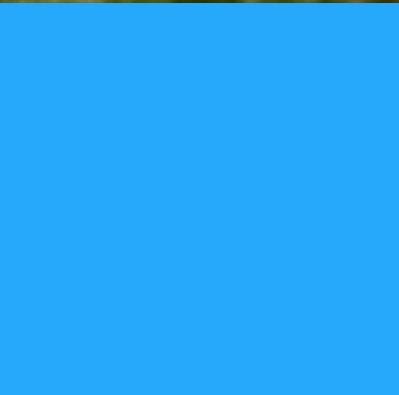
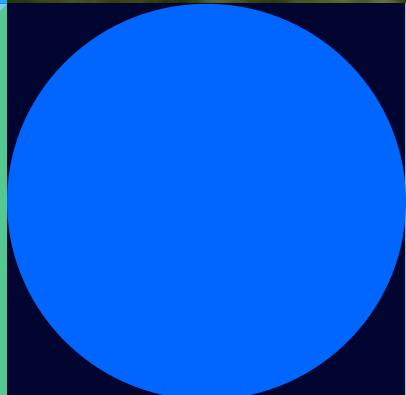
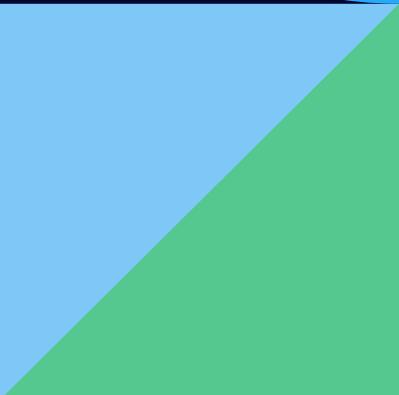
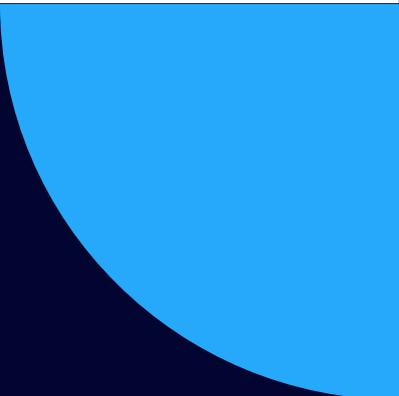
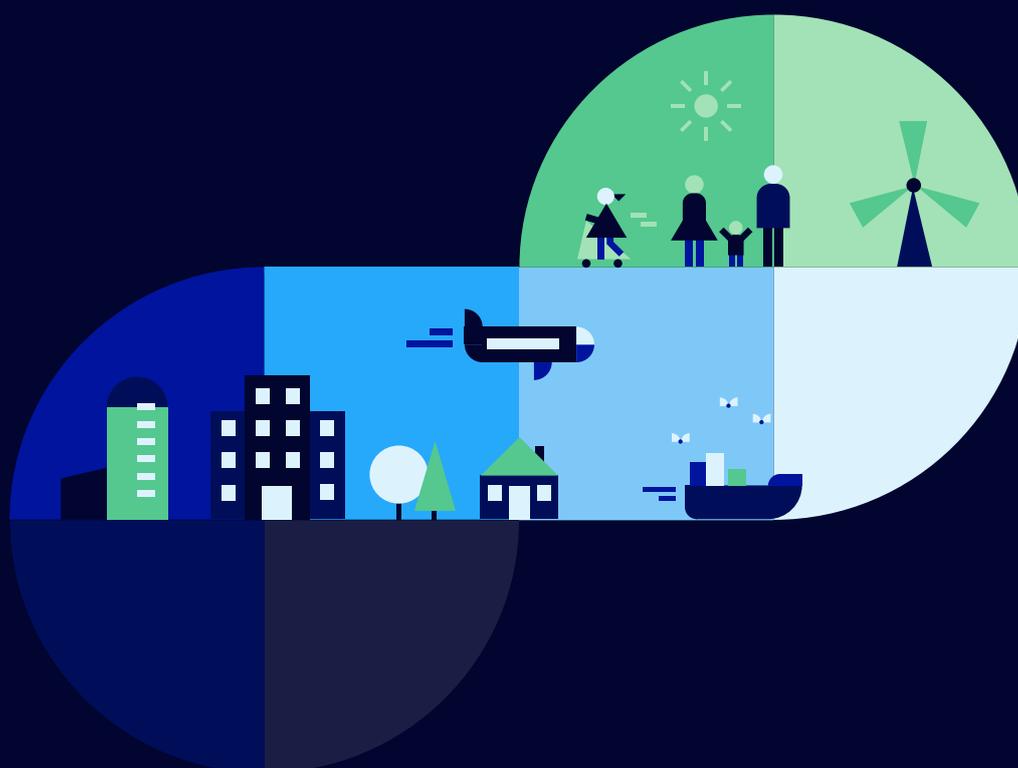


Sustainability Report

2019



Corporate social responsibility and sustainability



Our corporate social responsibility and focus on sustainability go hand in hand and encompass everything from responsible lending and asset management, combating economic crime, our purchases, requirements for our suppliers, human and labour rights, and a number of other areas. This report describes the Bank's status, work and future plans in important areas.

A driving force for sustainable development

Sparebanken Møre has roots stretching back to a number of local communities in Nordvestlandet with the oldest bank being established in 1843. Ever since the first banks saw the light of day, they have played an important social role in their various local communities. The same is true today. The work on sustainable development is a continuation of the strong corporate social responsibility savings banks have demonstrated in local communities for more than 175 years.

Sustainability is defined as development that meets today's needs without destroying the chances of future generations to meet their needs. Ensuring sustainable development requires services and solutions that safeguard and promote environmental, social and ethical business conditions.

Norway's goal is to achieve the UN Sustainable Development Goals and become a low emissions society by the end of 2030. Banks have an important role to play in this restructuring work. If we are to succeed, government and the public sector, business actors and individual consumers require knowledge and need to be willing to change. We want to contribute to this by adapting our activities, raising the awareness of stakeholders and setting requirements for our partners.

An integral part of the strategy

Both Norway and the world community urgently need to restructure in the next few years in order to achieve the climate targets for 2030. As a regional savings bank, we have the power to influence, both through the projects we get involved in as well as through our everyday banking activities. This presents us with opportunities that we take very seriously. In 2019, we adopted a new vision that will guide the Bank's strategy in the coming years: Sparebanken Møre shall be the leading contributor to creative enthusiasm in Nordvestlandet. Every day.

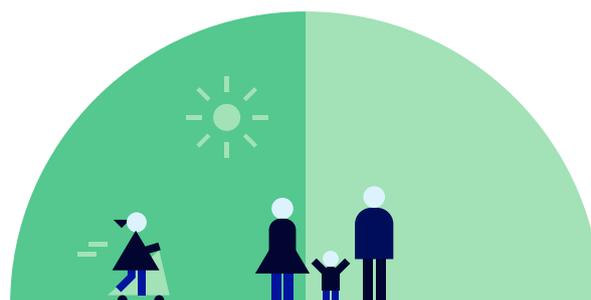
Sparebanken Møre is a regional actor in Nordvestlandet that focuses on sustainability, growth and de-

velopment in the communities of which the Bank is a part. Our vision obliges us to encourage greater business growth, innovation and entrepreneurial zeal. We must help to ensure that people can create a home and a future here with healthy finances. We must facilitate prosperity, inward migration and quality of life, and we must cultivate solidarity and collaborations that have positive ripple effects for our region.

In addition to our regional perspective, we must view the Bank's sustainability work in a national and global perspective. In 2019, we also committed ourselves to the UN Principles for Responsible Banking, UNEP FI, and will continue this work at full force in 2020 as well – both in the Bank and outside it. We will do our bit for our shared future.

Sustainability has been incorporated into the Group's strategy and the Bank's Code of Conduct and corporate social responsibility policy, which provide guidelines for how the Bank's employees should conduct themselves and handle situations involving ethical judgements, human rights, labour rights, equality, social factors, the external environment, and combating money laundering and corruption. New Sparebanken Møre employees are introduced to the Group's regulations in the induction course for new staff. All employees also undergo e-learning.

All of the main business areas have their own guidelines and in 2020 sustainability will be incorporated more strongly into the Bank's governing documents.



Our stakeholders



Sparebanken Møre has a broad and complex group of stakeholders that consists of, among others, customers, employees, owners, the authorities, partners and suppliers.

The dialogue with our stakeholders is a top priority in Sparebanken Møre and during 2019 we were in contact with our stakeholders in various ways. This provides us with important knowledge about the areas that are important to the various groups and what they expect of us.

Based on the stakeholder dialogue with external and internal groups, we have identified five UN Sustainable Development Goals (SDGs) that are especially important for us. One of the them is SDG no. 17 Partnerships for the goals.

During the course of 2020 we will conduct a materiality analysis that will provide an addition basis for defining important focus areas going forward.

Below we provide examples of our dialogue with target groups on sustainability related themes.



The dialogue with our stakeholders is a top priority in Sparebanken Møre and during 2019 we were in contact with our stakeholders in various ways.

Dialogue with customers

The dialogue with our customers is key to our ability to develop into an even better bank for people and business in Nordvestlandet. We carry out an annual service quality survey, which

allows customers to provide feedback and input. In 2019, the results showed record high customer satisfaction among both retail and corporate customers. The survey includes measurements of customers' perception of the Bank's community engagement, and the results show that the importance of this has increased over time.

Dialogue with industry actors, partners and networks

Several of the Bank's employees participate in national professional committees working for a more sustainable industry, including under the auspices of Finance Norway. We also play a central role in the sustainability group organised by Nordic Finance Innovation (NFI). The Bank is an active contributor to the development of forums and networks for the business sector in the region. We are also an active driving force behind, and participants in, regional and local networks, all of which work for a more sustainable region, including:

The ProtoMore, Vindel and ÅKP knowledge parks

The ProtoMore, Vindel and ÅKP science parks are facilitators of important business clusters, including GCE Blue Maritime, NCE Blue Legasea and NCE iKuben. Our commitment and cooperation with the science parks are motivated by a need to stimulate greater interaction in innovation and sustainable development. Sparebanken Møre is engaged in several of the science parks' initiatives, and is also represented on the boards of ProtoMore and ÅKP.

The national Global Centres of Expertise programme is a major national spearhead initiative focusing on the most growth-driven industry clusters in Norway.

NCE Blue Legasea is led by ÅKP and is a national expert centre that brings together resources, experience and knowledge from all parts of the marine value chain. The aim is to develop the Norwegian fishing industry and at the same time turn Norway into a pioneer within sustainable value creation based on the 100 % utilisation of marine raw materials.

GCE Blue Maritime Clusters, which is also led by ÅKP, aims to inspire and strengthen collaborative development activities in the marine cluster in Møre with the aim of increasing the cluster's dynamism and attractiveness, and helping to strengthen the individual businesses' innovation and competitiveness.

NCE iKuben is led by ProtoMore and is a national expert centre and cross-industry cluster with a focus on sustainability, digitalisation and new business models.

NExTdigital

NExTdigital is a network that creates forums where the present meets the future. Here, members from different businesses meet to find solutions to digital challenges, and the network also has its own sustainability working group. Sparebanken Møre is a partner and a member.

TEFT-lab

TEFT-lab aims to contribute to education, research and innovation in the region in the areas of service innovation, entrepreneurship, finance and technology. Since its establishment in May 2018, sustainability has also been included as a theme in the lab. TEFT-lab is associated with nine different PhD positions. The lab is a collaboration between the Norwegian University of Science and Technology (NTNU) in Ålesund and Sparebanken Møre, and the Bank is represented on both the board and in the steering group. TEFT-lab also conducted a summer internship programme in 2019.

The UN's future lab – U4SSC

Ålesund Municipality became the first urban region in Norway to be admitted to the UN's Smart Cities



network. Sparebanken Møre contributed financially to the development of a digital twin of Ålesund, and as a result of this a smart cities lab was established in Ålesund in autumn 2019 as the second such lab in the world. The lab is based on the UN's U4SSC (UN Centre of Excellence on Smart and Sustainable Cities) programme led by the Organisation for International Economic Relations (OIER). Sparebanken Møre is a partner and participates in both the Future Council and the steering group.

Young Entrepreneurship in Møre og Romsdal

Through our cooperation with Young Entrepreneurship in Møre og Romsdal, we have close contact with pupils and students through Young Entrepreneurship's various programmes. Here we get to meet young people through dialogues and discussions on personal finance, career choices and establishing companies. The environment, climate and consequences of our choices are increasingly discussed topics in these forums as well.

Dialogue with employees

Our employees are the Bank's most important resource, and as an employer Sparebanken Møre is interested in ensuring a good dialogue with, and the participation of, employees. Among other things, we carry out an annual working environment survey, which in 2019 showed an employee satisfaction score of 8.3 on a scale of 1-10. This must be considered a very high employee satisfaction score, and was a record.

In 2019, we engaged the entire organisation in our sustainability work in various ways. All of the em-

ployees received a questionnaire survey intended to analyse our status and important areas of influence, as well as to establish targets for future work. The answers were anonymous and the response rate high, and there was a lot of good, specific input that was included in the next phase.

As a continuation of the survey, we established a working group consisting of employees from different parts of the organisation. In addition to this, special workshops were conducted for the Bank's executive management team. The results of the process were used to guide the choice of SDGs.

Dialogue with owners/investors/market actors

Sparebanken Møre attaches a great deal of importance to ensuring that equity certificate holders and other investors and market players receive correct, clear and relevant information from Sparebanken Møre at the same time. IR work is a top priority and has dedicated resources. Overall investor care must be of a high quality, transparent and open.

An annual IR calendar is prepared that includes activities and forums that create dialogue between the Bank and these actors. Examples include quarterly presentations, roadshows, other events arranged by the Bank and the Annual General Meeting. The Bank maintains continuous contact with the largest owners and analysts who monitor the Bank's equity certificate, as well as with foreign capital investors and intermediaries in Norway and abroad. The ratings agency, Moody's, is followed up every quarter. A number of meetings were held in which sustainability was on the agenda.

Our commitments

UN Guidelines for Business and Human Rights and OECD Guidelines for Multinational Enterprises

Responsible business is about the responsibility that business actors are expected to assume on behalf of people, society and the environment that are impacted by their business. The government expects all Norwegian companies to comply with the UN Guidelines for Business and Human Rights (UNGP) and OECD Guidelines for Multinational Enterprises (OECD Guidelines).

The Bank's Code of Conduct and corporate social responsibility policy are based on compliance with these guidelines and address themes such as the climate and environment, human rights and labour rights, environmental harm, and bribery and anti-corruption.

UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) are the world's joint action plan for a sustainable future. Based on our internal insights work and dialogue with stakeholders, we have identified five SDGs where we think we can particularly make a difference:

SDG 8: Decent work and economic growth

As a regional savings bank and the largest financial environment between Bergen and Trondheim, Sparebanken Møre is an important source of financial information and financial services for both people and businesses in Nordvestlandet. We take

a systematic approach to entrepreneurship and innovation in order to reinforce value creation and employment in our region.

Mål 9: Industry, innovation and infrastructure

In order for Nordvestlandet to be an attractive region in the future, it is important that we work actively to build solid infrastructure, promote inclusive and sustainable industrialisation, and contribute to innovation. Sparebanken Møre wants to be both a driving force behind, and a supporter of, such activities. The Bank established its own innovation department in 2017. We also work closely with NTNU in Ålesund and the ProtoMore, Vindel and ÅKP knowledge parks on initiatives aimed at increasing the capacity for innovation in Nordvestlandet.

Mål 11: Sustainable cities and communities

Since its inception in 1843, Sparebanken Møre has contributed to making cities and communities inclusive, safe, resilient and sustainable. This is vital for quality of life, innovation, population growth and value creation. Communities need strong local environments to develop.

Mål 12: Responsible consumption and production

In order to contribute to sustainable regional development, the public sector, the business sector and individuals must change their consumption. As a society, we currently consume more than is environmentally sustainable. Sparebanken Møre wants to help reverse this by increasing stakeholders'



knowledge, contributing to research in the area, and taking steps in our own organisation. If we are successful, this could result in economic growth in the long term, mitigate climate change and improve the quality of life.

Mål 17: Partnerships for the goals

Strong new partnerships are needed in order to achieve the SDGs. The authorities, business and local communities must work together to achieve sustainable development. As a major regional player, Sparebanken Møre can make a difference. We want to encourage partnerships and help connect knowledge and relationships across disciplines and industries by creating and supporting various forums.

We are focusing on reducing our negative impact and making a positive contribution to achieving these goals through the multiple roles we play as an employer, social actor, investor, lender, facilitator, and provider of financial services.

UN Principles for Responsible Banking

The UN Environment Programme (UNEP) has a partnership with the financial services sector called the United Nations Environment Programme – Finance Initiative (UNEP FI). The Principles for Responsible Banking were adopted by the UN in September 2019. The goal of the principles is to enable the banking industry to take a leadership role in achieving the SDGs and fulfilling the Paris Agreement.

Sparebanken Møre signed up to the principles in October 2019.

Principles 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Principles 2: Impact & target setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Principles 3: Clients & customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Principles 4: Stakeholders

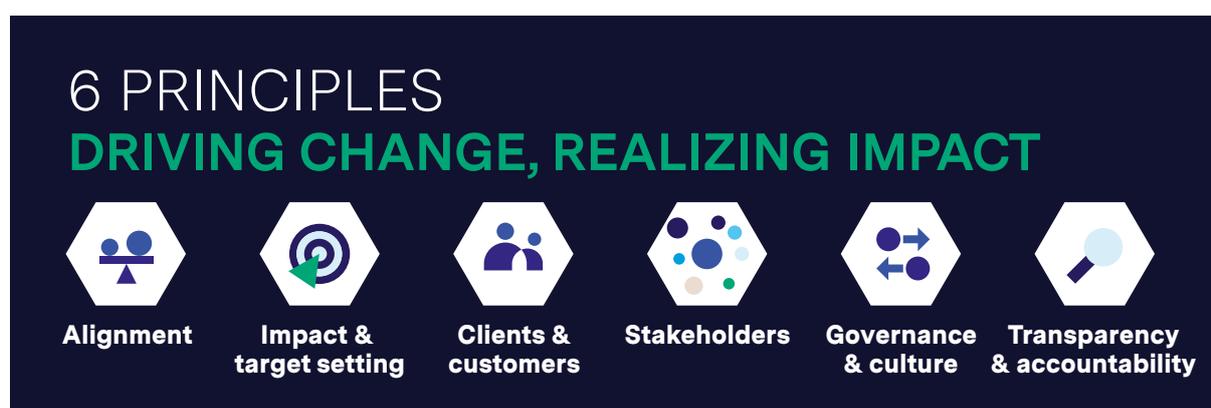
We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

Principles 5: Governance & culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Principles 6: Transparency & accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.



Corporate social responsibility in the Bank's day-to-day operations

Efforts to combat money laundering and the financing of terrorism

As an actor in the financial services industry we are subject to a range of laws and requirements aimed at countering corruption and other types of financial crime. Combating economic crime, including laundering of the proceeds of criminal activities or financing terrorist activities, is demanding and important work. Part of the financial services industry's social mission is to ensure that its services and products are not exploited for illegal purposes. Sparebanken Møre has guidelines intended to prevent it from being used for money laundering, tax evasion or terrorist financing.

Sparebanken Møre prepares an annual internal risk assessment regarding money laundering and terrorist financing, along with the associated risk mitigation measures. We implemented the new Anti-Money Laundering Act during 2019. Banks are required by law to collect and verify identification documents in connection with the establishment of ordinary customer relationships and, through ongoing customer checks, be able to produce a valid identification document for a customer. In 2019, Sparebanken Møre carried out an extensive project together with customers to obtain a valid identification document for those customers for whom this was missing.

Corruption puts long-term value creation at risk and creates distrust of the systems in society. It can lead to court cases and fines or other penalties, loss of market access, assets and the right to conduct banking. Sparebanken Møre must conduct itself in line with high ethical standards and must not be associated with activities, customers or industries of dubious reputation. The responsibilities employees have are described in the Bank's Code of Conduct and it is important that each member of staff is aware of these. Sparebanken Møre has seen an increase in the number of fraud cases where someone has, or has tried to, deceive customers. These cases started with customers being contacted by email or while they were shopping online. The Bank assists customers

who report frauds to us. The Group practises zero tolerance for internal fraud.

Sparebanken Møre has a number of means of combating economic crime, which include:

- Customer verification
- Reporting suspicious customer transactions to the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (ØKOKRIM) Fraud management
- Close cooperation with other banks, authorities and our own Incident Response Team (IRT)

Sparebanken Møre carries out annual training initiatives for the Bank's employees within this area.

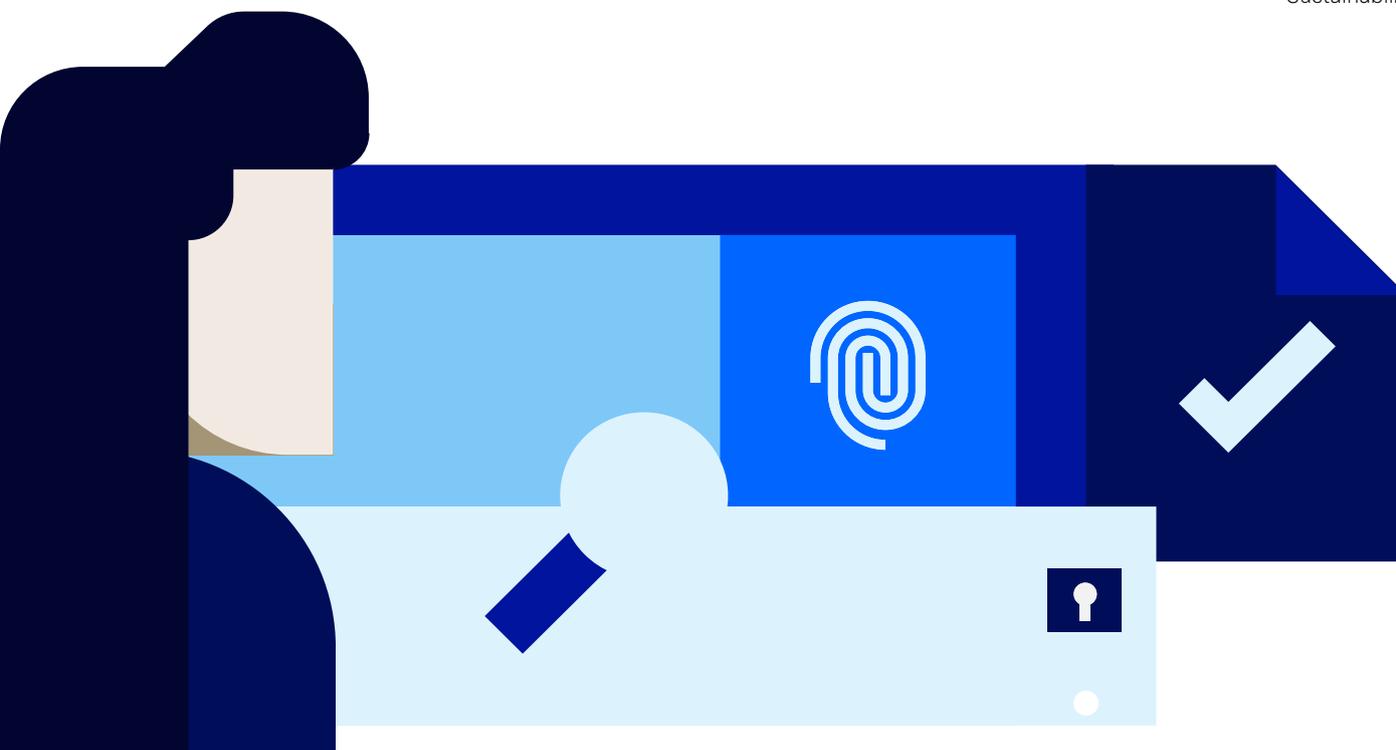
Privacy

Sparebanken Møre processes a large amount of personal data. The information is primarily used for managing customer relationships and for fulfilling our obligations to carry out assignments and service agreements. The processing is regulated by law and subject to strict requirements to protect the information transmitted between a customer and the Bank.

Sparebanken Møre manages a huge volume of assets for customers. Such management provides opportunities for fraud and crime. The Bank has a duty to implement measures to prevent and detect fraud, crime and terrorist financing. Personal data will be processed for the purpose of preventing, detecting, clearing up and dealing with such crimes.

Privacy was a priority area in Sparebanken Møre throughout 2018 and 2019.

Sparebanken Møre has appointed a data protection officer and implemented a number of training initiatives that were mandatory for all employees. Investments have been made in systems and solutions to make the processing of personal data as secure as possible.



Sparebanken Møre's internal audit function audited the area of privacy in 2019. The inspection revealed no significant deficiencies. No complaints concerning privacy or data protection breaches were registered. Internal failings were reported to the Norwegian Data Protection Authority, although the Bank has received no criticism from the supervisory authority.

Sparebanken Møre has adapted its policies, routines and methods to ensure proper compliance with the GDPR. The Bank's privacy policy provides information about how the Bank safeguards customers' privacy in line with the GDPR, why and what rights data subjects have.

Sparebanken Møre will continue its work to incorporate and update privacy in the Group in 2020.

Information security

The ICT strategy is intended to support and reflect the objectives and plans set out in the Bank's main strategy and support the applicable business processes. The ICT strategy is the Bank's tool for ensuring that ICT deliveries are implemented in line with the agreed quality and are based on sustainable, cost-effective and secure technology and infrastructure.

The work on information security is organised and implemented in accordance with statutory and regulatory requirements, such as the ICT Regulation and the Personal Data Act. Customers and society as a whole must regard Sparebanken Møre are being focused on security and offering secure services. The Bank's

services must achieve a high availability rate during advertised opening hours, and services provided via digital channels should be available 24/7. Customers should be confident that the Bank's services are safe to use, and financial transactions must be protected from fraud and manipulation. Preventing security breaches is an important element of this work. At the same time, we must be able to quickly implement effective countermeasures if necessary to minimise interruptions to services and business activities, as well as financial losses.

The Bank's ICT security reports assesses threats and events related to cyber risk in the area of operational risk.

New regulatory requirements and solutions are making greater demands regarding increased information security. We have very good defences around our key solutions, and in 2019 we reinforced the security of our central platform. This contributed to more holistic and modern security solutions, as well as better organisation and coordination of security and quality work.

We introduced Managed Security Services in 2019:

- A technology and process service that detects, analyses, and responds to security events, Security Operations Centre (SOC).
- AI based real-time analysis of security alarms and alerts, Security Information and Event Management (SIEM solution)
- A professional team that is ready for, and reacts to, security breaches around the clock, Incident Response Team (IRT)



The aim of the Bank's service development is to ensure sustainability, improve the customer experience and contribute to value creation and efficiency.

We rolled out new printers and PCs via the Digital Workplace project. This provided a further boost within security, quality and the environment; the latter through the safe disposal and reuse of old hardware. This has contributed to a significant reduction in printing through the use of laptops and Follow-Me print.

We have access to major international and national partners within information security, which means we have successfully revised our quality system in line with the new regulatory requirements, GDPR, PSD2 and new/changed solutions/work methods.

Sustainable innovation

Sparebanken Møre will continuously work towards the development of solutions that allow customers to meet their financial needs. New solutions will focus on providing real benefits for customers that contribute to a simpler everyday life. The Bank has its own department for Innovation, which in 2019 focused on, among other things, the following areas:

- Open Banking – enables innovative and relevant services from third party providers and makes them easily available in the Bank's digital customer channels.
- Assessing services within liquidity and receivables funding for the SME market so that customers can gain a better overview and control of their business
- Offering subscription services for customers in the Bank's digital customer channels with the aim of making it easy for the customer to keep track
- Using Artificial Intelligence (AI) in the Bank's work to forecast financial opportunities and threats for our customers
- Assessing our digital financial advice where this provides at least as good quality as personal dialogue

The aim of the Bank's service development is to ensure sustainability, improve the customer experience and contribute to value creation and efficiency. Risk

and compliance assessments are an important part of our development work.

The Bank launched several products and services that support the above in 2019.

Ethical marketing

Sparebanken Møre provides products and services that play a key role in society functioning. Correct communication tailored to its target group is therefore important to ensure that companies and retail market customers have sufficient familiarity, knowledge and understanding. We are constantly striving to improve our customer solutions, and in Cicero's market report for winter 2020, the Bank's website at sbm.no was named the best in the country for the SME customer segment.

In 2019, we focused on the following in our work on responsible marketing:

- The extensive use digital rather than printed channels to reduce our paper consumption. Among other things, we replaced most of the Bank's posters with digital screens in 2019. Sustainability is an important criterion when choosing partners for, for example, merchandising articles.
- All communication must be based on responsible, good economic advice.
- The Bank supports many events in the course of a year, and we have a close dialogue with the organisers to find sustainable solutions. One example of this is the Summer Party in Giske, which became the first festival in the world to accept collected plastic waste as a means of paying for a ticket.
- All new sponsorship agreements include the area of sustainability in the sponsorship.

Responsible purchasing

Sparebanken Møre's suppliers and contractual partners must respect basic requirements regarding the



environment, social conditions and ethical business activities in line with descriptions in the Bank's Code of Conduct and corporate social responsibility policy. Goods and services delivered to Sparebanken Møre must be produced in conditions that are consistent with the requirements of these policies.

We also specify the following requirements related to the environment:

- Suppliers must, wherever possible, use products that can be reused
- Products must have a life cycle with a low environmental impact
- Unnecessary packaging must be avoided
- Suppliers must actively work to minimise their negative impact on the external environment
- We must choose shipping options with a low environmental impact

In 2019, the Bank has among other entered into an electricity agreement with Tussa with a guarantee of origin. This ensures that the electricity is based on 100 per cent renewable energy and produced entirely without emissions of greenhouse gas CO₂ and radioactive waste. Additional requirements and guidelines for our suppliers and partners will be prepared in 2020.

The external environment

Sparebanken Møre takes a twofold approach to environmental and climate challenges. On the one hand,

we want to reduce our environmental and climate impact. On the other, we want to help our customers and suppliers do the same.

Our commitment to the environment is, for example, expressed through our focus on choosing eco-friendly consumables, purchasing plans, electricity consumption, recycling schemes, waste management, and management of scrapped electrical and electronic equipment.

We strive to offer paperless services to our customers, which include the use of digital signatures in the online bank. When we need to communicate with customers, or vice versa, electronic channels such as email, the online bank's letterbox, and online chat via Skype can be used. When we need to communicate with customers, or vice versa, electronic channels such as email, the online bank's letterbox, and online chat via Skype can be used. On those occasions when the Bank refurbishes and alters existing premises, the work also takes into account additional improvements to HSE conditions as well as, for example, energy efficiency requirements for the project and choosing sustainable materials. There is an emphasis on reducing the overall energy consumption through upgrading lighting and heating controls.

In 2020, Sparebanken Møre will communicate clearer environmental requirements to our suppliers and ensure environmental reporting in line with established standards.

Responsible lending and asset management

Responsible credit

Sparebanken Møre's loan portfolio is made up of approximately 70 % retail customers with mortgages and 30 % corporate customers. The corporate portfolio is broadly composed within the SME, trade/service industry, industry, marine, real estate and offshore/supply industry sectors.

The Bank's credit risk strategy stresses that customers' creditworthiness should be viewed from a long-term perspective. Sparebanken Møre must conduct itself in accordance with high ethical standards and shall not be associated with activities, customers or industries of dubious repute. Sparebanken Møre is open to all types of customers within defined market areas and will not discriminate against customers based on age, gender, nationality, religion or marital status.

A number of enterprises the Bank has made loans to have operations that will have an impact on the environment. The Bank's provision of credit gives it an indirect opportunity to impact the external environment. Sparebanken Møre does not provide loans to customers with operations within tobacco, pornography, controversial weapons, companies with significant activities in coal and oil sands, or companies that are in violation of international standards and norms. The Group must carry out special assessments when financing businesses or people where the customer's products or activities could be associated with material environmental risk. Environmental factors must be assessed in the same way as other forms of risk.

The Bank can be a driving force for sustainable development in its lending activities in both the retail and the corporate market. In 2019, Sparebanken Møre was able to offer loans through the growth guarantee scheme for companies in a startup or growth phase.

In 2020, Sparebanken Møre will develop and implement an even clearer strategy and policy for granting credit that will aim to contribute to the transition to a more sustainable society, albeit with a main focus

on the environment and adapting to a low emissions society.

This work will require a multi-level skills boost in the Bank's credit environment. In connection with this, it should be mentioned that the Bank's Credit Department is part of Finance Norway's sustainability reference group and its separate working group for climate risk. When implementing new and expanded guidelines such as those mentioned above, several measures will be taken to improve internal expertise within sustainability (environmental risk).

Responsible ownership

Sparebanken Møre is alliance-free and has chosen a contract banking model. The Bank has clarified that its risk capacity should be allocated to traditional banking and customers from Nordvestlandet. Its market risk must be low. As a consequence, the Bank has, for example, no stakes in product companies and nor have limits been established for the equities trading portfolio.

Besides subsidiaries, the Bank's holdings of equities are divided into three portfolios: market strategic, business strategic and restructuring. Of its total equity exposure of around NOK 194 million, the exposure in the restructuring portfolio is very low, while the greatest exposure is in the business strategic portfolio. Several of the investments in this portfolio are followed up through the Bank's partner strategy, which, among other things, states that we require partners to comply with Norwegian law and recognised norms of corporate social responsibility, as well as binding international agreements and conventions. It is also important that the partner has a sustainability mindset, which must include a focus on environmental and climate issues.

Sparebanken Møre has three subsidiaries: Møre Boligkreditt AS, Møre Eiendomsmedling AS and Sparebankeiendom AS. Møre Boligkreditt AS was established as part of the Group's long-term funding



strategy, Møre Eiendomsmegling AS provides services in real estate sales to both retail customers and the business sector, while Sparebankeiendom AS's purpose is to own and manage the Bank's commercial properties. Møre Eiendomsmegling AS is the only company with its own employees. Like all employees of the Group, these participate in, among other things, the strategy process in which corporate social responsibility and sustainability are top priorities, as well as the annual review and confirmation of the Bank's Code of Conduct and corporate social responsibility policy.

Requirements for providers of funds

Pivoting towards investments in companies that focus on sustainability increases capital and value creation in the right businesses and industries. We are our suppliers' customers and have the clout to influence how suppliers take responsibility for sustainable value creation. Sparebanken Møre does not provide in-house fund management services, instead it distributes mutual funds from fund managers such as Holberg, Alfred Berg and DNB Asset Management. As a result, we require fund providers to comply with Norwegian law and recognised norms of corporate social responsibility, as well as binding international agreements and conventions. These include, among others, human rights, internationally recognised anti-money laundering standards, corruption risk and breaches of Norwegian or other countries' tax legislation.

None of our fund providers invest in companies involved in tobacco, pornography, controversial weap-

ons, companies with significant activities in coal and oil sands, or companies that are in violation of international standards and standards.

In partner meetings, we have challenged all of our fund providers to document and inform us on how they work with sustainability in their investments. Today, the work is regulated by the Bank's Code of conduct and corporate social responsibility policy.

Our fund providers have signed the following commitments:

- Holberg – UN Principles for Responsible Investments (UNPRI)
- Alfred Berg – Socially Responsible Investment (SRI)
- DNB Asset Management – UN Principles for Responsible Investments (UNPRI)

During 2020, we will assess our range of services and increasingly emphasise sustainable investments in our future choice of providers. We will also put together green fund portfolios, and consider labelling our funds related to climate and the environment. In addition, we want to ensure that the information about sustainable investments on our website is clear so that it is easier for customers to choose green options.

Investments with Discretionary Asset Management

Sparebanken Møre holds a licence to operate as an investment firm, including as Discretionary Asset Management. This is a service for customers with financial

assets of more than NOK 1 million who want alternative placements for their deposits and do not have the capacity, interest or expertise to perform the management themselves.

The activity is regulated by licence terms and conditions, as well as documents approved by the Board, such as the guidelines for the investment firm (reviewed annually), guidelines for portfolios in Discretionary Asset Management (board matter with review of material changes), as well as internal departmental guidelines.

Close cooperation with the leading brokerage houses in the Nordic region, local market competence and freedom to choose managers are intended to ensure that Discretionary Asset Management can protect the interests of customers in the best possible manner.

Discretionary Asset Management invests in companies with long-term value creation based on a sustainable business model. It is important that the management of the companies have the ability and willingness to implement measures that ensure compliance with this. For investments in and outside Norway/the Nordic region, the emphasis will be on investing in companies with a business concept and ethical conduct that do not conflict with the Bank's ethical standards.

Sparebanken Møre Discretionary Asset Management primarily aims to be a value-based manager. This means that the preference is to invest in companies that are regarded as reasonably priced in relation to the underlying value in the company. Important criteria that are emphasised in relation to choosing investments are profit growth, dividend payments, cash flow and book values.

As an active manager, Discretionary Asset Management takes positions in companies or sectors regardless of the index's composition. This is what has produced extra value for customers over time. Going forward, Discretionary Asset Management will also focus on ensuring that the companies it invests in have a sustainable business model that will produce a better environment over time. Among other things, consideration will be given to establishing a new portfolio in Discretionary Asset Management with a focus on the environment and climate, social conditions and ethical business practice, also known as ESG.

Responsible investments in the Bank's liquidity management and control

Sparebanken Møre's counterparty risk strategy aims to name and classify banks and counterparties according to a set of criteria for determining the total lending and activity framework the Sparebanken Møre Group may have in relation to an individual institution. This document, together with the market risk strategy, reviews, clarifies and establishes the activity and risk frameworks for the Group's credit exposure. This is aimed at the parts of the Group's credit exposure that result from the management and risk-covering activities in the Treasury and Markets section. Both the counterparty risk strategy and the market risk Strategy are reviewed annually by the Bank's board.

The Bank's partner strategy will be taken account of both by establishing new counterparties and in the annual assessments. This means, among other things, that the partner must have a sustainability mindset, which must include a focus on environmental and climate issues. Immediate assessments are also made if the ratings of counterparties are downgraded, or there are changes in their framework conditions, economic developments that impact the Bank's risk position, and similar situations. Counterparties are assessed in relation to special environmental, social and governance (ESG) requirements. In a business context, ESG is about how a company's products and services contribute to sustainable development, as well as about how the company adapts its operations to minimise their negative impact on its surroundings.

Danske Bank has been rated twice (ESG and rating) in the last six quarters and Swedbank once (ESG) under these regulations. The result of the assessments of Danske Bank was that no new defined transactions were established for a clarification period. The assessment of Swedbank had the same result. Temporary restrictions have now been rescinded.

ESG stands for **E**nvironmental **S**ocial and **G**overnance, and refers to the three key factors when measuring the sustainability and ethical impact of an investment in a business or company. It is a generic term used in capital markets and commonly used by investors to evaluate the behavior of companies, as well as determining their future financial performance. The Environmental Social and Governance factors are a subset of non-financial performance indicators which include ethical, sustainable and corporate government issues such as making sure there are systems in place to ensure accountability and managing the corporation's carbon footprint.

Employees and diversity

Sparebanken Møre strives to be an attractive workplace in which individual employees are given independent responsibilities and opportunities for personal development. Competition in the financial services market is strong and it is important to adapt to meet market expectations in the long term, both with respect to availability and expertise. The quality and efficiency of work processes that address the market are always a priority in the skills development measures we implement. Sparebanken Møre ensures this partly through development programmes and partly through its recruitment policy.

Sparebanken Møre strives for gender equality and

diversity among its employees. Good diversity contributes to a good working environment, innovation and increased value creation. The Group's workforce totalled 357 man-years at the end of the year, a decrease of four persons during 2019. The average age has increased from 48.3 years to 48.7 years. On average, employees have worked for the Bank for 18.3 years. 15 new employees started working at Sparebanken Møre in 2019. During the same period, staff turnover was 4.2 %, compared with 7.5 % in 2018.

In 2019, this gender balance was distributed by the level of the position and stated in %:

Percentage by level of position	Women	Men
Level 1 – CEO	0 %	100 %
Level 2	33 %	67 %
Level 3	48 %	52 %
Level 4	42 %	58 %
Level 5	74 %	26 %
Level 6	65 %	35 %
Percentage on the Bank's board of directors	50 %	50 %

The levels of remuneration in Sparebanken Møre should contribute to the Group's achieving its targets and encourage appropriate conduct.

Furthermore, the levels of remuneration should act as a means of good management and control in relation to the Group's risk, counter unwanted risk-taking and contribute to the avoidance of conflicts of interest.

The pay of Sparebanken Møre's employees is determined by individual agreements, collective bargaining (collective agreements) or administrative decisions. Sparebanken Møre has established key principles for the Group's remuneration strategy. The Bank's annual pay review process is intended to minimise the pay gap between women and men.

The table below shows women's pay as a percentage of men's pay in a 100 % position at different levels of position:

Women's pay as a percentage of men's (based on level of position)	Number of women	Average for 100% position
Level 1 CEO	0 %	0 %
Level 2 Executive management team	33 %	98 %
Level 3	48 %	97 %
Level 4	42 %	86 %
Level 5	74 %	92 %
Level 6	65 %	98 %



Average salary	Share	Average for 100% position
Men	655 704	660 751
Women	523 639	543 006

Sparebanken Møre will help ensure employees can take statutory leave, and wants to promote a more balanced distribution of work and family life among parents.

The table below shows the number of business days that were taken as parental leave by gender and as a percentage of possible business day.

Taken as parent leave	Number of business days	as % of total
Men	587	1.58%
Women	1 661	2.84%

Sparebanken Møre wants to contribute to low work-related sick leave through systematic HSE work,

good management and a good working environment. We have seen a low sick leave rate over time of 3.31%.

Sick leave	as % of total	as % of own gender
Men	0.48%	1.23%
Women	2.83%	4.63%

Leave due to sick children	Business days	as % of total
Men	79	0.21%
Women	168	0.29%

Sparebanken Møre want to enable employees to work reduced hours in they need to for health, social

or welfare reasons. In 2019, 40 out of a total pf 362 employees worked in a reduced position.

Proportion of part-time	Percentage	Number
Men	7.50%	3
Women	92.50%	37

Explanation of the fulfilment of the activity requirement

Working environment

Sparebanken Møre wants to lay the groundwork for jobs created by interested and engaged employees. We are committed to achieving a good working environment through personnel policy measures, employee involvement and development, and well thought through feedback. Good feedback on this and a high level of employee satisfaction will in turn be reflected in a perception of us as an attractive employer.

We measure employee satisfaction every year and analyse the working environment, engagement, management and communication, as well as the risk culture in Sparebanken Møre. The results provide us with an understanding of what we are good at as an organisation and where we could improve. For 2019, we scored 8.3 on a scale from 1-10 in the employee satisfaction survey, which indicates a very good working environment and is the highest score we have ever measured.

We can also see that our employees were highly likely to recommend Sparebanken Møre as a place to work.

This is measured by an eNPS Score. An eNPS Score of 53 on a scale of -100 to +100 shows that our employees are very likely to recommend our bank as a place to work.

Sparebanken Møre is working to be an inclusive workplace for employees in all age groups and phases of life. The Bank promotes a healthy workplace and encourages physical activity through an active corporate sports team, SMIL, as well as by support employees' own exercising. Workstations and duties must be adapted when health or other causes dictate it.

The Bank seeks to avoid discrimination in all contexts. No cases of discrimination were reported in 2019.

Recruitment

Sparebanken Møre has designed and applies a

recruitment process based on a model approved by DNVGL. The process takes into account the requirements of the Working Environment Act and the Equality and Anti-Discrimination Act. Among other things, these entail that it is illegal to discriminate on the basis of gender, ethnicity, religion, beliefs, disabilities, sexual orientation, gender identity and gender expression. The interview templates used in recruitment take these matters into account.

Pay and working conditions

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The following components can be included in Sparebanken Møre's remuneration:

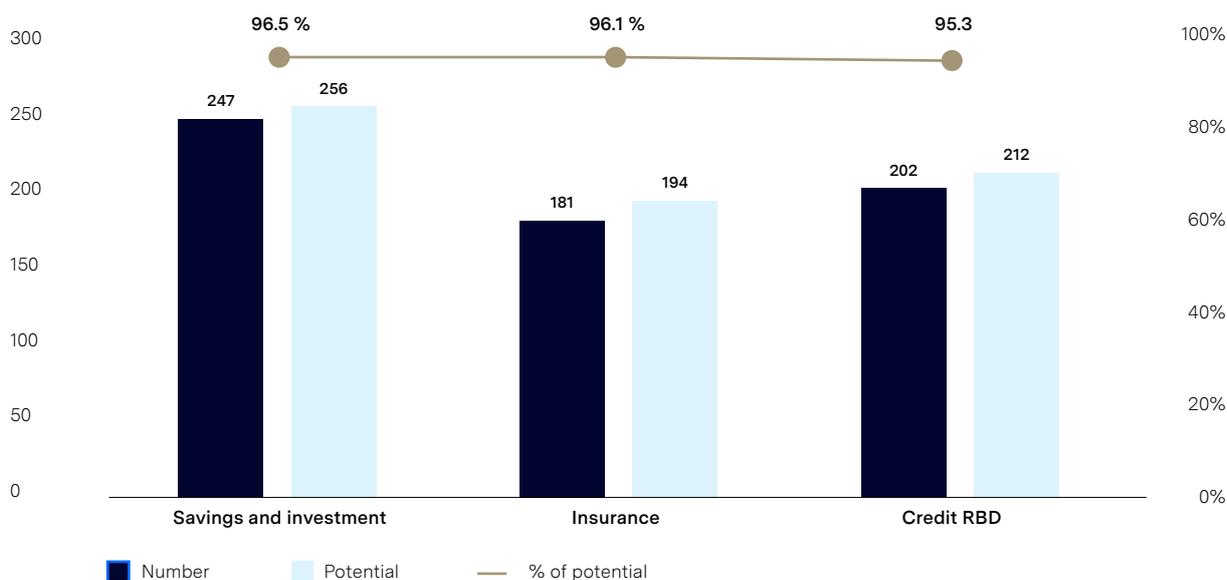
- Fixed salary
- Variable one-off remuneration based on delivery and performance Bonus
- Pension plan Common benefits

Remuneration Committee:

Sparebanken Møre has a remuneration committee elected by and from amongst the Board's members.

The Remuneration Committee is intended to contribute to thorough and independent consideration of matters relating to the remuneration of executive personnel, etc. in the Bank.

Fig.1 Autorisering



Recruitment Committee:

A recruitment committee has been established in line with the main agreement between Finance Norway and the Finance Sector Union of Norway. The committee deals with pay and working conditions upon recruitment and assesses employees' pay conditions on an annual basis.

Both of the above committees must take account of gender equality and non-discrimination in relation to pay and working conditions.

Promotion

Sparebanken Møre wants to facilitate career development, with both a management and professional orientation, and will focus on both career paths. Quarterly reviews are carried out of substitutes and potential successors of executive personnel. This work must take the breadth of the organisation into account. Annual reviews of the organisation with substitutes and potential successors are also conducted by the Bank's remuneration committee. This work also focuses on the development of talented employees.

Facilitation

Sparebanken Møre must facilitate good corporate health services. The corporate health services provider reports on any areas requiring improvement with respect to the working situation/ergonomics once a year, at an organisational level.

Opportunities for development/training

Sparebanken Møre's vision means that we want to be viewed as an attractive employer with competent employees. One important goal is to achieve motivated employees with the right skills to meet their customers' varying and future needs. The UN's SDG no. 4 is therefore an important target to which we want to link measures and action.

Skills development is carried out under the auspices of our in-house Møre Academy. All employees who deal directly with customers must be authorised within various disciplines in both the Retail Banking Division and the Corporate Banking Division.

Authorisation for their role is a requirement for new recruitments and 95 % of the target group have completed the necessary authorisations and approvals from FinAut.

Authorisation also became a requirement within personal insurance in 2019. The target is for a minimum of 90 % of the Bank's employees in the target group to complete the authorisation process.

Sparebanken Møre has committed itself to complying with the "Good practices in advice and other customer service" that have been adopted by Finance Norway. This was implemented in 2019 through e-learning for all employees.

Ongoing training measures are carried out using



The Bank has its own development programme for managers and employees involving a practical approach to everyone's workday and what they need and want to develop in relation to.

e-learning and Skype meetings in order to reach our decentralised branch structure. 22 Skype meetings and e-learning courses were organised in various areas in 2019. When new products and services are launched, the necessary training is provided to close any gaps in knowledge.

Specific specialists/roles are systematically directed to other learning arenas such as conferences, workshops and studies/further education. Over a 5-year period, 24 employees have participated in higher education study courses with the support of the Møre Academy. These include a PhD candidate in industrial economics and technology leadership. The latest study contract to have been signed is a study involving "Sustainability as a competitive advantage". The gender distribution among those who have taken further education is 70% women and 30% men.

The Bank has its own development programme for managers and employees involving a practical approach to everyone's workday and what they need and want to develop in relation to. Themes within management, communication and values are part of the programme. Three management values have been implemented in the organisation. To achieve our objectives, the Group is dependent on managers who inspire employees to achieve their goals, develop effective teams, as well as the employees' skills and confidence, and who perform through their employees with the help of follow-up and clear feedback.

In 2019, 60 managers and 20 new recruits/employees completed this development programme.

Balancing work and family life

Sparebanken Møre wants to facilitate a good balance between work and family life. We have a flexi-time scheme and practice what we call 'flexibility both ways'. We have also facilitated a good home office solution and give people the opportunity to work from home when they need to. Overall, Sparebanken Møre

wants its operations to be based on limited overtime work. We have good social schemes such as a corporate sports team, good personal insurance policies and company cottages/apartments that employees with family can use.

Sparebanken Møre has good policies, principles and standards that are intended to take account of gender equality and non-discrimination. Nevertheless, we see that there are areas where improvements could be made that should be highlighted further in a special project in 2020. In particular, we will look at areas for improvement in relation to diversity.

Whistleblowing

Sparebanken Møre wants to facilitate an open culture of free speech. A good climate for free speech is important for the working environment, the well-being of individuals and in achieving the best possible operations. It is important that illegal situations, wrongdoing and other adverse situations are uncovered and followed up as early as possible. Sparebanken Møre focuses on making employees feel confident that addressing adverse situations is a natural element of an individual's responsibilities in the workplace, and ensuring that such situations can be resolved at the lowest possible level.

Employees also have a statutory right under the Working Environment Act to report wrongdoing in the workplace. Contracted labour and people who are on placements for learning purposes or work-oriented measures are also regarded as employees in this context. The same applies to people on labour market measures. In some cases, employees also have a statutory duty to report. Sparebanken Møre has good whistleblowing routines that are designed to facilitate secure and proper whistleblowing. No reports were received in 2019.

Local engagement

Sparebanken Møre has two groups of owners: equity certificate holders and local communities. The Bank's dividend policy specifies that owners must be treated equally. The local communities in Møre og Romsdal own around 50 % of Sparebanken Møre, which means that half of the year's distributed profit is channelled back to the county through what we have chosen to call dividend funds for local communities.

Significant sums of money are transferred every year to dividend funds for local communities and the allocation of the funds is based on board-approved guidelines. NOK 176 million has been allocated for the 2019 accounting year for good causes that should contribute to well-being, development and value creation in the region. Dividend funds for local communities are largely divided into TEFT funds, TEFT grants and NÆRINGSTEFT.

TEFT funds

Clubs and organisations in Møre og Romsdal can apply for TEFT funds for good causes within the following categories: Business development (31%), skills (2%), culture (10%), sports (41%), local communities (13%) and infrastructure (1%). The percentages show the distribution of funds within the various categories in 2019.

The funds give the Bank opportunities and influence in the work for a more sustainable region.

In 2019, we implemented a new clause in all new agreements. This entails obligations in relation to sustainability work, both within the organisations and in their local communities. One specific result of this was the cooperation with the Summer festival in Giske, which in 2019 decided people could purchase a festival pass by handing in collected marine plastic waste. A total of almost four tonnes of marine plastic waste were handed in. Other festivals took note of



Fortuna - one of the partners in supporting women's football



TEFT-lab

the initiative and several, both in Norway and abroad, have introduced similar schemes.

In 2019, we also contributed to a stronger focus on women's football in the county. Through dialogue and cooperation with Sunnmøre Fotballkrets, Nordmøre and Romsdal Fotballkrets, Molde FK and AaFK Fortuna, Sparebanken Møre has been an important conversation partner and premise setter, and also contributed NOK 8 million to this initiative. In 2019, the world's second smart cities lab, U4SSC, was also established in Ålesund. Sparebanken Møre was part of the team, together with a number of other local and good partners.

TEFT grants

People should be allowed to be good, and talented young people are also good role models for the people around them. TEFT grants give young people aged 15-25 an opportunity to pursue their talent within the categories of sports, culture and an open class. In 2019, 16 young people received grants ranging from NOK 50,000 to NOK 100,000.



Næringsteft

Contribution to expertise and business development

Value creation is contingent on knowledge, entrepreneurship and cooperation, among other things. Sparebanken Møre wants to help strengthen the region in these areas, and has established several concepts and collaborations where the purpose is to facilitate the sustainable development of Nordvestlandet.

NÆRINGSTEFT

NÆRINGSTEFT [‘Nose for Business’] is a skills journey and competition organised by Sparebanken Møre for entrepreneurs in an early phase that allows them to forge links with the entire entrepreneurial ecosystem in our region. Giving these entrepreneurs access to mentors from academia, public support systems, established business and investor environments gives them opportunities to develop with greater effect and speed than they might have managed alone.

Angel Challenge

Together with Innovation Norway, PIR Invest, DNB and Startup Norway, we arranged courses for investors who want to invest in startups throughout 2019. Increasing access to capital willing to take a risk early on, as well as engaging a wider range of investors, also increases the opportunities for more businesses to grow, at the same time as we are ensuring that a greater proportion of local capital can be invested in new local businesses.

Collaboration with academia and research

TEFT-lab is a research collaboration with NTNU in Ålesund where we want to provide new and more in-

depth knowledge related to financial technology and entrepreneurship. We have also contributed equipment to Møreforskning’s Mørelab, where local marine companies can use high-tech equipment in their research and product development.

Teaching in personal finance and entrepreneurship

You have to start early if you want to make good entrepreneurs. As Young Entrepreneurship Møre og Romsdal’s main partner, we are contributing to increased competence around personal finance for pupils in both primary and secondary school. Every school year, nearly 3,000 pupils receive training through the “Economy and Career Choices” and “Boss of Your Life” programmes. Young Entrepreneurship’s business programmes inspire young entrepreneurs through their work with pupil, young people and student companies.

Sparebanken Møre plays the role of mentor and an active part on juries and in providing guidance.

Greater interest in science

Through the establishment of the Newton Room and several creator workshops, as well as the First Lego League - the world’s largest technology tournament for children, we also want to contribute to the joy of learning and scientific expertise. We also regularly visit schools to give talks on both economics and macroeconomics. In addition, we arrange two academic days for the research course at Fagerlia Upper Secondary School, where the school class visits the Bank and learns about various science-oriented topics.

ESG report

- Environmental, social and governance

		2019	2018
Economy			
Pre tax profit, Group	NOK mill.	911	804
Total assets, Group	NOK mill.	74 875	71 040
Return on equity after tax, Group		11.7	10.6
Common Equity Tier 1 / (CET1), Group		17.4	16
Value creation			
Taxes and fees	NOK mill.	186	142
Net wages/pensions and other benefits	NOK mill.	354	340
Allocated dividends to EC-owners	NOK mill.	173	153
Allocated dividends to the local community	NOK mill.	176	156
Withheld result to strengthen equity	NOK mill.	319	276
Purchase of goods and services	NOK mill.	99	99
Strategy			
Group strategy		Updated	Updated
ESG-strategy		Established	Not established
Employees			
Number of man-years, Group	Number	357	361
Number of man-years, Parent Bank	Number	344	348
Number of employees, Group	Number	378	373
Number of employees, Parent Bank	Number	364	359
Sick leave	%	3.31	3.42
Percentage of women	%	60.3	61.6
Percentage of men	%	39.7	38.4
Percentage of women in high level positions	%	45.3	46.4
Percentage of men in high level positions	%	54.7	53.6

		2019	2018
Average age	Years	48.7	48.3
Average employment	Years	18.3	18.3
The number of external recruits	Number	15	19
Staff turnover	%	4.5	7.5
Employees satisfaction, organizational survey	AMU-score	8.3	8.1
Employees recommendation of Sparebanken Møre as a workplace	eNPS-score	53	Not measured
Annual review and confirmation that ethical guidelines have been read and understood		Completed	Completed
Management development program	Number of employees	60	Completed
Employee development program	Number of employees	20	Completed
Agreement on Inclusive Employment		Continued	Continued
Strategy for life-phase policy		Continued	Continued

Dividend funds

Allocated for public benefit funds	NOK mill.	176	141
TEFT-grants, received applications	Number	92	78
TEFT-grants awarded to talented young people (between NOK 50,000-100,000)	Number of scholarships	16	15
TEFT-funds, applications received	Number	1 290	1 150
NÆRINGSTEFT	Number of participants	90	100

Environment

Garbage		Initiated recycling of garbage	Not measured
Use of energy, incl district heating in Ålesund	Kwh	3 417 239	3 602 579
Flights in Norway and abroad	Number	316	273
Flights, number of kilometers traveled	Number of KM	317 853	271 617
Emissions related to flights	KgCO2	45 737	32 871
Remuneration per kilometer when using own vehicle	Number of KM	366 200	394 800
Emissions when using vehicles	KgCO2	54 930	59 220
The Bank's own carpark	Number	1	
Numbers of EL-cars amongst the Banks' own carpark		0	
Number of video conferencing rooms		All meeting-rooms have the option of video conferencing via Skype or own PC	All meeting-rooms have the option of video conferencing via Skype or own PC

Sparebanken Møre shall be
the leading contributor to creative
enthusiasm in Nordvestlandet.
Every day.

