uniform follow-up during the procurement process:

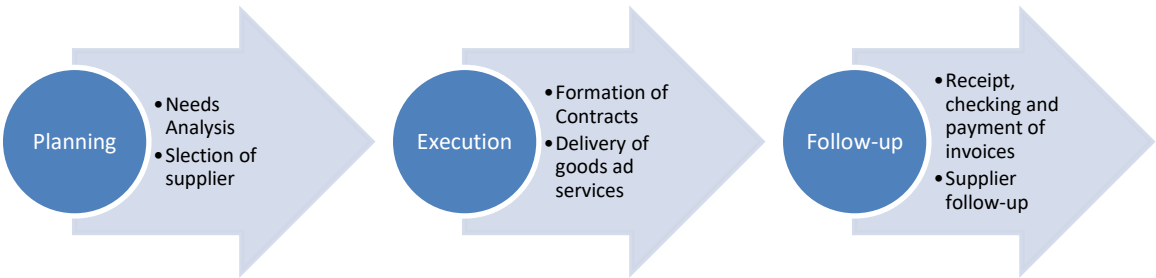


Figure 1: Procurement process
The purpose of the standard is to safeguard all parts of the process.

The standard sets the requirement that the appendix on ‘Requirements for suppliers regarding sustainability and ethical business practices’ must be used in connection with procurements.

⁶ The Working Environment Act, Section 2A-1, et. seq.

3.1.3 Reporting channels and complaint mechanisms

In terms of customers, the Enterprises carry out a very small amount of outward-looking business. Customers will therefore use the banks' complaint mechanisms for various matters either for complaining about their own conditions or the bank's conduct.

The Enterprises cooperate with SpareBank 1 SMN where the public can send an e-mail to bærekraft@smn.no regarding the Enterprises conduct and send queries, reports or complaints regarding human rights and decent working conditions. These will then be channelled further to the Enterprises for further follow-up.

3.2 Information about actual negative impacts and significant risk of negative impacts that the business has uncovered through its due diligence assessments.

Through our outsourcing companies, largely the owner banks, SpareBank 1 Utvikling and SpareBank 1 SMN, mapping is carried out for the purpose of uncovering actual negative impacts and significant risk of negative impacts for fundamental human rights and decent working conditions. The execution is based on proportionality with a risk-based approach.

Examples of what may be a risk/ negative impact:

Examples of fundamental human rights	Examples of vulnerable groups	Concrete examples of risk/negative impacts
<ul style="list-style-type: none"> • The right to life, liberty and security of person • The right to education • The right to freedom of opinion and expression • The right to privacy/private life • The right to equality and non-discrimination • The right of freedom of association • Prohibition of slavery and child labour <p>The business may impact all human rights – not just labour rights.</p> <p>Humans can be affected in numerous ways, and attention should particularly be paid <u>to people and groups who are more vulnerable or at higher risk of marginalisation.</u></p>	<ul style="list-style-type: none"> • People living in poverty • Migrant workers • Disabled people • Children • Indigenous peoples • Women 	<ul style="list-style-type: none"> • Extensive use of overtime • Low wages that do not cover basic human needs • Evasion of regular employment • Pollution or accidents • Discrimination • Forced labour • Child labour • Breach of the right to privacy • Omission of the right of freedom of association • Sexual harassment • Risk to life and health of workers • Desctruction/disruption of indigenous territories

Theme	In more detail
Decent working conditions	Wages, HSE, social rights, etc.
Equality, equal rights and diversity	Equality means the state of being equal in rights and opportunities. The opposite to equality is discrimination, which can briefly be described as unjustified distinction.
Involvement	The right of freedom of association is a fundamental human right and is important for ensuring decent work, the protection of workers' rights, and promotion of a safe and secure working environment. Employers must respect and make arrangements for employees to freely join a trade union of their choice. The right of freedom of association also involves the right to not join a trade union.
Reporting objectionable circumstances	A safe reporting climate is necessary to enable employers to take care of obligations under, inter alia, the Equality Act and Transparency Act. Employers must receive information about, for example, corruption, poor working environments, discrimination, harassment, climate and environmental risks, abuse of human rights or other objectionable circumstances that contravene law provisions, the business's written ethical guidelines or ethical norms that are widely accepted in society. Pursuant to the Working Environment Act, employers are subject to a specific obligation to have written routines for managing internal reports concerning objectionable circumstances.

In the following, a separate statement is given for one's own business and supplier chains/business partners.

3.2.1 Own business

The Enterprises' business activities are operated in Norway and are connected to financing – an industry that is classified as having low inherent risk of abusing human rights and decent working conditions.⁷

Continuous work on impacts

Under the auspices of the owner banks and SpareBank 1 Utvikling continuous work is being carried out to ensure a common set of values, and that business and operations comply with strategies laid down by the entities' boards. Regular training courses are given with the purpose of ensuring that governance documents become an integral part of the business. Ethical guidelines, policies that safeguard privacy, anti-corruption, anti-money laundering and sustainability work are part of this. Frameworks and operational work will contribute to promoting human rights and decent working conditions. These are the foundation of all the activities carried out in the business and collectively contribute to reduced risk of negative impacts.

⁷ NACE Code 64

The Enterprise has approached the major suppliers of services who supply directly to the Enterprises that are not covered by owner banks, SpareBank 1 Utvikling and/or SpareBank 1 SMN. This applies to three Norwegian audit firms and one law firm. The purpose is to influence the working conditions to facilitate more female and multicultural partners or employees in higher positions within these firms. This will be followed up annually.

Business activities

The business activities have not been further assessed through the mapping of customers and impact on human rights and decent working conditions. In terms of residential mortgages for private customers, this is irrelevant at the present time. Nonetheless, several owner banks in SpareBank 1 Næringskreditt have established a dialogue with corporate customers through lending when they ask questions about their awareness of conditions that are regulated by the Transparency Act. In the longer term it will be relevant to carry out in-depth mapping to further assess the risk that outward-looking business aimed at customers represents.

One's own investments are limited to securities issued by countries, companies with a state-guarantee or issued covered bonds; everything in Northern Europe where the risk is generally very low.

Internal matters related to decent working conditions

In relation to one's own business and decent working conditions, there are so few employees that the degree to which anonymous surveys can be carried out is limited. There are fixed routines for sending reports to external channels should this be needed. Key legal requirements are taken care of by HR at SpareBank 1 SMN, and the Enterprises facilitate freedom of organisation.

Summary

Risks have been mapped and assessed according to our best discretion as described above in this section. No significant actual negative impacts or significant risk of negative impacts were uncovered during the mapping and risk assessment of our own business.

3.2.2 Supplier/business contacts

3.2.2.1 Introduction

Most of the Enterprises' suppliers and business contacts are within ICT (mainly via the owner banks or SpareBank 1 Utvikling), financial services (via the owner banks and foreign facilitators/counterparties) and consultancy services (auditing, legal and some consultancy assignments). In addition, there are leases for physical offices. Suppliers (directly to the Enterprises or via the owner banks) will largely be from the Norwegian market with the exception of ICT where agreements may be had with larger businesses abroad or with business abroad.

SpareBank 1 Utvikling DA – Joint procurement

Through participation in the SpareBank 1 Alliance and joint procurement, and/or outsourcing through SpareBank 1 Utvikling DA, this constitutes an important part of procurement which is carried out by the Enterprises (and the owner banks). Procurement through participation in joint procurement is multifaceted and applies, inter alia, to ICT, software, hardware, offices, furniture, other infrastructure and various consultancy services.

Important parts of due diligence assessments that apply to large procurements are carried out through the joint work that is carried out at SpareBank 1 Utvikling DA. The mapping of risks and due diligence assessments, and the statement completed centrally are considered adequate. This work is pertinent to the basis for the Enterprises' compliance with the Transparency Act.

3.2.2.2 Mapping and risk assessment

Through the work that is carried out in connection with joint procurement at SpareBank 1 Utvikling, the Enterprises have carried out mapping and risk assessments - which supplement the assessment of our own business under section 3.2.1.

The following summary from SpareBank 1 Utvikling's statement in 2022 has been included:

“As part of the due diligence assessments, Allianseinnkjøp has carried out categorical risk assessments on 249 existing suppliers. Of these, 12 selected suppliers were followed up further within the field of sustainability through in-depth surveys. The status of the sustainability work of 36 suppliers (broad-based surveys) was also examined. Suppliers of furniture and IT equipment, such as computers and screens were followed up with in-depth surveys due to potential risk of negative impacts on fundamental human rights and decent working conditions the supply chains.

Along with consultancy companies, IT providers are considered to bear less risk, however, due to the high-volume of procurement of these services in the Alliance it is considered warranted to include these in the in-depth survey. The suppliers in the broad-based survey are mainly medium-risk suppliers who were not included in the in-depth survey. In the broad-based survey, 18 of 36 suppliers responded to the survey, but those who did not respond will be followed up in 2023.”

There are few direct suppliers to the Enterprises and these are assumed to be extremely low risk, therefore separate surveys will not be conducted on these with the exception of the enquiries made to auditors and lawyers concerning the composition of management/partner levels in relation to gender and cultural background (section 3.2.1). The owner banks, SpareBank 1 Utvikling, auditors, lawyers, and national and international banks that are business contacts, are all subject to EU transparency directives.

Sorting of signed agreements based on categorisation according to industry standards with the attached inherent risk has not been carried out This is partly

because the owner banks/SpareBank 1 Utvikling were going to take care of this and partly because it is very unlikely that the inherent risk attached to these will be high. The Enterprises are aware that the owner banks and SpareBank 1 Utvikling are carrying out, and will continue to carry out, comprehensive work on such mapping and categorisation.

3.2.3 Summary

Together with the owner banks, SpareBank 1 Utvikling and SpareBank 1 SMN, the Enterprises have now made progress with the work on mapping and risk assessment. Thus far, and according to our best discretion, no actual negative impacts or significant risk of negative impacts have been uncovered in relation to suppliers and business partners.

3.3 Information about measures that the business has implemented or plans to implement to stop actual negative impacts or limit significant risk of negative impacts, and the result or expected results of these measures.

Through the SpareBank 1 banks and SpareBank 1 Utvikling, the Enterprises will continue to work on internal training and external communication in line with core values adopted through strategies and policies in the business. This applies to the anti-corruption work, anti-money laundering work, privacy, non-discrimination and requirements of the Working Environment Act, etc., in addition to guidelines through the sustainability work referred to above in section 3.1.2. In addition, control measures are carried out within the different areas, for example, to prevent the Enterprises and other SpareBank 1 entities being used in connection with financial crimes.

Any use of complaint and reporting channels will be followed up and used to further evaluate measures.

The SpareBank 1 entities communicate expectations to all suppliers and business partners informing them that the business is subject to the Transparency Act. Moreover, requirements are set for our suppliers and business partners due to the business's subjection to the Transparency Act.

There are no objective measurements to confirm that the implemented measures mitigate the risk of negative impacts, however, it is reasonable to assume that focus on this area through dialogue and requirements will influence agreement partners.

The SpareBank 1 entities plan to follow up the work further in 2024, whilst continuing to use proportional mapping and risk assessments as a basis for any additional measures for individual suppliers, including any association the business has with potential negative impacts.

The breadth of measures varies between follow-up with proposed improvements,

both written and with follow-up meetings, to contemplating potential termination of the agreement. The latter must be considered based on one's position and cooperation with other procurement actors, etc.

It is also natural to consider whether standard clauses/contracts with suppliers can be improved, including the declarations that are used.

4. Summary

Through SpareBank 1, primarily owner banks and SpareBank 1 Utvikling, the Enterprises carry out continuous work on promoting fundamental human rights and decent working conditions. There are still improvements to be made to the work that is carried out, which the company will follow up.

The Enterprises will continuously update the statement if any changes are made or any serious abuses of fundamental human rights and decent working conditions are uncovered. Annual updates on 30/06 is the minimum.

The statement has been signed by the general manager and Board members of SpareBank Boligkreditt and SpareBank 1 Næringskreditt in accordance with the Accounting Act, Section 3-5.

Stavanger, 15 March 2024

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Arve Austestad (s)
CEO

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Bengt Olsen (s)
Chair of the Board

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Geir Egil Bolstad (s)
Deputy Chair of the Board

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Merete N Kristiansen (s)
Board Member

.....

Heidi Aas Larsen (s)
Board Member

.....

Trond Søråas (s)
Board Member

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Steinar Enge (s)
Board Member

.....

Allan Troelsen (s)
Board Member