

People and organisation

At the start of 2022 we completed our HR strategy which clarifies the direction, goals and framework for our efforts in the field of 'people and organisation'. Our staff are the group's most important resource, and in order to deliver the best possible customer experiences SpareBank 1 SMN is dependent on a diversity of staff that are committed, competent, enquiring and development-oriented. The HR strategy defines clear goals and measures along the dimensions of organisation, people, management and culture.

The strategy was shaped with a basis in business goals and strategies for both the group and the business lines, along with relevant drivers and regulatory requirements. In 2022 the hybrid working day during and after the Covid pandemic has been among the most important focal areas. It brings new habits and requirements, an increased pace of change and digitalisation, which in its turn requires new competencies. In addition, recruiting the best minds and raising competencies in sustainability have been important focal areas in 2022. Organisational analyses of each of the group's business lines identified key focal areas and a need to ramp up the group's plans for further development of people and the organisation alike.

Organisation

Goal: See to it that the organisational set-up, structures, systems and processes underpin the group's business needs and ensure goal attainment and development

Salary and bonus arrangements

Salary and bonus arrangements are further described in the report on remuneration of senior employees published at smn.no/barekraft.

Processes

In 2022 we focused on further developing cooperation models and synergies across customer-facing activities and specialist departments, in continuation of the organisation change termed "One SMN" in 2020 and 2021. In 2022 we see a number of benefits of bringing together business lines under the same roof. It provides a basis for stronger specialist teams, even clearer ownership of the workplace and increased staff satisfaction.

Succession planning, which is about securing the staffing plan in the short and long term for key roles in the group, was put on a more systematic basis in 2022. This has reduced short term risk by identifying and building competencies of persons able to step into central positions upon sudden lapse of their incumbents. It has in addition set the stage for the group's long-term plan to develop staff able to assume central roles in the future.

Where employee development and motivation is concerned, predictability in terms of requirements and expectations on the particular role are important. In 2022 we enhanced role descriptions in order to clarify responsibilities, expectations and mandates. This set the stage for a more targeted approach to employee and manager development across the group. The work will continue in 2023.

Hybrid working day and everyday balance

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. Hybrid work schedules were revised in 2022 to ensure that they accommodate employees' expectations and needs, revised regulations on work performed in the employee's home, and the value and utility of a hybrid working day. The group has refurbished workplace premises to facilitate hybrid modes of cooperation. There was also a focus on making the office more attractive and motivating staff to work from the office through various social initiatives and universal design.

New tool for employee development

Committed and contented employees who experience a feeling of mastery, job satisfaction and personal development are crucial for our success. At the start of 2022 we introduced a new employee development tool, Winningtemp, which has provided regular measurements of employees' satisfaction. The insights gained have made it simpler for the group management team, other managers and staff members in the group to focus on and apply measures to specific areas with a view to strengthening and developing. Staff satisfaction was accordingly more in focus at manager workshops, general staff meetings, department meetings and employee appraisal interviews. The results are integrated into the group's business goals and the respective management groups. At year-end we focused on how to share knowledge and experience with best practice between managers to ensure quality for all employees.

Whistleblower programme

We have 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 head of People and Organisation and the 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. Three reports were registered in 2022.

The employee development tool also circulates questions on themes such as discrimination, equal treatment and harassment. Where an employee responds with a low score, HR are immediately alerted (anonymously) and they follow up the matter via an anonymised dialogue facility built into the tool.

Worker rights

We respect and take 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. Employees all have a choice of being organised or not, and the group does not discriminate employees who choose to not organise themselves in a trade union. The proportion of employees in the group who were covered by a collective bargaining agreement in 2022 was 77 per cent.

Salary and employment conditions

We aspire to competitive remuneration models, and a continuous effort is made to that end. Fixed remuneration is the largest single element of overall remuneration followed by pension benefits, collective benefits and insurances.

In order to ensure consistency and equal treatment in the determination and assessment of salaries, we employ Korn Ferry's method of job evaluation to define position levels.

We have for several years worked for equal pay for women and men. In 2022 women's share of men's pay was 90 per cent across the group. Women's share men's pay for managers in the group was 93 per cent. There are variations within the various subsidiaries, position levels and management levels.

Health and physical activity

A systematic effort is made in terms of health, environment and safety, primarily in dialogue with the health and safety officer, HR and line management. We wish to lay a basis for employees to keep fit. The group operates a programme, entitled Better Shape, in which measures, activities and initiatives are coordinated and systematised. This 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, we consider 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 of job training.

Sickness absence in the group was 4.8 per cent in 2022. This is an increase of 0.8 per cent from 2021.

Management

Goal: To ensure that our managers are secure and capable in the exercise of their management role and have relevant management support and tools

In 2022 the group sought to clarify our management platform and management principles. Our management workshops focused on shared expectations on the group's managers, and the latter's significance in the culture sphere as ambassadors, facilitators and role models. The group's managers underwent management training and coaching in integrating Winningtemp into the business in order to induce commitment, strengthening and improvement. Some management groups have undergone more targeted management development to instil a sense of confidence and capability in their exercise of the management role.

In autumn 2022 a digital portal for managers in the group was launched. The portal aims to improve the structure and availability of relevant tools. All managers in the group have also participated in a pilot providing access to an external portal for video courses and digital learning. Structured learning paths with dedicated learning groups and facilitators were implemented as part of the pilot.

People

Goal: To ensure that we attract, develop and retain the best and the right employees

A belief that employees perform better if they experience a sense of mastery, confidence and autonomy, and have a meaningful working day, is an important governance principle for us.

Recruitment and employer branding

In 2022 we appointed about 200 persons to various roles in the group. This includes internal candidates and processes where employees may have transferred between departments or companies within the group.

Our 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 2022 this objective was achieved in a large majority of appointment processes. The group makes an active effort to ensure a wide diversity of applicants for posts in the group, of candidates invited for interview and of actual appointees.

In 2021 an evaluation was performed of texts and terms employed in vacancy announcements, and steps were taken to ensure that the language used and characteristics sought did not increase the likelihood of attracting one gender at the expense of the other. The focus on quality of language in vacancy announcements continued in 2022. The gender distribution of applicants shows that we do have a gender balance and that a relatively identical share of men and women apply to our positions. The same picture is reflected in appointments in 2022, i.e. a gender balance, albeit with a marginally higher share of women appointed than men. In the recruitment process the emphasis is on objective and fair selection criteria, as well as on use of objective tests.

We also see the need to be visible and to be an attractive employer for candidates from a wider range of disciplines and fields of study. An active effort is being made to increase the diversity of applicants through vacancy announcements, collaboration across more fields of study and visibility across a broad selection of education institutions and disciplines.

We will in 2023 continue our systematic effort to evaluate and improve the recruitment process in order to ensure a focus on diversity, inclusion and equality in recruitment. We will in the course of the first four months clarify our employer branding strategy and consider on a continuous basis what steps we can take to ensure that the group attracts and appoints persons with a diversified background.

Competencies and ethical guidelines are described under the section “Strengthening role-based competence-enhancing programmes with a focus on ESG for our own staff” in the chapter entitled Sustainability and corporate social responsibility.

Culture

Goal: To develop a shared “One SMN” culture that contributes to customer growth, continuous improvement and that makes SpareBank 1 SMN the region’s best place to work

The group’s ambitions for a shared culture

In 2022 an effort was made to involve staff in the preparation of shared cultural ambitions for the entire group. The need to create shared characteristics and ambitions for all employees was important in strengthening the group model after the organisation change in 2020/2021. A digital survey of workplace culture was conducted drawing participation by the entire workforce.

The results were presented and discussed in various assemblies in the group. The group management team has followed the project group closely, and in autumn 2022 shared ambitions for group culture were presented to the entire group. *To create customer value, shape the future and be a team player shall be our shared cultural ambitions across the business lines.* Through a number of initiatives, digital and physical, arenas have been created in order to define, and instil an awareness of the substance of, these ambitions. The work has generated commitment, a sense of belonging and a strengthening of the work environment. The insights gained from the employee survey also show a positive trend in terms of workplace culture and job satisfaction.

Workplace culture aspirations will be further reinforced when the group is to commemorate and celebrate its 200th anniversary in 2023.

Staffing

Group	2022	2021
No. of FTEs, incl. subsidiaries ¹⁾	1 592	1 482
No. of FTEs, parent company ²⁾	664	646
Sickness absence ³⁾	4,8 %	4,0 %
Share of women ⁴⁾	56 %	52 %
Share of women in management positions ⁵⁾	43 %	42 %
Women’s share of men’s pay ⁶⁾	90 %	77 %
Average age	42.4	42.4
Average length of employment	8.70	8.60
No. of recruitments, internal ⁷⁾	21	22
No. of recruitments, external	208	183
Staff turnover ⁸⁾	10.7 %	9 %
Share of employees covered by collective bargaining agreement	77 %	67%

1) No. of staff adjusted for FTE percentage

2) Figures taken from the FTE application and showing FTE obligation

3) Sickness absence in the bank

4) Applies to permanent staff

5) Includes basic salary to permanent staff. Applies to internal recruitment at the bank

6) Applies only to parent company employees distributed by position level

7) Applies to internal recruitment at the parent company

8) Includes employees who have quit their position and left the group.

Table 16: Staffing, Group

Age groups' gender distribution

Age	Women	Men	Total
18-29	121	161	282
30-39	215	192	407
40-49	199	183	382
50-59	207	143	350
60-69	94	91	185
70-79	0	2	2
Total	836	772	1 608

Table 17: Age and gender distribution

Distribution, staffing agency

FTEs are calculated under same assumptions as other staffing, and convey FTEs (parent company) in the total staffing overview.

FTEs through staffing agency	2022	2021
Retail Banking	42.40	38.40
Corporate Banking	5.70	14
Other	1	0
FTEs (staffing agency)	49.10	52.40
FTEs (parent company)	664	646.10
FTEs (staffing agency) in % of FTEs in parent	7.39 %	8.11 %

Table 18: FTEs through staffing agency

Distribution of new employees

In 2022 new employees totalled 223, of which 121 were women and 102 men (permanent staff).

Age	Women	Men	Total
18-29	44	48	92
30-39	41	36	77
40-49	18	12	30
50-59	17	3	20
60-69	1	3	4
Total	121	102	223

Table 19: Distribution of new employees

Distribution by employee type and gender

Employee type	Women	Men	Total
Permanent	772	750	1 515
Part-time	67	26	93
Temporary ¹⁾	8	5	13
Trainee EM1 ²⁾	17	21	38
Total	864	802	1 666

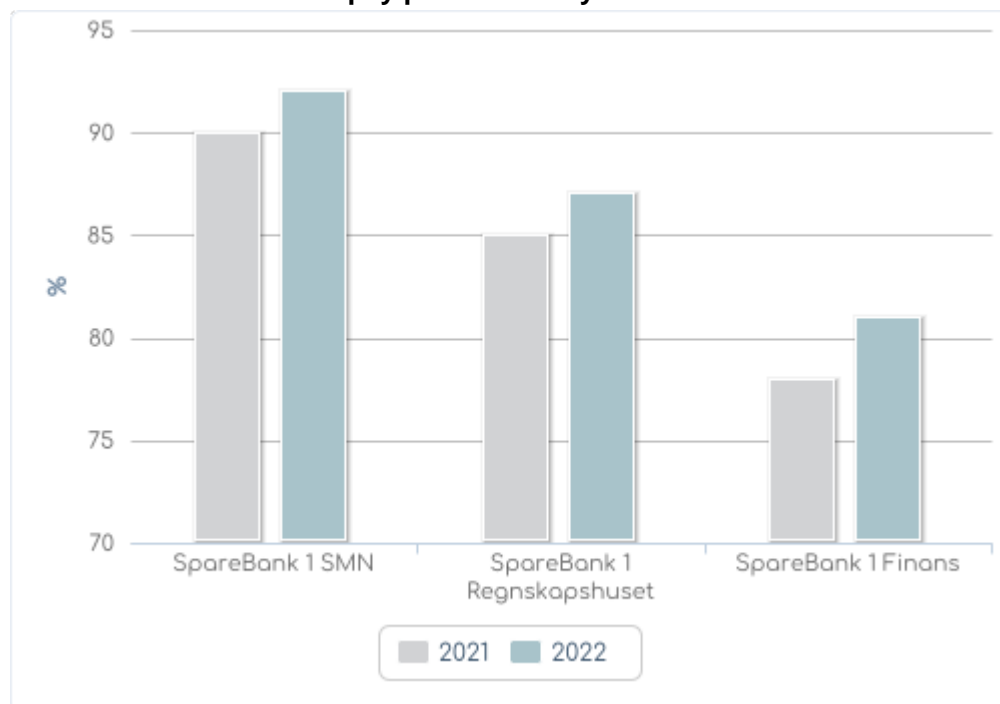
1) Temporary employees have a time-limited employment contract with SpareBank 1 SMN

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

Table 20: Distribution by employment type and gender

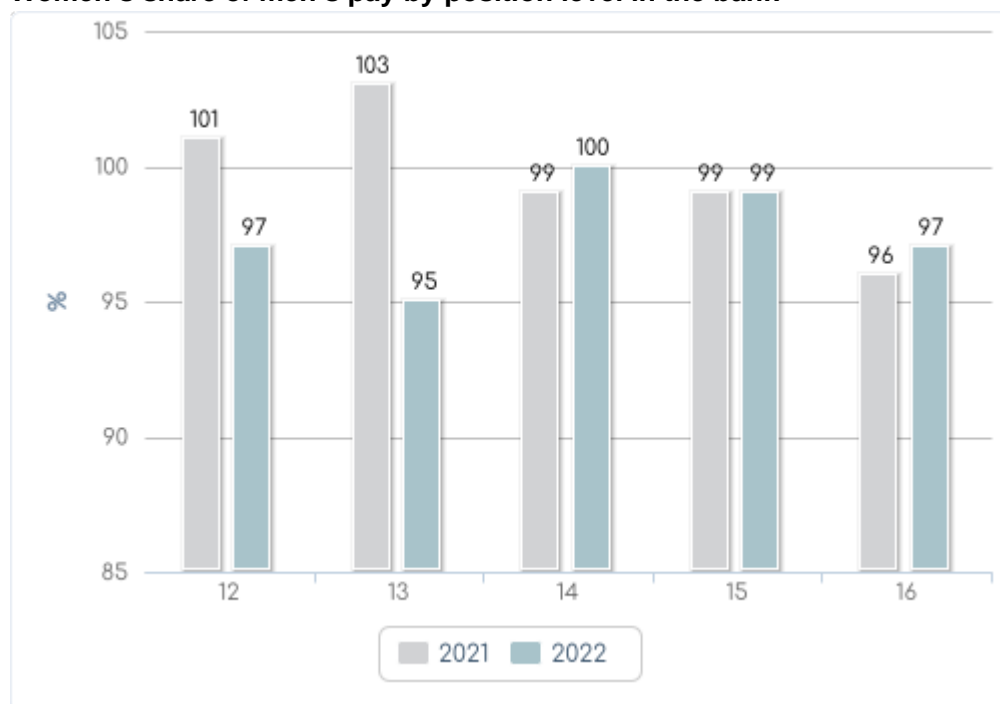
The figures refer to the SpareBank 1 SMN group and represent the number of employees in respect of whom the SpareBank 1 SMN group has an obligation.

Women’s share of men’s pay per subsidiary



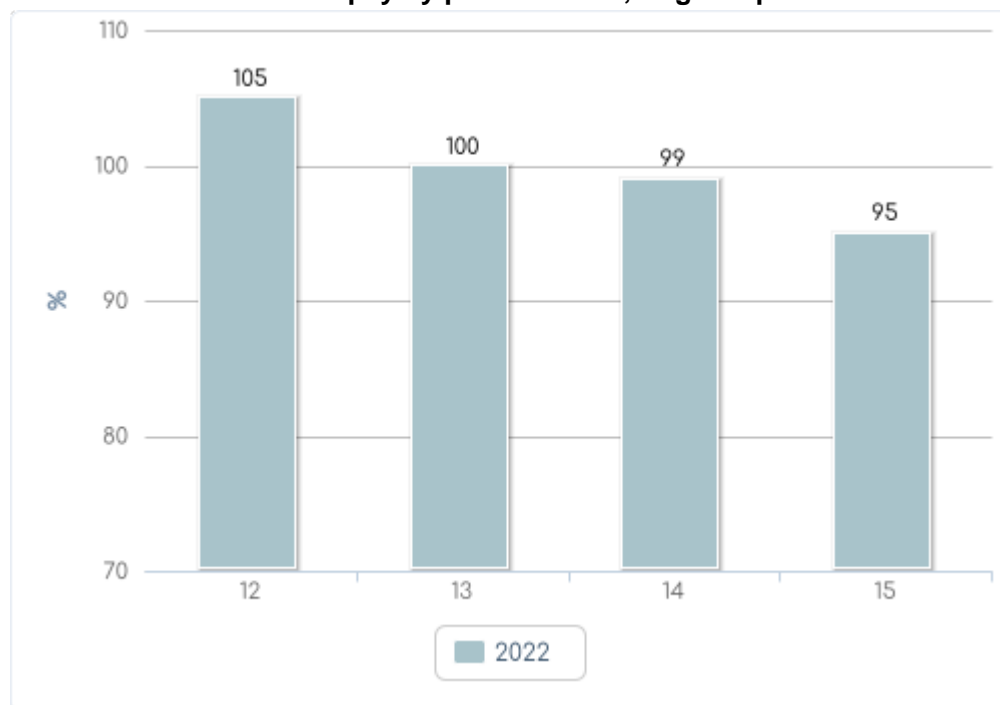
*EiendomsMegler 1 Midt-Norge is not included in the figures since the wage model with commission earnings does not provide a correct overview

Women’s share of men’s pay by position level in the bank



Position levels 12 to 16 are only defined in the bank

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



Women's share of men's pay by management level in the bank

