

People and organisation

Salary and bonus arrangements

Salary and bonus arrangements are further described in the report on remuneration to senior employees.

Change and reorganisation

Any organisation needs to adapt continuously to changes in its environment. In autumn 2020 SpareBank 1 SMN made a major change to its organisation set-up. The change programme was termed 'One SMN'. Its object is to assure an even more effective group, and to enable it to deliver even better services to its customers.

In 2021 SpareBank 1 SMN worked on incorporating the new organisation set-up, new interfaces and on ensuring that the organisation functions to the best possible extent in keeping with the objective of One SMN. Many staff members have acquired new roles, new colleagues and new tasks. This has been a demanding process in a period of pandemic in which many employees have worked from home for much of the year.

In spite of this, the group saw gains over the course of 2021 in terms of greater efficiency, along with group functions comprising strong specialist teams that deliver high-quality services to all business lines.

Competence development and recruitment

SpareBank 1 SMN most important resource is its employees. In order to deliver the best customer experiences and to assure relevance to the customer both today and in the years ahead, the group needs employees who wish to evolve and to expand their capabilities. Attracting the right people and laying the basis for them to develop their expertise is therefore a priority if the group is to ensure its relevance and competitiveness in the years ahead.

In 2021 all financial advisers and real estate agents in the group underwent training in 'advisory value sales'. The core of advisory value selling is to enable the customer, through good meetings and advice, to see added value beyond the actual product or service purchased.

Digitalisation, sustainability and ethics were focal areas for competence development in the group in 2021.

Over the course of the year 23 staff members started a training programme in digital transformation at master's level, developed by the NTNU. Effective use of new digital coordination tools was also much in focus in the field of digital competence in 2021.

The precept of sustainability permeates all activities at SpareBank 1 SMN, and the group aspires to be a driver of green transition in the region. For this ambition to succeed, all staff members must be well versed in sustainability. In 2021 all employees were given the opportunity to undergo basic coaching in sustainability which included game-based learning as part of the competence path.

In 2021 an ethics week was held with the focus on the group's ethical guidelines. All staff members received a learning sequence designed to impart increased knowledge and awareness on each day of that week. This type of learning will continue on an annual basis to ensure that employees maintain a high level of awareness and a high ethical standard. This is absolutely crucial if the group is to maintain the required trust and confidence of the community at large.

Financial advisers, both in Retail Banking and Corporate Banking, underwent a series of training programmes and updates as regards professional skills, products, advisory activities and ethics in 2021. The object is to ensure high quality, and to inspire confidence and trust when dealing with customers. All employees also underwent training programmes in data and information security along with mandatory courses in personal data protection and anti-money laundering.

SpareBank 1 SMN is an attractive employer, and a survey of students conducted by Universum in 2021 ranked SpareBank 1 as the second most attractive employer for economics students. SpareBank 1 SMN actively approaches universities and colleges with a view to attracting the right skills. In addition to participating at career days and company presentations, the group has annual summer internships and a programme offering students skills development and an experienced mentor as a sparring partner with regard to choice of course of study and career.

SpareBank 1 SMN has many highly competent candidates for the great majority of open positions. The group has a clear ambition to continue to be an attractive place to work in the future and will seek to strengthen its approach to people and institutions that can provide us with important technological and digital competencies.

The group also has a major focus on internal mobility and sets the stage for good career and development opportunities for its employees. In 2021, 38 staff members moved to new positions within the group while 183 persons were recruited externally.

Management and employeeship

A belief that employees perform better if they experience a feeling of coping, trust and autonomy, and have a meaningful working day, is an important governance principle at SpareBank 1 SMN. This belief also underlies the management platform and the group's principles of management.

2021 saw regular digital and also physical seminars with managers in the group. Management's role in a hybrid working day, and what managers can do to enable team and individuals to achieve effective interaction and good deliveries in such a context, were important themes at these seminars.

SpareBank 1 SMN have decided to implement a career programme for young employees in the first half of 2022 whose theme will be "How to be a colleague others want to team up with" In this programme, as in other development programmes in the group, importance will be attached to an even gender balance among the participants.

In its development programme for managers and managerial talents, the group has set a target of a minimum of 50 per cent female participants.

Commitment and staff development

SpareBank 1 SMN aims to be an attractive employer with a committed and competent staff who experience a good balance between work and leisure. The stage is set for such a balance through flexible working hour arrangements and a life phase policy which accommodates staff members' need to adapt to their life situation.

In 2021 a pilot was conducted on the use of a new tool for organisation measurement – Winningtemp. The pilot demonstrated that the tool, through frequent measurements of performance tailored to the respective teams, provides very useful information and will lend itself well to evolving the organisation in the years ahead. One of the companies in the group introduced the tool in its entirety in the course of 2021 while the others will do so in the first quarter of 2022.

Diversity and equal status

SpareBank 1 SMN attaches great importance to inclusion and diversity. All employees in the group should feel that they belong, and are an important part of the team. Diversity makes for added perspectives and a more exciting, broadening and dynamic work environment. All employees have a responsibility for promoting inclusion, thereby enabling them personally and their colleagues to grow.

The group makes an active effort to assure equal status and to avoid discrimination in all aspects of the employment relationship, from vacancy announcement to termination of the employment relationship. The workforce should reflect the community of which SpareBank 1 SMN is a part. This applies to cultural background, gender, age, ethnicity and sexual orientation. No instances of discrimination were reported in 2021.

Recruitment

SpareBank 1 SMN made an active effort in 2021 to ensure a wide diversity among applicants for posts in the group, among candidates invited for interview and among actual appointees.

Among the steps taken by the group to ensure a diversity of applicants was to scrutinise the texts employed in vacancy announcements. An analysis of such texts showed a preponderance of terms and characteristics that increased the likelihood of male applicants and reduced the likelihood of female applicants. Against this background, scrutiny of each new vacancy announcement was introduced to ensure a balanced use of terms and a description of the position and the desired qualities that encourages more females to apply for positions at SpareBank 1 SMN.

Over the course of 2021 the group also made information about its stance on, and efforts to promote, diversity more readily accessible in the application process for those thinking of applying for posts. Moreover, new photos and images were taken into use to better reflect workforce diversity.

SpareBank 1 SMN's objective is that both women and men should be among the shortlisted candidates ahead of the final decision on who is to be offered an open position. In 2021 this objective was achieved in a large majority of employment processes.

In 2021 the group recruited 183 new personnel to various roles in the group. Of these, 91 are women and 93 are men. 19 new employees were recruited to managerial positions, 12 of whom are women and 7 are men.

Salary and employment conditions

SpareBank 1 SMN has focused on equal pay for women and men in recent years. Through the introduction of a 'women's pay-equalisation fund' the group has attained its objective of equal pay for comparable positions.

Where women's share of men's pay across the group is concerned, the picture is less favourable. In the group as a whole this share stands at 77 per cent, and for the parent bank 90 per cent. The main reason for this disparity is the substantial preponderance of men high up in the job hierarchy and in weightier managerial positions, not that there are significant pay differences between women and men in comparable positions.

The group uses the Hay salary system for job classification purposes and to ensure consistency and equal treatment when fixing and evaluating salaries. A review of pay levels for women and men in the various pay grades shows that equal pay prevails at a number of position levels.

Promotions

A good gender balance is sought at all levels of the organisation, and the proportion of women in managerial positions with personnel responsibilities in 2021 was 42 per cent. The group management team now comprises nine persons, two of whom are women.

SpareBank 1 SMN has signed the Women in Finance Charter. In so doing the group has committed to setting targets for gender balance at managerial level. The object is that women should account for a minimum of 45 per cent of managerial positions, and a clear ambition is to increase the share of women in weightier managerial positions.

The executive director of Technology and Development at SpareBank 1 SMN has a dedicated responsibility for monitoring the work to promote equal status and diversity in general and the Women in Finance Charter in particular. The group will publish the current status and progress of this effort on a regular basis.

Combination of work and family life

SpareBank 1 SMN aims to be a workplace where employees experience a good balance between work and leisure. The group's life phase policy is designed to accommodate employees in all phases of life. Arrangements involving flexible working hours and working from home are available, enabling employees to adapt their working day to their family situation.

In 2021 a start was made to improving arrangements for maternity leave, other leaves of absence and real estate agents' sick leave. New arrangements will ensure that employees do not refrain from taking leave of absence for financial reasons.

Ethical guidelines

The group's employees and elected officers are expected to maintain, and be recognised for, their high ethical standard. All, regardless of role and position, are expected to display conduct which inspires confidence, and is honest and fair and square. The ethical guidelines embody four overarching key principles: the duty of confidentiality, financial independence, loyalty and personal integrity. Conduct and actions must underpin the group's role as a responsible and central social actor, with goals and strategies for corporate social responsibility and sustainability.

All customer treatment and advice must conform to the industry's requirements as to good practices. Customers' needs and interests must be safeguarded through good information and advice that enables them to make conscious and well-informed choices.

The group has drawn up a set of guidelines specifically to prevent bribery and corruption. The ethical guidelines also emphasise that group staff members may in no circumstance receive financial benefits in any form from the group's customers or suppliers.

Persons with managerial responsibility have an obligation to familiarise their staff members with the ethical guidelines of SpareBank 1 SMN. New staff members receive a thorough introduction to the guidelines at an early stage of the employment relationship.

In 2022 the group will continue its task of instilling awareness of the ethical guidelines and will consider new methods to intensify managers' and staff members' focus in this area. The group's ethical guidelines are revised annually.

Whistleblower programme

SpareBank 1 SMN has internal guidelines on whistleblowing. Employees are urged to report censurable circumstances of which they become aware or personally experience. Staff can report via a number of internal channels, including their immediate superior, the HR manager and legal services director. An external reporting channel has also been established for a whistleblower to report anonymously if he or she so wishes.

Information on employees' right and obligation to report censurable circumstances is readily accessible on SpareBank 1 SMN's intranet pages. No reports were registered in 2021.

Worker rights

SpareBank 1 SMN respects and takes account of international worker and human rights. A policy document has been drawn up and published on the group's web pages that specifies the conventions, frameworks and policies by which the group's companies abide.

The right to organise is important. A substantial proportion of our employees are members of a trade union, and the group attaches much importance to good cooperation with the unions. The proportion of employees in the group who were covered by a collective bargaining agreement in 2021 was 71 per cent.

Health and physical activity

SpareBank 1 SMN wishes to lay a basis for employees to stay in good physical shape.

Substantial resources were invested in the Better Shape programme in 2021. The programme encourages individuals and departments to keep fit by organising competitions, by subsidising fitness centre membership and through keep-fit activities in connection with work.

We also encourage employees to spend their journey time to and from work keeping fit, and at the Head Office a bicycle garage with a workshop and bicycle wash station, along with fully equipped changing rooms, have been made available to that end.

It is well documented that physical activity helps to reduce sickness absence. As a party to the Inclusive Employment Agreement, SpareBank 1 SMN considers it very important for employees on sick leave to stay in touch with their work colleagues, thereby making it as easy as possible to make a rapid return to work. In collaboration with the Norwegian Labour and Welfare Administration (NAV), the group accepts employees in need job training.

Sickness absence in the group totalled 4 per cent in 2021. This figure is weighted sickness absence based on figures and proportion of employees working at the parent bank, SpareBank 1 Regnskapshuset SMN, EiendomsMegler 1 Midt-Norge, SpareBank 1 Finans and SpareBank 1 Markets respectively.

Staffing

| Group | 2021 |
|---------------------------------------------------------------|-------------|
| No. of FTEs, incl. subsidiaries ¹⁾ | 1,482 |
| No. of FTEs, parent company | 656 |
| Sickness absence | 4.00 % |
| Share of women | 52 % |
| Share of women in management positions | 42 % |
| Women's share of men's pay | 77 % |
| Average age | 42.4 år |
| Average time of employment | 8.6 år |
| No. of recruitments, internal | 38 |
| No. of recruitments, external | 183 |
| Turnover | 9.8 % |
| Share of employees covered by collective bargaining agreement | 71 % |

1) Number of FTE's has been adjusted for vacancy rate

Age groups' gender distribution

The figures refer to employees of the SpareBank 1 SMN group, and represent the number of employees in respect of whom the SpareBank 1 SMN group has obligations.

Includes trainees and temporary employees.

| | |
|--------------|------------|
| 18-29 | 336 |
| Women | 147 |
| Men | 189 |
| 30-39 | 399 |
| Women | 213 |
| Men | 186 |
| 40-49 | 372 |

| | |
|--------------|--------------|
| Women | 198 |
| Men | 174 |
| 50-59 | 358 |
| Women | 206 |
| Men | 152 |
| 60-70 | 183 |
| Women | 93 |
| Men | 90 |
| Total | 1.648 |

Distribution of new employees

In 2021 there was a total of 183 new employees, of which 91 were women and 92 men (permanent employees).

| | |
|--------------|------------|
| Women | 91 |
| 18-29 | 39 |
| 30-39 | 28 |
| 40-49 | 16 |
| 50-59 | 6 |
| 60-69 | 2 |
| Men | 92 |
| 18-29 | 45 |
| 30-39 | 22 |
| 40-49 | 18 |
| 50-59 | 5 |
| 60-69 | 2 |
| Total | 183 |

Distribution by employee type and gender

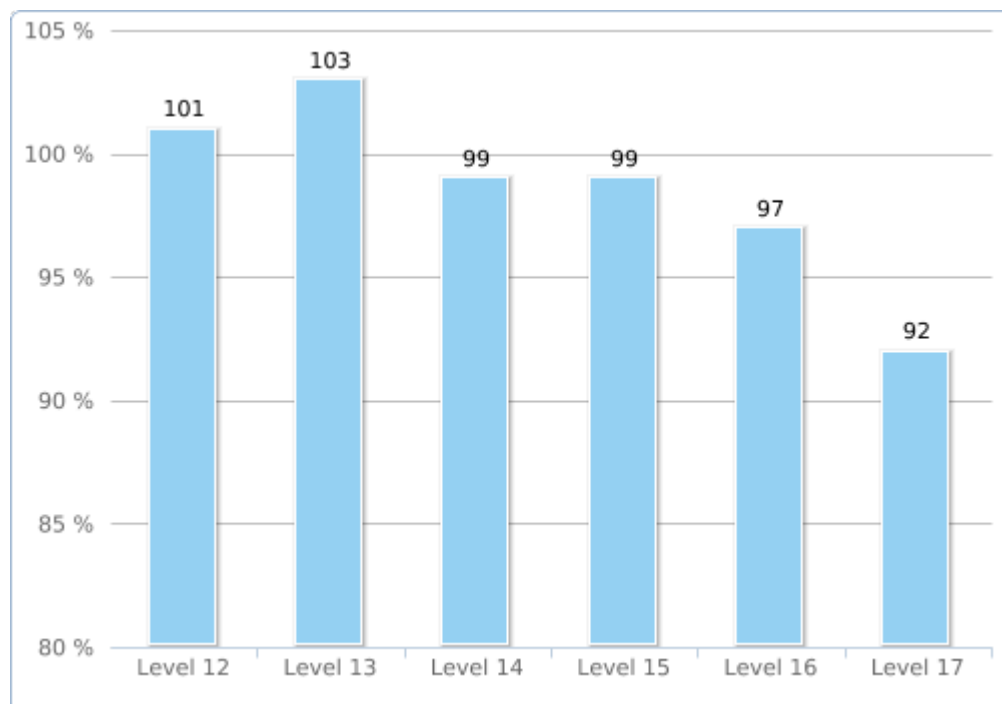
| | |
|---------------------------------------------------------|--------------|
| Permanent | 1,574 |
| Women | 827 |
| Men | 748 |
| Temporary¹⁾ | 32 |
| Women | 15 |
| Men | 17 |
| Apprentice²⁾ | 8 |
| Women | 3 |
| Men | 5 |
| Trainee EiendomsMegler 1 Midt-Norge³⁾ | 34 |
| Women | 12 |
| Men | 22 |
| Total | 1,648 |

The figures refer to the SpareBank 1 SMN group and represent the number of employees in respect of whom the SpareBank 1 SMN group has an obligation.

1) Temporary employees have a time-limited employment contract with SpareBank 1 SMN

2) Apprentices on a two-year training programme, culminating in a trade examination

3) Trainees are employed on a temporary basis for up to three years as part of a training programme while completing a bachelor's degree.



Women's share of men's pay by position level