

# People and organisation

Our HR strategy 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 who are committed, competent, enquiring and development oriented. Our action plans are designed to ensure this, and the HR strategy defines clear goals and measures along the dimensions of organisation, people, management and culture.

The HR strategy and action plans have a basis in business goals and strategies for both the group and the business lines, along with relevant drivers and regulatory requirements. In 2023 the merger with SpareBank 1 Søre Sunnmøre was in particular focus, and we were eager to ensure a successful merger process and a good introduction to the group for our new colleagues in Sunnmøre. It was also a year of technological development in the artificial intelligence field, and large language models achieved a breakthrough. The group worked in a structured manner to make new technology and new working tools available with a view to enhancing employees' efficiency and effectiveness in their day-to-day work.

## 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](https://smn.no/barekraft).

### **Processes**

In 2023 we continued work on reinforcing the effects of "One SMN", with a focus on cooperation models and synergies across customer-facing activities and specialist departments. In 2023 we saw benefits brought by the model, and continued work on assembling business lines under the same roof at a number of locations in the region. This provides a basis for stronger specialist teams, even clearer ownership of the workplace and increased staff satisfaction.

The merger with SpareBank 1 Søre Sunnmøre was much in focus in 2023. The merger added 72 new staff members. In that connection a new division was established including employees both from SpareBank 1 Søre Sunnmøre and from SpareBank 1 SMN's other offices in Sunnmøre and in Fjordane. A management team was established for the division, and Stig Brautaset was appointed executive director representing the division in the group management. Staff competencies were mapped, and new roles and organisational structure were drawn up. We have set much store on ensuring that our new colleagues from SpareBank 1 Søre Sunnmøre should get off to a good start with us, and a wide-ranging introduction and training programme was organised to that end.

### **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. We have good procedures for the hybrid working day that ensure a good, decent work environment for our employees and that our employees' needs and expectations are attended to.

### **Organisational and employee development**

Committed and contented employees who experience a feeling of mastery, job satisfaction and personal development are crucial for our success. In 2023 we devoted much effort to the development and follow-up of Winningtemp, our tool for measuring employees' commitment, satisfaction and their experience of their working day. The insights gained from use of this tool makes it simpler for the group management team, other managers and staff members to focus on and apply measures to specific areas that we need to strengthen, develop or change. The results from these 'temperature' measurements are integrated into the group's business goals and are followed up on by the respective management groups. In 2023 we continued the work of sharing knowledge and experience of best practice between managers to ensure that the tool makes an impact on the organisation and the individual employee.

### **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. Four reports were registered in 2023.

Winningtemp also circulates questions on themes such as discrimination, equal treatment and harassment. Where an employee responds with low scores, HR are immediately alerted (anonymously) and they follow up the matter via an anonymised dialogue function 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 which 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. Joining a union is a voluntary matter, and the group does not discriminate against employees who are not organised. 77 per cent of group employees were covered by a collective bargaining agreement in 2023.

### **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 2023 women's share of men's pay was 91 per cent across the group. Women's share of men's pay for managers in the group was 84 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 managers at department level. We wish to lay a basis for employees to keep fit.

In 2023 'Hjertebank' was launched as a new concept to facilitate better physical and mental health, and replaces our previous programme entitled Better Shape. The Hjertebank concept will achieve full effect and become a focal area for the entire group in 2024. Its mission is to build a sense of community and culture, and to stimulate individuals and departments to keep fit through enjoyable competitions and keep-fit activities.

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 bank was 5.2 per cent in 2023, while for the overall group the figure was 6.3 per cent.

## Management

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

In 2023 our management workshops focused on shared expectations made of the group's managers, on digitalisation and change, and on managers' role as facilitators and role models. Development processes were carried through with selected manager groups where development, improvement of group processes, and interaction were focal areas, areas that are crucial in order for manager groups to create the desired results.

Moreover, all managers in the group have had access to an external portal providing digital courses with a variety of themes of relevance in a manager's working day. We have also set up a dedicated manager portal on which management processes and management tools are available to enable our managers to master the role of manager to the best possible extent.

Our managers have also been offered a digital nanograd – a concept developed by in-house experts in technology and digitalisation in the group. About 20 managers availed themselves of this offer in 2023.

## People

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

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 2023 we appointed about 300 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.

We recognise that we are an attractive employer, and our job vacancies attract well qualified applicants. Universum's survey of students' perception of employers ranks SpareBank 1 SMN in fourth place on the list of the most attractive employers in Norway for economics students.

We aim to be an attractive employer for a broad diversity of people, and work actively to that end in our communication and recruitment processes.

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 2023 this objective was achieved in a majority of appointment processes. The group makes a purposeful effort to ensure a wide diversity of applicants for posts in the group, of candidates invited for interview and of appointees.

We have in recent years consciously sought to ensure that our mode of communication in recruitment processes and employer branding contributes to our standing as an attractive employer for men and women alike. Our applicants' gender distribution shows that we 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 which in 2023 shows a good gender balance.

In the recruitment process the emphasis is on objective and fair selection criteria, and we employ well validated testing tools to provide a picture of candidates that is as objective as possible.

We also see the need to be a visible, attractive employer for candidates from a wider range of disciplines and fields of study. An active effort is 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.

The group's new employer branding strategy was adopted towards the end of 2023. This, together with our continued systematic effort with regard to our recruitment processes, will reinforce our attractiveness and ensure that we attract and appoint persons with diversified backgrounds.

Enhancing our employees' competency in sustainability and our ethical guidelines is further described as material themes under the focal area "Advisory services and customer offering".

## 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

We have in recent years made an effort to implement shared cultural ambitions for the entire group. The need to create shared characteristics and ambitions for all employees has been an important extension of strengthening the group model after the organisation change in 2020/2021. Our shared ambitions as regards workplace culture across business lines are summed up in three overarching principles:

- Creating customer value
- Shaping the future
- Being a team player

Active use was made of workplace culture aspirations in our 200<sup>th</sup> anniversary celebrations in 2023, and we made a conscious effort to create a sense of belonging and collective identity within the group. While looking back on 200 valuable years, we also look forward to size up how we can shape the future, remain relevant and create value for our customers.

## Staffing

Group	2023	2022
No. of FTEs, incl. subsidiaries <sup>1)</sup>	1 545	1 592
No. of FTEs, parent company <sup>2)</sup>	798	664
Sickness absence <sup>3)</sup>	6.3 %	4.8%
Share of women <sup>4)</sup>	56 %	56 %
Share of women in management positions <sup>5)</sup>	45 %	43 %
Women's share of men's pay <sup>6)</sup>	90 %	90 %
Average age	41.2	42.4
Average length of employment	7.8	8.7
No. of recruitments, internal <sup>7)</sup>	13	21
No. of recruitments, external	292	208
Staff turnover <sup>8)</sup>	9.2 %	10.7 %
Share of employees covered by collective bargaining agreement	77 %	77%

1) No. of staff adjusted for FTE percentage

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

3) Sickness absence, group. 2022 figure shows sickness absence, 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 17: Staffing, Group

**Age groups' gender distribution**

Age	Women	Men	Total
18-29	162	167	329
30-39	270	209	479
40-49	105	160	365
50-59	224	130	208
60-69	113	95	185
70-79	0	2	2
<b>Total</b>	<b>836</b>	<b>763</b>	<b>1 737</b>

Table 18: 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	2023	2022
Retail Banking	25.8	42.4
Corporate Banking	12.9	5.7
Other	5	1
FTEs (staffing agency)	43.7	49.1
FTEs (parent company)	798	664
FTEs (staffing agency) in % of FTEs in parent	5.48 %	7.39 %

Table 19: FTEs through staffing agency

**Distribution of new employees**

In 2023 new employees totalled 229, of which 179 were women and 113 men (permanent staff).

Age	Women	Men	Total
18-29	65	48	113
30-39	60	40	100
40-49	25	15	40
50-59	25	7	32
60-69	4	3	7
<b>Total</b>	<b>179</b>	<b>113</b>	<b>292</b>

Table 20: Distribution of new employees

### Distribution by employment type and gender

Employee type	Women	Men	Total
<b>Permanent</b>	<b>960</b>	<b>747</b>	<b>1 707</b>
Full-time	899	723	1 622
Part-time	61	24	85
<b>Apprentice<sup>1)</sup></b>	<b>7</b>	<b>12</b>	<b>19</b>
Full-time	7	12	19
<b>Temporary<sup>2)</sup></b>	<b>6</b>	<b>2</b>	<b>8</b>
Full-time	1	2	3
Part-time	5	0	5
<b>Trainee EM1<sup>3)</sup></b>	<b>14</b>	<b>16</b>	<b>30</b>
Full-time	12	15	27
Part-time	2	1	3
<b>Total</b>	<b>987</b>	<b>777</b>	<b>1 764</b>

1) Apprentices are employed in a training programme lasting 2 years. Upon completion of their apprenticeship they take the trade examination.

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

3) Trainees in SpareBank 1 SMN are employed on a temporary basis for up to three years as part of a training programme while completing a bachelor's degree.

Table 21: 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.