

Advisory services and customer offering

Good advice is a key aspect of the group's core competence and customer offering. A recurrent expectation on the part of our stakeholders is that our customer offering should stimulate innovation and sustainable economic growth. Four material themes feature in this focal area:

Material themes	Objectives	Key figures	Responsibility
Expand the commercial offering of climate-friendly and social products and services	Create new, sustainable revenue flows through taxonomy-aligned product and service development	<ul style="list-style-type: none"> Sales volume of products and services developed to deliver an environment- and /or nature-related benefit Sales volume of products and services developed to deliver a social benefit 	Director, Corporate Banking Director, Retail Banking Managing directors of subsidiaries
Strengthen role-based competence-enhancing programme with a focus on ESG for own staff	Continuously develop motivated, competent and responsible staff who contribute to sustainable value creation for the group, our customers and local communities in Mid-Norway	<ul style="list-style-type: none"> Category score of at least 7.4 for sustainability in the employee-development tool Winningtemp (WT) 	Director, Technology and Development
Maintain ethical standards	Ensure high awareness of, and compliance with, the group's ethical guidelines in everyday business	<ul style="list-style-type: none"> Proportion of managers and employees in the group having completed e-learning course in ethics 	Director, Technology and Development
Comply with requirements and obligations on processing of personal data	Build and preserve stakeholders' trust and confidence in the group through responsible use, and protection of, data in digital customer solutions	<ul style="list-style-type: none"> No. of documented complaints related to breaches of data privacy or loss of customer data 	Director, Technology and Development

Table 10: Advisory services and customer offering – material themes

Expanding our commercial offering of climate-friendly and social products and services

Our approach to the theme

Developing new, sustainable revenue flows is a part of the group's growth strategy. In order to ensure long-term profitability and competitive power, we are giving increasing focus to expanding our commercial offering of products and services that feature climate, natural, societal and social benefits. This is an important step in complying with the demands and expectations we meet from customers, public authorities and other stakeholders. We have strengthened our work on innovation, both within the SpareBank 1 Alliance and within our own group, in order to further develop business models and create new customer offerings.

Retail Banking

We wish to incentivise our retail customers to opt for sustainability by offering attractive products. We offer green mortgages to customers who buy a new house with an A or B energy rating, who build a new house with an A or B energy rating, or refurbish an older house to an A, B or C energy rating. In order to qualify for a green mortgage, the customer must have an energy certificate as documentation. We also offer mortgages to young people and first-home mortgages – products offering equal opportunities to all.

We also offer green loans to energy-oriented initiatives under Enova's support arrangements. The object is to enable customers to implement energy-efficient measures secured on their own property. In conjunction with the energy supplier NTE we also offer finance on favourable terms to customers wishing to acquire a solar cell installation.

In addition we offer green deposits and sustainable mutual fund solutions. These are savings products for those who want to be certain that their savings will contribute to reducing greenhouse gas emissions. Green deposits carry somewhat lower interest rates than other products, but are on the other hand used to finance green loans. We can accept green deposits matching our volume of green loans.

In 2023 we established a financial health team. The object is to offer improved and more focused crisis preparedness to customers who are struggling with unmanageable debt problems. We do this by establishing an interdisciplinary team including expertise in financial advice (in the bank), debt advice (external) and psychology specialist competence (external). Research shows the reciprocal effect between financial problems and mental health problems. The team's object is provide customers facing major debt challenges with the best help they can get. By this means we shoulder an important responsibility for the particular customer, but also a social responsibility.

Corporate Banking

As part of the green transition for our customers we have set about establishing products for our corporate customers related to sustainability financing and transitional financing. We already employ repayment profiles and other loan terms and conditions that take account of a customer's sustainability profile, for example energy ratings for buildings. These are aspects of the advice given to our corporate customers with a view to reducing greenhouse gas emissions/intensity and ESG risk. We have introduced differentiation of LTV-ratios and repayment profiles and the option of paying dividend to companies that depends on how we view ESG risk at customer level. All else equal, buildings in a low energy category will be entitled to borrow less and be subject to a shorter repayment period.

Sustainability is an important aspect of the customer dialogue in general and of assessments using the ESG model. Sustainability assessments are an integral part of the credit evaluation of loan customers, but also important for awareness raising and enhancing the competency of adviser and corporate customer alike.

We have set up a sustainability area for our customer advisers in Corporate Banking to facilitate access to tools, presentations, transition plans and internal course programmes in the sustainability area.

SpareBank 1 Regnskapshuset SMN

The process of turning sustainability into a profitable business line at SpareBank 1 Regnskapshuset SMN was initiated in 2018, and at end-2022 the department "Sustainability reporting and advice" was established – at that time with only one staff member and an interim manager.

In the space of just a year the department has grown considerably: four new appointments, including manager and chief adviser, and further senior staff taking up duties in the new year. We believe that the mix of economists, jurists and engineers with varying length of service and experience will create a unique specialist entity from which SpareBank 1 SMN's customers, and the group, will draw great benefit in the years ahead given the growing pressure of regulation and expectations on the business sector.

Demand for the department's broad range of services has risen considerably in 2023 – from help in setting science-based targets to the drawing up of environmental product declarations. We note that preparation of climate accounts and compliance with the Transparency Act accounted for the bulk of the demand from our customers.

- The demand for climate accounting stems from increased regulatory pressures on large enterprises and credit institutions, as well as the increased weight given to climate and environment considerations in public procurements.
- Demand related to the Transparency Act stems from a direct statutory requirement that impacts other undertakings under the Accounting Act, and more of the group's customers are turning to the department for assistance with parts of, or with the entire, reporting process.

The factor common to these two services is that they represent a particularly important linkage with our customers – reporting is an annual recurrence, and the customer remains with SpareBank 1 Regnskapshuset SMN.

EiendomsMegler 1 Midt-Norge

The Nybygg ('New Build') department has since 2019 focused on assisting developers who wish to erect housing projects under green auspices. It is highly important that we, as Norway's largest provider of estate agency services in respect of new builds, play our part in facilitating sustainable new homes projects. Through close cooperation with Retail Banking and Corporate Banking we can offer financing solutions to developers and retail customers alike who wish to buy into the projects concerned. In addition, we set the stage for estate agent fees on better terms for customers who make use of BREEAM or Powerhouse.

In its communication with and advice to professional real estate actors, EiendomsMegler 1 Midt-Norge highlights sustainability as a crucial criterion for all actors intending to operate in the property sector ahead. In May 2023 EiendomsMegler 1 Midt-Norge organised a property seminar with the theme *The green transition will present challenges and an opportunity to develop both residential and commercial property*. A market report was also prepared under the theme *Sustainability* for new buildings and commercial property.

Insights regarding energy efficiency and sustainability also feature in market reports and customer seminars where we will continue to focus on green financing and climate-certified property development projects.

Through competency enhancements targeting our own employees and customers, we will focus more closely on lowering the costs of printed media and printed marketing materials. These will be replaced with more profitable and sustainable digital solutions.

SpareBank 1 Finans Midt-Norge

SpareBank 1 Finans Midt-Norge's greatest environmental impact is via its lending business. The loan portfolio chiefly comprises financed objects such as cars, other vehicles and machines. Incentivising customers to reduce their climate footprint by opting for vehicles and equipment with limited emissions rather than an outdated car fleet or machine park will have a bearing on the group's climate impact. Green car loans make for a steadily growing share of electric cars in the portfolio. Electric cars now account for 28.7 per cent of the private car portfolio. Green financing in the business and industry sector is also more in evidence with the first electric construction machines and lorries.

Business development and innovation

We at SpareBank 1 SMN aspire to being a catalyst for sustainable growth and innovation. Exploratory innovation in the group is defined by an innovation process comprising four stages. The process starts by understanding new trends likely to impact the banking and finance sector. Those trends refer both to new technology and customer behaviour, and are evaluated in light of sustainability goals with the main focus on technology, society and industry. The next step is to explore the trends in greater depth in order to assess their relevance and potential. Based on insights from innovation exploration, concepts are developed which can be transformed into new products and services. Examples of trends subject to particular exploration during the course of the year are generative artificial intelligence, digital outsidership and the circular economy.

In 2022 we held, together with Æra, a wide-ranging course in sustainable innovation for 30 group employees. The course participants continued work on their respective areas in 2023. The department concerned has focused specifically on two growth platforms. These platforms will be part of SpareBank 1 SMN's innovation process to develop, test and implement new products and services which not only promote our business mission but also contribute to sustainable development.

Relevant steering documents

The following steering documents are central to this theme:

- Sustainability strategy

Strengthening role-based competence-enhancing programmes with a focus on ESG for our own staff

Our approach to the theme

In order to deliver the best customer experiences today and ahead we must be certain that our staff are updated on legislation and themes of importance for our customer service. It is our employees who operationalise sustainability at SpareBank 1 SMN, and it is our employees who speak with the customers. Our most important resource is without doubt our employees. Without skilled, motivated staff who want to evolve their competencies in sustainability, we will not succeed in transitioning our day-to-day operations, our customers or in creating new, sustainable revenue flows as part of the group's growth strategy.

Focus on competence in 2023

In 2023 we focused on creating a strong learning culture, on ensuring that the group's competency needs are met through targeted and effective measures, and on making it simpler to learn in our everyday work. Our proprietary learning portals make it simpler to gain an overview of the group's learning programmes and to familiarise our employees with our increased commitment to competence. In 2023, competence building in the field of sustainability, digitalisation and ethics was at centre stage.

We aspire to be a driver for green transition, and in 2023 sustainability became more integrated into the group's business models and employees' working day. We have sought to harness the effects of

competence-building programmes in the sustainability field that were held in conjunction with Æra in 2023. We also made available a broad range of courses and learning resources linked to sustainability in general and to sustainable finance in particular.

Financial advisers, both in Retail Banking and Corporate Banking, underwent a series of training programmes and competency updates as regards professional skills, products, advisory activities and ethics in 2023. The object is to ensure high quality, and to inspire confidence and a sense of security when dealing with customers. With a view to meeting the requirement of the Insurance Mediation Act and the Financial Institutions Act as to 15 hours' continuing education, all authorised advisers at the bank underwent comprehensive programmes on the following themes: good business practice, instruments and measures for customers in financial straits, sustainability, ethics, anti-money laundering, anti-terrorist financing, as well as professional and product updating.

Moreover, all employees underwent training programmes in data and information security along with mandatory courses in personal data protection and anti-money laundering. Further, the group worked in a structured manner to raise awareness of our ethical guidelines. Through e-learning, ethical reflection and casework we put impartiality and conflicts of interest at centre stage. In addition to tuition and awareness-raising, a set of new procedures for registering offices and positions, roles and business activity was drawn up. New and improved system support for these processes was also devised, and managers and employees were given instruction in the use of these solutions.

In autumn 2023 it was decided to designate employee competence and development as one of our key focal areas in 2024. The upshot is an internal academy, to be established in 2024, that will assemble the group's competency resources and ensure increased quality of competence-building work in the years ahead.

We are keen that our employees should see the value of development and learning, and we urge all group employees to provide feedback on themes about which they wish to learn more, or less, and an evaluation of the training paths offered. This feedback is valuable in that it enables us to adapt training paths to ensure that employees experience professional and personal development.

Read more about jobs and careers with SpareBank 1 SMN on our website, smn.no.

Relevant steering documents

The following steering documents are central to this theme:

- Description of Competency programme in sustainability

Maintaining ethical standards

Our approach to the theme

We are dependent on the trust and confidence of our customers, investors, business partners and public authorities. Our ethical guidelines underpin this trust and confidence. The guidelines deal with attitudes and values, and are designed to promote an awareness of and compliance with the ethical standard required of employees and employee representatives in SpareBank 1 SMN in decisions they make in their day-to-day business. Breach of, or non-compliance with, these guidelines entails a high risk of reputational loss. Integrity and trust are crucial to ensuring success as the leading financial services group in our region.

Ethical standards at SpareBank 1 SMN

All staff members and employee representatives must 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 are encapsulated in 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, supported by 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 attended to through good information and advice that enables them to make conscious and well-informed choices.

A set of guidelines has been drawn up 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 our ethical guidelines. New staff members receive a thorough introduction to the guidelines at an early stage of the employment relationship.

Relevant steering documents

The following steering documents are central to this theme:

- Ethical guidelines

Complying with requirements and obligations on the processing of personal data

Our approach to the theme

In an increasingly data-driven world, personal data going astray poses a considerable risk to companies and private individuals alike. Large volumes of personal data are managed, processed and owned through the group's services, which imposes strict requirements on the application and observance of key principles of personal data protection such as confidentiality, integrity and accessibility. Compliance with the personal data legislation is therefore critical to the confidence enjoyed by the group and its reputation. SpareBank 1 SMN's obligations are described in detail at smn.no and are enshrined in our data privacy policy.

Our work on personal data protection

A designated data protection officer assists the group CEO in meeting requirements as to the treatment of personal data. The data protection officer also prepares an annual report directly to the board of directors of SpareBank 1 SMN. The report covers the areas on which the data protection officer has focused, the observations made and risk areas to be included in the further work on personal data protection.

In 2023 the group continued work to strengthen and improve its data privacy effort by raising awareness across the organisation of the requirements on personal data processing, including strengthening the interaction with SpareBank 1 Utvikling – which is our most important data processor. The ambition for 2024

is to continue work on strengthening the interaction with SpareBank 1 Utvikling, training measures and strengthening the first line.

We have a low threshold for reporting breaches of personal data security to the Data Inspectorate. The group received three complaints from customers related to personal data security in 2023, and reported twelve deviations classified as leaks or loss of personal data to the Data Inspectorate. We received no penalty charges or injunctions from the Data Inspectorate in 2023.

Relevant steering documents

The following steering documents are central to this theme:

- Personal data protection policy at SpareBank 1 SMN
- Declaration on personal data protection

Key figure and results in 2023

Advisory services and customer offering	Target 2023	Results 2023	Target 2024
Sales volume of products with an environmental benefit ¹⁾	2,000,000,000 NOK	2,516,000,000 NOK	3,000,000,000 NOK
Sales volume of products with a social benefit ²⁾			
Category score for sustainability in WinningTemp ³⁾	7.4	7.3	8
Share of managers and employees in the group having completed e-learning course in ethics	100 %	94 %	100 %
No. of documented complaints of data privacy breaches or loss of customer data	0	12	0

¹⁾ Products and services with an environmental benefit is defined as green products from our product hierarchy. This deviates from the EU Taxonomy. Our disclosures related to the EU Taxonomy can be found under the focal area "Responsible lending and investments"

²⁾ Our customer offering is a result of demands from the municipalities in our portfolio, and we have no specific products and services serving a social benefit as per 2023.

³⁾ Our employee development tool

Table 11: Advisory services and customer offering - key figures and results