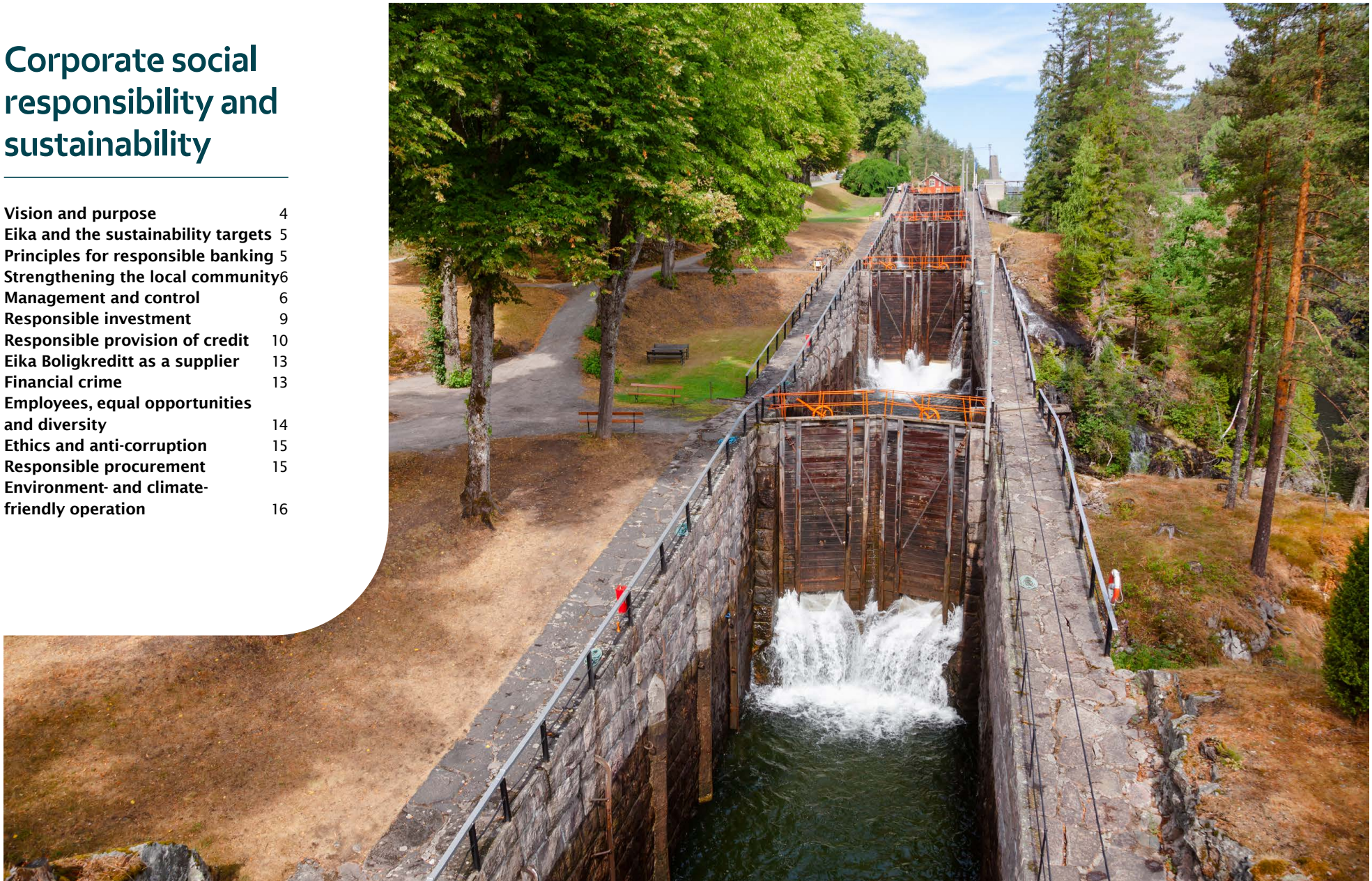




At your side.

Corporate social responsibility and sustainability

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Vrangfoss locks, Vestfold and Telemark


Lindesnes, Agder

Sustainability and societal engagement

Eika will take responsibility for a development of society which is sustainable and not achieved at the expense of future generations.

Sustainability and corporate social responsibility (CSR) are becoming increasingly important strategic drivers in industry and commerce. As a service provider to many Norwegian local communities, Eika contributes to and is a prime mover for sustainable their growth and to value creation in society through the responsible conduct of its business.

Sustainability is defined as social development which meets contemporary requirements without destroying the opportunities for future generations to satisfy their needs. It applies to economic, social, institutional and environmental aspects of society. At its

core, the finance sector's CSR is to create value and operate profitably – but not at the expense of other people and the environment or at odds with basic ethical principles.

Vision and purpose

Eika's core business strengthens the local banks through good and cost-effective provision of products and services for modern and efficient bank operation. Its primary purpose is to "secure strong and caring local banks which serve as a driving force for local growth and sustainable development, for customers and the local community".

The Eika vision of "We strengthen the local



[UN Sustainable Development Goals](#)

bank” describes its desired future development. Its core business thereby supports the moral and ethical compass of the local banks and the societal engagement discharged by the local savings banks in the Eika Alliance. The motto is: “Present locally – with people you can meet and forge relationships with. Advisers who create a sense of security between people and an assurance that you are making the financial choices which are right for you.”

Eika and the sustainability targets

Eika’s work on sustainability in 2019 has involved taking responsibility for defining

the strategic level at which Eika and the Eika Alliance will pursue their sustainability-related ambitions, with the emphasis on environmental, social and governance (ESG) criteria. These efforts have enjoyed broad support in the alliance, with good suggestions and initiatives from Eika and the local banks. Their goal has been to develop an integrated strategy for the whole Eika Alliance which sets a common standard for ambitions and goals, based on a suitable ESG framework for sustainability. The level of ambition backs sustainable local growth and change, sustainable financial products, and responsibility and sustainability in internal operations.

- SDG 8: promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

This target supports several sub-goals. Eika wants to contribute to better utilisation of resources, and works to end the link between economic growth and environmental damage, achieve full and productive employment and decent work for all, protect labour rights, promote a safe and secure working environment for all employees, and stimulate and expand access to banking, insurance and financial services for all.

Principles for responsible banking

Different principles and practices exist for work on sustainability. The UN environment programme finance initiative (UNEP-FI) launched its principles for responsible banking in the autumn of 2019. These provide guidance for banks in their sustainability efforts, and support society’s overarching SDGs and the Paris agreement – which enshrines the 2°C ceiling for global warming.

During 2020, Eika Boligkreditt will implement a process with aim of taking a decision on signing the UN’s principles for responsible banking from the Paris agreement, and will in the event undertake to observe and comply with them. Pursuant to the principles, Eika Boligkreditt must:

1. align its business strategy to be consistent with and contribute to individuals’ needs and society’s goals, as expressed in the SDGs, the Paris climate agreement and relevant national and regional frameworks
2. continuously increase its positive impacts while reducing the negative impacts on,

Sustainability in Eika builds on the UN sustainable development goals (SDGs), which represent the world’s shared schedule for eliminating poverty, combating inequality and halting climate change by 2030. Coming into effect on 1 January 2016, these objectives provide many companies with a roadmap for their strategies on environmental and social responsibility.

Eika has influence over several of the SDGs, but sees that this impact can be greater with selected targets than for others. Eika Boligkreditt supports the following SDG and considers that the most relevant approach is to give particular emphasis to:



Fredrikstad, Viken

- and managing risks to, people and the environment resulting from its activities, products and services, and, to this end, will establish and publish targets for areas where the most significant impacts can be achieved
3. work responsibly with the local banks and customers to encourage sustainable practices and enable economic activities which create prosperity for both current and future generations
 4. proactively and responsibly consult, engage with and partner relevant stakeholders to achieve society's overarching goals
 5. pursue its commitment to these principles by implementing effective management

6. will periodically review its individual and collective implementation of these principles and be transparent about and accountable for its positive and negative impacts and its contribution to society's overarching goals.

Among other consequences, signing these principles requires an analysis of the company's climate footprint, a specification of how it will achieve its goals, and regular reporting of the status for this work.

Eika Boligkreditt furthermore regards Finance Norway's Roadmap to green competitiveness as a good guideline for the industry. This notes that Norway faces not only chal-

lenges but also big opportunities in the transition to a low-emission society. In the time to come, the company must handle risks associated with climate change, share in the available opportunities for a sustainable development of society, and continue to manage its societal engagement. Work on sustainability in Eika Boligkreditt will continue to find support in this roadmap.

Strengthening the local community

Eika Boligkreditt is firmly embedded in the various local communities through its owner banks. Many of these have histories extending back to the 19th century, and have been and remain an important contributor to the self-government, self-financing and development of their local communities. Their primary attention is directed at private customers, combined with local small-scale industries and the primary sector, and lending has been financed almost entirely through deposits.

Ever since the owner banks were established, they have made donations to philanthropic causes in their local communities, including culture, sports, clubs and societies. Increased market shares and high levels of customer satisfaction and loyalty confirm the important position and significance of the owner banks in their local communities.

Despite enormous social and structural changes since the first of the owner banks were established, it is not difficult to recognise the profile and role of these institutions today. As a result of such factors as the sharp increase in house prices over the past 20 years, the owner banks have become more dependent on external financing. For many of them, the growth in their lending and

their overall loan portfolios have exceeded their total deposits. The establishment of Eika Boligkreditt is a direct consequence of this trend.

Through long-term and competitive funding, Eika Boligkreditt enhances the competitiveness of its owner banks and helps to reduce their risk exposure. That makes it indirectly an important contributor to strengthening a great many local communities in Norway. Profits made by Eika Boligkreditt are also returned directly to these communities in the form of commission payments and dividends paid to the owner banks.

Management and control

Effective risk management and good internal control are crucial for ensuring that goals are met, and form part of the ongoing management and follow-up of the business. Through good risk management and control, Eika Boligkreditt will be able at all times to identify, assess, deal with, monitor and report risks which could prevent its attainment of approved goals. The company's parameters for risk management and control define its willingness to accept risk and its principles for managing risk and capital. Risk management and control cover all types of risks which Eika Boligkreditt could encounter. Dealing with and controlling risk depends on its materiality. Risk management covers control, avoidance, acceptance or transfer of the risk to a third party. Controls embrace the organisation and division of labour, monitoring, reporting, and system-based and manual controls. They also cover values, attitudes, organisational culture, training and expertise, ethical guidelines, routines and procedures.

Eika Boligkreditt has established an independent risk management and compliance function, which continuously monitors and reports on whether risk management is complied with, functions as intended and is kept within approved parameters. This function is organised in accordance with the principle of three lines of defence. Eika Boligkreditt's business is subject to extensive legislation, which regulates its various governance bodies and their composition.

On-site inspection in 2019

The Financial Supervisory Authority of Norway (FSA) conducted an on-site inspection at Eika Boligkreditt on 30–31 January 2019. Relevant documentation was submitted to the FSA in advance. The company received a final report on 29 April 2019. It has assessed and dealt with all the comments received from the FSA following the inspection, and the recommendations made have been incorporated in the relevant governing documents.

Particular issues in 2019

Eika Boligkreditt devoted particular attention in 2019 to compliance with the regulations for combating money laundering and the funding of terrorism, including a review of governing documents and training. The company also focused on compliance with requirements introduced during 2018 in new regulations for processing personal data.

Everyday management and follow-up

Eika Boligkreditt's vision is to strengthen the local bank. Its main purposes is to ensure access for the local banks in the Eika Alliance to long-term and competitive funding by



Bjørvika, Oslo



Dyna lighthouse, Oslo

issuing covered bonds. An important part of the company's business concept is to increase the competitiveness of the owner banks by improving their access to external funding in the Norwegian and international financial markets with regard to the tenor of loans, their terms and the depth of access. Generally speaking, financing through Eika Boligkreditt has longer tenors and substan-

tially better borrowing costs than an individual owner bank could achieve on its own account. That is precisely why the company has become strategically important for the banks by contributing to increased competitiveness and lower risk exposure.

The strategic direction being taken by Eika Boligkreditt observes the principles for managing on the basis of balanced

scorecard and provides the basis for implementing this approach along with projects and action plans. In addition, the company prepares budgets and forecasts, financial and non-financial measurement criteria, authorisations, policies and routines which are reported on and followed up as part of management in the company. Action plans and the status of risk and measures are

carefully monitored and incorporated in ongoing management and board reporting over the year. Eika Boligkreditt is managed in accordance with approved risk strategies, and guidelines have been developed for risk reviews intended to ensure that the company and outsourced activities deal with risk in a satisfactory manner. The values of Eika Boligkreditt reflect the company's characteristics – professional, involving and long-term. Risk management and control in the company are rooted in these values together with approved strategies. The strategies are further broken down into operational action plans, which provide specifications, priorities, allocation of responsibilities and deadlines. Given the guidance and parameters in the strategic and action plans, risk management and control are built up around and within the business processes established to deliver the strategy. Management and control are thereby tailored to the business processes and specific requirements. This challenges and focuses risk management and control on the contribution to value, the commercial benefit and the most significant conditions which really mean something for meeting the targets.

Role of the board

The board has adopted an instruction which specifies rules for its work and consideration of issues. Its annual plan covers duties specified in legislation, statutory regulations, official requirements, the articles of association and so forth. The board is responsible for determining the company's overall goals and strategies, including risk strategies and the risk profile as well as other key principles and guidelines, in addition to

management of the company. It also ensures an acceptable organisation of the business. The board has established a separate instruction for the CEO. Board meetings are held in accordance with the annual plan, and as and when required. The board has appointed risk and compensation committees to prepare matters for consideration in these areas.

Role of the CEO

The CEO conducts day-to-day management of Eika Boligkredit AS and has overall responsibility for all the company's operations. Responsibility for implementing strategies and policies approved by the board rests with the CEO. The latter ensures that risk management and control are implemented,

documented, monitored and followed up in an acceptable manner, and ensures that the necessary resources, expertise and independence are provided for the risk management and compliance function. In addition, the CEO ensures that Eika Boligkredit's risks are managed within the board's approved parameters. Furthermore, the CEO will continuously follow up management and control in all parts of the company's business.

Risk management function

The risk management function ensures that management and the board are adequately informed at all times about the company's risk profile through quarterly risk reporting and annual assessments of risk and capital

requirements. It is responsible for continued development and implementation of an integrated framework for risk management, and for ensuring that this accords with external and internal requirements. That means policies and strategies must be in place which ensure management with the aid of goals and parameters for the desired level of risk, and that such policies and strategies are operationalised in an efficient manner. Ensuring clear responsibilities and roles plays a key role in management and control, along with follow-up of compliance through risk parameters and operational guidelines. The risk management function reports on a quarterly basis to Eika Boligkredit's executive management and board.

Compliance function

The compliance function is charged with identifying and preventing risk from failure to comply with the regulations. Compliance risk is part of Eika Boligkredit's operational risk, defined as the risk that the company incurs government sanctions or suffers financial or reputational loss because it fails to comply with legislation, statutory regulations and/or standards. The compliance function will have a preventive, advisory and monitoring role in the company, with responsibility for plans and testing in accordance with risk-based controls. It reports on a quarterly basis to the executive management and board of Eika Boligkredit.

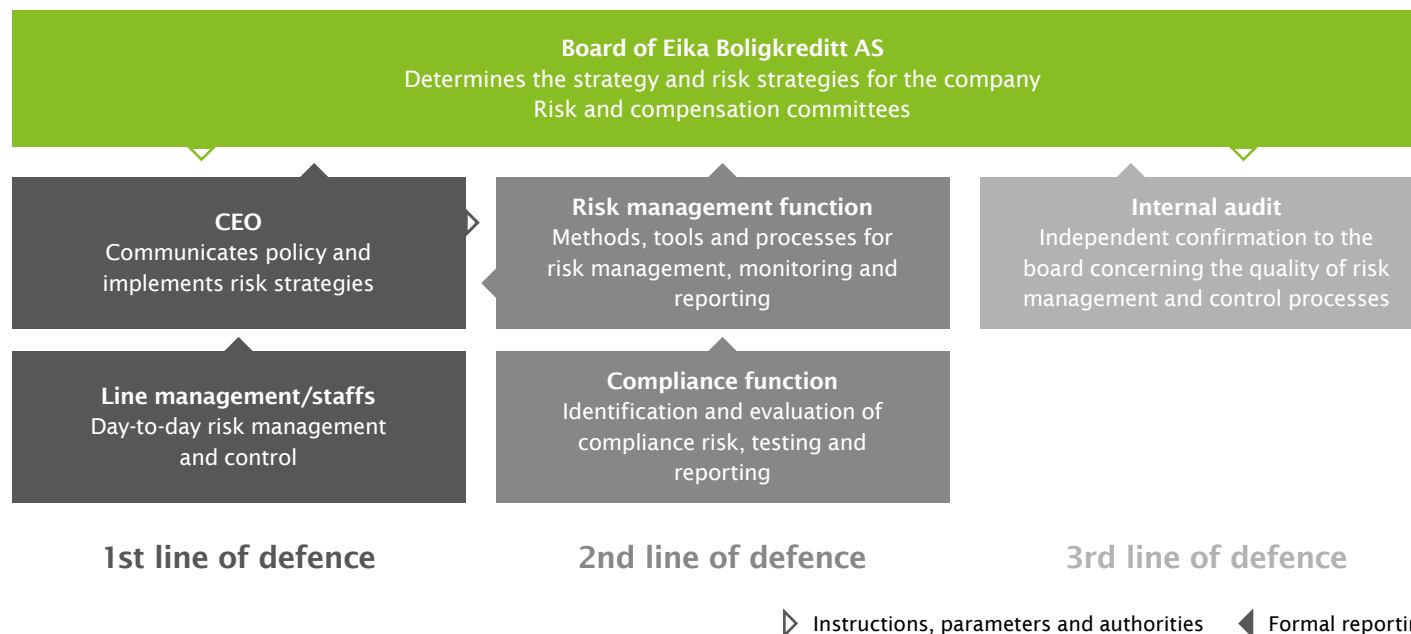
Internal audit

The internal audit function provides independent confirmation that risk is dealt with in a satisfactory manner and that communication and interaction work between the lines of defence. It represents the company's third line of defence. Eika Boligkredit's independent internal audit function has been outsourced to PwC. The board approves annual plans for the internal audit function, which reports directly to the board. These reports are considered on a continuous basis.

Responsible investment

At any given time, Eika Boligkredit has a substantial portfolio of liquid investments held as part of the requirements it is subject to as a credit institution.

These holdings largely comprise bonds issued by states, banks, financial institutions, local authorities and county councils, in addition to offset agreements and deposits in banks with a minimum A-/A3 rating.



Eika Boligkreditt has chosen not to invest in enterprises placed by the ethical council of Norway's government pension fund global (SPU) on its list of excluded companies. The latter fall into the following categories:

- serious violations of human rights
- severe environmental damage
- serious violations of the rights of individuals in war or conflict
- gross corruption
- other serious breaches of fundamental ethical norms
- cluster weapons
- nuclear weapons
- anti-personnel mines
- tobacco production
- sale of military materials to certain states.

More information on companies excluded can be found [here](#).

Eika Boligkreditt has also chosen to extend its exclusion list to include all companies in the following Global Industry Classification Standard (GICS) industries and sub-industries.

- **Coal** – Fossil fuels are significant contributors to negative climate impacts. Coal-based electricity generation makes a negative contribution to the climate as well as being associated with uncertainties over working conditions and safety in many parts of the world. The company has also distanced itself from the establishment of new coal mines.
- **Tobacco** – Globally, tobacco kills more than seven million people a year (NHI.no). In addition, it imposes huge health costs and lost production revenues.
- **Gambling** – Some people suffer serious problems from an addiction to gambling, which often affects families and children.

A large unregulated gambling market with little transparency exists worldwide. In addition, casino and gambling activities pose a high risk of criminal behaviour, such as money laundering and bribery.

Eika Kapitalforvaltning, whose activities include managing the Eika funds, the Eika Forsikring portfolio and the liquidity reserves of most local banks in the Eika Alliance, manages these assets in accordance with more detailed ESG guidelines. Eika Kapitalforvaltning will share information with Eika Boligkreditt concerning Norwegian companies/issuers which it excludes, since these are not included in the exclusion list from the Government Pension Fund Global (GPF).

Responsible provision of credit

Eika Boligkreditt's ambition is to be a responsible provider of credit and to help ensure that the local banks fulfil their role as attentive advisers to their customers. Responsible provision of credit is important in making sure that customers do not take on commitments they cannot cope with, and in helping the local banks to support a green transition where customers are informed of sustainable and competitive solutions. Eika Boligkreditt provides both credit to private customers and mortgages for residential cooperatives, but its approach to these two classes of customers differ a little.

The basic principle of sustainable residential mortgages in the private market is further enshrined in the strategy of the local banks for sustainability in their lending, and in their credit policy for private customers. These demands are also operationalised through Eika Boligkreditt's credit strategy, which describes specific requirements

related to such aspects as combating money laundering, the black economy, checking the loan-to-value (LTV) ratio and assessing the customer's risk classification. In this way, the local banks contribute in collaboration with Eika Boligkreditt to ensuring that customers do not take on excessive debt.

The local bank also advises customers when not to borrow, based on the purpose of the loan. That may apply, for example, if customers want a loan to send money to unknown people, to free up a lottery prize or inheritance, or for other typical swindles.

Mortgage regulations

Both the banks and Eika Boligkreditt are subject to the mortgage regulations, and check compliance with these. The main provisions cover the following.

- **Ability to service the debt** – the mortgagee must assess the mortgagor's ability to service the mortgage on the basis of their income and all relevant outgoings, including interest payments, mortgage instalments and normal living expenses. In assessing the mortgagor's ability to service the mortgage, the mortgagee must allow for an increase of five percentage points in the relevant interest rate.
- **Debt-to-income ratio** – total debt must not exceed five times the mortgagor's annual income.
- **LTV ratio** – the mortgage must not exceed 85 per cent of a prudent valuation of the residence at origination.
- **Instalments** – where a mortgage exceeds 60 per cent of the value of the mortgaged



Lom stave church, Innlandet



Lovatnet, Vestland

residence, the mortgagee must require an annual repayment of at least 2.5 per cent of the mortgage principle.

The flexibility quota allows up to 10 per cent of the mortgages granted by a mortgagee in every quarter to fall short of the requirements in the mortgage regulations. This has to be followed up and reported at an aggregated level, which means the reporting must cover both mortgages carried on the bank's balance sheet and those placed with Eika Boligkreditt.

The Eika School

The alliance has its own Eika School, which provides teaching and courses required for filling many of the different roles in the local banks. All financial advisers in a bank, for example, must be authorised pursuant

to Norway's AFR certification scheme. Acquiring this qualification includes taking and passing a test covering:

- parameters for giving credit
- credit assessment and products
- relevant collateral and mortgages
- information/explanations to the credit customer, dissuasion and proposals for solutions
- documents in the credit process
- follow-up during the life of the mortgage, redemption and default.

The training programme begins with a self-assessment and a test to assess the adviser's level of knowledge. The adviser then goes through the course and is given access to technical literature, refreshed questions and exercises. They are tested and can also take

a trial exam on one occasion before the final examination. The latter comprises a total of 55 questions on the various subject areas, and takes 90 minutes.

Customer complaints

As a general rule, Eika Boligkreditt is not in direct contact with the end customer. By agreement, the bank is the intermediary between Eika Boligkreditt and the customer and thereby the point of contact for the latter. If a customer of the bank wants to make a complaint about aspects of a mortgage held by Eika Boligkreditt, they must do so in writing to the bank. On request, the bank is required to give the customer information in writing about its complaint handling procedures, including details about how to complain.

A complaint received by the distributor

bank which concerns Eika Boligkreditt must be forwarded in writing to the latter. If the customer has completed the complaint form made available by the individual bank, this is passed on in its entirety to Eika Boligkreditt. The complaint must include the grounds for making it and other possible details relevant to the case.

Eika Boligkreditt has well-established complaints procedures, which are readily accessible to customers. All cases are dealt with by dedicated complaints staff. The banks also conduct quarterly reviews of lessons learnt from complaints in their own internal complaints committee. This assesses the need to change policies, routines, marketing and products.

The management system for the product areas is evaluated annually, based on



Bjørvika, Oslo

complaints and incidents over the preceding year. No customer complaints were received in 2019. The last time the company received a customer complaint was in 2016.

LTV ratio

As a general rule, loans must be secured with a first preferred mortgage on the main mortgaged property. To the extent that a second preferred mortgage is involved, the sum of the first and second preferred mortgages must not exceed 75 per cent of the mortgaged property's value for residential properties and 50 per cent for holiday homes. At 31 December 2019, the average LTV ratio in the cover pool was 47 per cent.

Residence in Norway

The company's credit manual specifies as a general rule that all mortgagors in Eika Boligkreditt must be private customers, but mortgage finance can also be extended in exceptional circumstances to residential cooperatives. A further condition is that lending must be for residential mortgages, and must therefore be defined separately from commercial finance. Where private mortgagors are concerned, a fundamental requirement is that the mortgage sought can be serviced from income which does not derive from the mortgaged property. Pursuant to Norwegian law, the mortgagor(s) must be an adult and legally competent at the origination of the mortgage. This means that a mortgagor cannot be under 18 years of age (a minor) or placed under legal guardianship (see section 1 of the Norwegian Guardianship Act). No absolute upper age limit has been set for mortgagors. Mortgagors must also be permanently resident in Norway.

Mortgages for residential cooperatives

Eika Boligkreditt also finances mortgages for residential cooperatives, but these differ in certain respects from ordinary residential mortgages for private individuals. That includes the possibility of a somewhat higher risk concentration. As one of the few issuers of covered bonds offering this type of financing, Eika Boligkreditt has therefore chosen to maintain strict standards related to a good financial position, many residential units and a very low LTV ratio. At 31 December 2019, the average LTV ratio for this type of mortgage in Eika Boligkreditt was just under 19 per cent.

Green homes

Eika Boligkreditt has carried out an analysis of its cover pool which defines three criteria for classifying the mortgaged property as one of the 15 per cent of energy-efficient residential units in Norway – popularly known as “green homes”. These criteria are based on building standards, energy certificates and refurbishments which confer a minimum 30 per cent improvement in the unit's energy efficiency. This accords with the principles enshrined in the Climate Bond Initiative, an international scheme with the sole purpose of promoting a rapid transition to a low-carbon and climate-robust economy through the role which the bond market can play. Based on this analysis, 933 of the 52 000 residential units in the cover pool qualify as green homes. While the overall portfolio has an estimated annual energy requirement of 2 076 gigawatt-hours (GWh), the average requirement for the green homes is 122 kilowatt-hours (kWh) per square metre.

That is 52 per cent lower than the average for Norwegian residential units. The green homes in the cover pool reduce the carbon footprint of residential units covered by mortgages from Eika Boligkreditt by 15 500 tonnes of CO₂ per annum compared with the figure if these homes had an energy efficiency corresponding to the Norwegian average. [Click here](#) to access the full analysis.

This work has been done by Eika Boligkreditt primarily because measuring the status of the climate footprint for the assets financed by its mortgages represents a first step towards fulfilling an ambition to reduce this footprint for residential units financed by the company over time. The analysis results will provide input to processes under way in the Eika Alliance to incorporate the climate risk and footprint in its credit processes. A secondary motive for such an analysis is to provide a key element in a green framework which the company can use for issuing green bonds.

Eika Boligkreditt as a supplier

The company has a clear goal of being predictable and providing a high level of transparency with regard to the processes and changes which occur within the applicable parameters. This is achieved in part through good and clear communication and through placing the needs and risk exposure of the banks at centre stage. A high level of availability and good correspondence between promise and performance are also crucial factors. Eika Boligkreditt works actively to maintain a high score in the annual Alliance survey, which measures the satisfaction of the owner banks with the company's deliveries in terms of product and service quality.



Aurland, Vestland

Measures are given priority where areas for improvement have been identified. Eika Boligkreditt's ambitious goal for overall satisfaction by the owner banks is 70 out of 100 points or better. The most recent assessment, carried out in the autumn of 2019, gave the company a score of 83 points.

Financial crime

Eika Boligkreditt regards combating financial crime as an important part of its CSR. The purpose of this work in financial institutions is to protect the integrity and stability of the

international financial system, undermine the funding of terrorism, and make it difficult for criminals to benefit from their crimes. As a credit institution, Eika Boligkreditt has a statutory reporting obligation pursuant to the money laundering regulations and is also subject to the sanctions regulations. In its collaboration agreement with the owner banks, the company has outsourced the implementation of customer measures and associated services related to the money laundering and sanctions regulations in order to ensure that its obligations pursuant

to these regulations are discharged by the owner banks as distributors. Eika Boligkreditt has established policies to combat money laundering and funding of terrorism as well as internal routines for continuous follow-up of customer relationships and transactions in order to identify possible suspicious transactions pursuant to the money laundering regulations. The company has also established electronic monitoring which regularly provides notification of suspicious transactions. These are then followed up, initially with the relevant bank, and if necessary



Stegastein, Aurland, Vestland

reported to the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway (Økokrim). No cases were reported to Økokrim in 2019. Eika Boligkreditt has appointed its own money laundering officer, who has special responsibility for following up the money laundering and sanctions regulations.

Employees, equal opportunities and diversity

Eika Boligkreditt had 20 permanent employees at 31 December 2019, including 19

in full-time posts and one employee working 80 per cent of a full-time position customised by the employer at her own request. In addition, the company has entered into an agreement with Eika Gruppen on purchasing services in a number of areas. Eika Boligkreditt's mortgage customers are primarily serviced by the owner banks. The working environment is regarded as good, and no personal injuries or occupational accidents were recorded in the workplace during 2019.

The Eika Alliance has a common digital learning platform (LMS), which makes courses

and training programmes available for employees. Its own curricula and the finance industry's certification schemes form the basis for the alliance's goals with and responsibility for developing employee competence. Together with good adviser practice, the industry's procedures and rules as well as the bank's personnel manual form the basis for policies, guidelines and commitments.

The alliance belongs to the certification scheme for financial advisers, which requires the use of specific programmes for employee development.

Conversations on goals and performance are an important instrument for ensuring follow-up of and progress by employees. The company's personnel manual specifies that all employees will have a conversation with their immediate superior twice a year on their own development and performance.

Eika Boligkreditt makes active efforts to maintain a good internal working environment and to ensure that employee rights are well looked after. This is done in part through extensive cross-department work and information flow where appropriate. An employee satisfaction survey (MTU) is also conducted annually. Scores from this have been very high, and the findings are reviewed and evaluated with a view to further improvements. The annual MTU measures results for a total of 13 sub-sectors, based on responses to 49 questions. The average score in 2019 was 86, with a range for the sub-sector scores from 78 as the lowest to 91 as the highest.

Overall sickness absence in 2019 amounted to 0.5 per cent of total working hours. One employee took parental leave during the year.

Eika Boligkreditt aims to be a workplace which:

- is forward-looking and development-oriented
- contributes to resolving important social challenges
- contributes to higher participation in work
- increases value creation and provides a competitive working environment
- reflects the expectations of the market and society, and is open to new commercial opportunities.

This means the company wants to work actively, purposefully and in a planned manner to promote equal opportunities and prevent discrimination, regardless of gender, pregnancy, paternity or adoption leave, carer responsibilities, ethnicity, religion, beliefs, disabilities or sexual orientation. The company's policy includes regulations on equal opportunities which aim to prevent discriminatory treatment in such cases as pay, promotion and recruitment.

Average female pay as a proportion of the male average is presented below.

All employees	
Women	65%
Specialists and support functions	
Women	81%

Average pay for women is 65 per cent of the male average in the company. Where the sub-category of specialists and support functions is concerned, with 14 work-years including four females, the average pay for women is 81 per cent of the male rate. The remaining six employees are in the company's manage-

ment (five men and one woman). Lower average pay for women in the company reflects differences in length of service and level of responsibility. The company also has relatively few employees, which could produce big variations in average pay for each group.

Eika Boligkreditt has entered into a company pay agreement in addition to the main collective pay settlement and the central agreement negotiated between Finance Norway and the Finance Sector Union. The company agreement covers all employees except the CEO and other senior operative executives. Ten per cent of the company's employees belong to the Finance Sector Union.

The company has a majority of males both in its operative management (five men and one woman) and among specialists and support functions (10 men and four women). Women accounted for 25 per cent of its workforce at 31 December 2019, unchanged from a year earlier. All other things being equal, it would be desirable to increase this proportion when making new appointments.

Two new employees were recruited in 2019 to replace departing personnel. These recruits, a man and a woman, are both new graduates and below the age of 30. The age and gender composition is presented in the table.

Appointments	< 30	30-40	41-50	> 50
Women	1	0	0	0
Men	1	0	0	0
Departures				
Women	0	1	0	0
Men	0	1	0	0

That represented a staff turnover of 10 per cent for Eika Boligkreditt in 2019, which was high compared with earlier years. No reduction in work-years occurred in the company during 2019.

The age distribution between women and men by job category is presented in the table.

Operative management	< 30	30-40	41-50	> 50
Women	0	0	0	1
Men	0	0	1	4
Specialists and support functions				
Women	1	1	0	2
Men	1	8	1	0
Board of directors	< 30	30-40	41-50	> 50
Women	0	0	0	0
Men	0	0	2	4

Ethics and anti-corruption

Like the rest of the Eika Alliance, Eika Boligkreditt AS is dependent on trust and a good reputation. A great responsibility accordingly rests both on the company and on the individual employee to act ethically towards customers, owner banks, investors, partners, colleagues and the world at large. The purpose of Eika Boligkreditt's ethical guidelines is to describe its standards in this area.

All Eika Boligkreditt's employees must behave and work in compliance with applicable legislation, statutory regulations and internal guidelines. They are all expected to do their job in an ethical and socially acceptable manner, and in line with the company's core values of being professional, involving and long-term.

No unambiguous answer exists to the question of what behaviour will be ethically acceptable in given circumstances. A possible guideline is that the following questions should be answered with an unqualified "no".

- Would I dislike it if this became known to the management or my colleagues at work?
- Could this in any way undermine trust in Eika Boligkreditt or the alliance were it to be reported in the media?
- Could the action conflict with the interests I am charged with protecting as an employee of Eika Boligkreditt, or be perceived as a benefit I am receiving by virtue of my position?

The guidelines regulate such matters as the individual employee's relationship with customers, suppliers, competitors and the world at large. All employees must avoid forming any kind of dependent relationship with customers or business connections, and must be fully conscious of attempts at corruption or forms of influence-peddling. The ethical guidelines make the company's zero tolerance of corruption clear, and employees must in no circumstances give or receive any form of inappropriate benefit – direct or indirect – through or in connection with Eika Boligkreditt's business operations. All new employees must read the ethical guidelines as part of their introduction programme, and ethics are on the agenda at fixed meetings for them. Eika Boligkreditt adopted updated ethical guidelines in March 2019. [Click here](#) to access the guidelines.

In addition to its ethical guidelines, the company has established its own whistle-blowing procedure. This complies with the requirements of the Working Environ-

ment Act for notifying irregularities in the business. The purpose of the procedure is to reduce the risk of internal wrongdoing and to take care of the employee's right and duty to blow the whistle. Examples of irregularities which could form the basis for whistle-blowing are provided in the procedure, such as improper behaviour, corruption, illegal acts, financial crime, unethical or damaging activity, or breaches of the ethical norms of others. The procedure also makes provision for employees to notify anonymously if they so wish.

Responsible procurement

Eika Boligkreditt has established a policy for procurement which specifies that documented CSR must form part of all purchase agreements. This policy covers contracts for procuring goods and services for Eika Boligkreditt, including agreements with investment banks/managers in the company's funding activities. Eika Gruppen has established a procurement policy which also covers purchases made on behalf of Eika Boligkreditt.

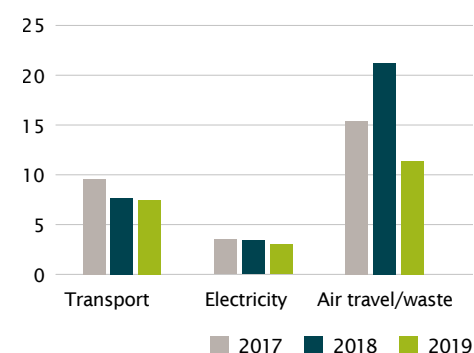
The company's procurement must accord with the following general principles.

- Products or services procured must be environment-friendly and sustainable, with attention paid to the life cycle of a product related to such aspects as recycling.
- The company must ensure that contracts for procurement of goods and services are entered into on the best possible terms, and its purchases must be as cost-efficient as possible.
- Eika Boligkreditt must maintain the integrity of its procurement processes in relation to applicable regulations, and

ANNUAL GREENHOUSE GAS EMISSIONS

Tonnes of carbon equivalent

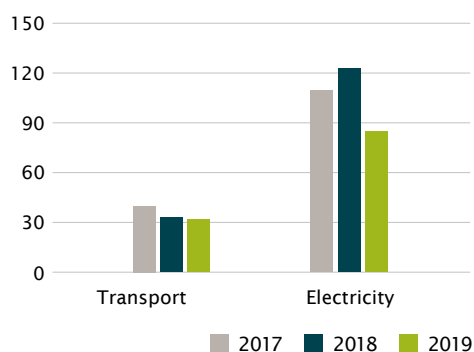
	2019	2018	2017
Transport	7.5	7.7	9.6
Electricity	3.0	3.4	3.5
Air travel/waste	11.4	21.2	15.4
Total	21.8	32.3	28.5



ANNUAL ENERGY CONSUMPTION

MWh

	2019	2018	2017
Transport	31.7	33.0	39.9
Electricity	84.6	122.6	109.4
Total	116.4	155.6	149.3



primarily make purchases on the basis of competitive tendering.

- Procurement processes must meet requirements for equal treatment, predictability, transparency and verifiability.
- In its procurement processes, Eika Boligkreditt must ensure that no questions can be raised concerning conflicts of interest from the relationship between its employees and the supplier company or their personal interests. The company has established a policy for dealing with conflicts of interest.

Furthermore, Eika Boligkreditt's suppliers must comply with national and international legislation and regulations as well as internationally recognised principles and guidelines. These include provisions related to human and labour rights, the environment, corruption, money laundering and funding of terrorism. They must also see to it that possible sub-suppliers comply with the same principles and rules.

Suppliers must sign a self-declaration that they comply with the obligations specified in the guidelines, and have a duty to notify Eika Boligkreditt in the event of actual or suspected breaches of these. Breaches of the provisions result in cancellation of the contract. [Click here](#) to access the policy.

Environment- and climate-friendly operation

Eika Boligkreditt wants to have the smallest possible negative impact on the natural environment, and entered into an agreement from 2013 with CO₂fokus. The latter has developed a dedicated energy and climate accounting (environmental report) for the business.

Eika Gruppen, which leases offices to the company, has energy- and heat-saving installations to help limit consumption. Hydropower has also been chosen as the sole energy source, giving the premises a Clean Hydropower certification. The latter contributes to an increased commitment to environment-friendly energy. All areas also have round-the-clock energy saving through regulation of temperature and lighting.

The owner banks are widely spread geographically, which has been a contributory factor in Eika Boligkreditt's extensive and growing use of video and web conferencing in connection with training and information flow. This not only safeguards the environment but reduces unnecessary use of travel time and effort in a busy day.

Eika Boligkreditt has a conscious attitude to the use of paper and electronic templates and documents, as well as to postage costs. Reducing paper consumption to a necessary minimum is a clear objective.

An overview of the company's greenhouse gas (GHG) emissions and energy consumption has been prepared for 2017, 2018 and 2019. This analysis is based on direct and indirect usage related to Eika Boligkreditt's activities. Its total GHG emissions in 2019 are estimated at 21.8 tonnes of CO₂, down by 10.5 tonnes or 32 per cent from the year before. Energy consumption was down 31 per cent by area from 2018 and 25 per cent in total. Reductions were also achieved in emissions per work-year (work-years were unchanged in 2019 at 19.8) and per NOK million in turnover (which was up from NOK 2 162 million in 2018 to NOK 2 624 million). [Click here](#) to access the full analysis (in Norwegian only).

In order to strengthen and intensify work

with responsibility and sustainability in its own operations, Eika Gruppen has initiated a process for certification by the Eco-Lighthouse Foundation in 2020. Eika Boligkreditt rents premises from Eika Gruppen and will be indirectly embraced by such certification. Where Eco-Lighthouse certification for Eika Boligkreditt and specific targets for reaching the zero emissions goal are concerned, a process will be implemented during 2020 to reach a decision.

The climate footprint provides a general overview of the company's GHG emissions converted to tonnes of CO₂ equivalent, and comprises information from both internal and external systems. This analysis has been conducted in accordance with the GHG Protocol initiative, an international standard developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). It ranks today as the most important standard for measuring GHG emissions from an enterprise. The protocol divides the amounts released into three main segments or scopes, which include both direct and indirect emissions. Reporting takes account of the GHGs CO₂, CH₄ (methane), N₂O (nitrous oxide), SF₆, HFK and PFK.

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