

Ethical guidelines

Eika Boligkreditt AS



INTRODUCTION

Eika Boligkreditt AS (EBK) is dependent on trust. A great responsibility accordingly rests both on the company and on the individual employee to behave ethically towards customers, shareholders, investors, partners, colleagues and the world at large. Employees of EBK also represent the owner banks and the alliance, which have their primary market in local communities and depend on a good reputation.

All employees must behave and work in compliance with applicable legislation, statutory regulations and internal guidelines, and they are all expected to behave in an ethical and socially acceptable manner when doing their job. Generally speaking, the individual employee is expected to familiarise themselves with the legislation, statutory regulations, guidelines and instructions which apply within their business area, including socially acceptable behavioural norms.

Representatives of EBK are expected to use clear and simple language in all their contact with the owner banks, end customers, investors and partners.

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 EBK or the alliance were it to be reported in the mass media?
- Could this action or disposition conflict with the interests I am charged with protecting as an employee of EBK, or be perceived as a benefit I am receiving by virtue of my position?

SCOPE

These guidelines regulate EBK’s obligations and requirements concerning ethical issues related to business practice and personal behaviour.

They apply to the organisation and to each employee as well as to directors, contract personnel, consultants and others acting on behalf of EBK (hereafter employees, etc).

The individual employee, etc, undertakes to familiarise themselves and comply with the ethical guidelines, and has an independent responsibility to behave in a manner which accords with them. They must refrain from taking an action, or raise the matter with their immediate superior, if they are in doubt as to whether the action accords with the ethical guidelines.

INTERNAL CONDITIONS IN THE COMPANY

All employees are expected to behave politely and respectfully to each other in order to create the best possible working environment, without negative conditions such as gossip, bullying and unreasonable pressure. It is also important to behave in a loyal manner and to avoid being placed in a position where tendentious information could cast an unfavourable light on the reputation of an individual, and in that way also damage the company’s reputation or working environment.

Managers in the company have a particular responsibility where ethical issues are concerned. They must be very conscious of themselves and their own actions, while behaving in such a way that no employee is given justifiable grounds for feeling bad about their treatment or breaches to approved rules and norms.

FINANCIAL CRIME

Pursuant to chapter 26 of the Norwegian criminal code, fraud, misappropriation of funds and aiding and abetting such actions are criminal offences. Furthermore, corruption, trading in influence and aiding and abetting such actions are criminal offences pursuant to section 276, sub-sections a-c, of the criminal code.

Should an employee, etc, discover or have a justifiable suspicion that somebody in EBK's service is involved in financial crime, they are duty-bound to report this to a superior.

GIFTS, ENTERTAINMENT AND PAYMENT OF EXPENSES

A number of methods can be employed for cultivating and influencing the market, and the company's employees depend on building networks. In connection with road shows, investor and stockbroker contacts, and so forth, employees must be aware of the applicable rules and guidelines.

Giving or receiving improper benefits is a criminal offence pursuant to Norwegian law. No employee may give or receive any form of improper benefit – directly or indirectly – in connection with EBK's financial transactions. An improper benefit could be financial or take the form of some other beneficial value.

These guidelines apply equally to gifts for close associates if the gift or benefit must be considered to be based on the employment status of the employee.

Particular care must be taken during tendering/negotiating processes.

Anyone who is uncertain where the boundaries run can raise this with their immediate superior. Examples from appendix 1 can be used as an aid in assessing what constitutes improper benefits.

Certain gifts and travel will be taxable for the recipient. That will typically be the case if the trip has the nature of a holiday (insufficient professional content), or possible prizes or gifts which have the nature of being a private benefit. Careful attention must be paid to whether the recipient will be liable to tax for the gift, travel or payment of expenses. The recipient must always be informed in advance of a possible tax liability.

Travel which has the nature of a holiday and payment of expenses must always be approved in advance by the chief executive. The receipt of gifts must be reported to and discussed with the recipient's immediate superior. Gifts which are to be regarded as improper must be returned to the giver.

Employees, etc, or their close associates must not receive loans from EBK by virtue of their position unless the loan is given on market terms.

CONFLICTS OF INTEREST

Employees have a duty of loyalty to the company, including a duty to behave in conformity with their employer's interests and not to allow external considerations to motivate the decisions they help to take.

No employee, etc, must participate in or seek to influence a decision when special conditions exist which could weaken confidence in their independence. A special condition of this kind could be that the person concerned has a connection with the matter under consideration – through a family relationship, close personal ties or financial or other interests, including owner interests or a directorship in the company, team or association which the matter relates to.

Employees, etc, must not deal with or take decisions on matters which have to do with their close associates, or matters where close associates have financial interests. Employees, etc, must also exercise caution in taking decisions relating to people whom they know personally. By "close associate" is meant

1. a spouse or somebody the person concerned cohabits with in a marriage-like relationship.
2. relatives in a directly ascending or descending line or siblings
3. relatives in a directly ascending or descending line or siblings of a person specified in point 1
4. the spouse of a person who cohabits in a marriage-like relationship with a person specified in point 2.

Other personal relationships could also be of a character which is equated with “close associate”.

Senior executives must report to the board if they have a significant interest, directly or indirectly, in a contract or agreement being entered into by the company.

Employees who are close associates of each other must not have positions where one of them has direct management responsibility for the other. Having one employee exercising control functions for a person who is their close associate must also be avoided.

Should doubt exist about whether a conflict of interest could arise, the employee must always submit the issue to their immediate superior. This is not only to protect EBK’s interests, but also to protect the individual employee from unjustified suspicion of improper behaviour.

Employees whose pay is related to achieving sales targets must be particularly careful to act in the best interests of the customer.

DUTY OF CONFIDENTIALITY

Confidentiality is an important precondition for trust. Rules on the duty of confidentiality are intended to ensure that confidential information is not misused or goes astray.

Employees have a duty of confidentiality concerning matters they become acquainted with relating to customers and internal conditions in EBK. Acquiring and storing confidential information must accordingly be done in a way which minimises the threat of the information being disseminated. The duty of confidentiality also applies internally, which means that employees are not permitted to give information to colleagues over and above what they need to know in order to discharge specific jobs. The scope of the duty of confidentiality is regulated in greater detail in a declaration of confidentiality, which new employees sign on their appointment.

Both the duty of confidentiality and the employee’s duty to act loyally indicate that internal conditions must not be discussed externally in a manner which comes across as disloyal or damaging for EBK or the alliance. The duty to act loyally also indicates that employees, etc, do not comment without justification about their employer or the business in a negative manner. The above does not prevent an employee’s right to blow the whistle if they learn of matters of concern. EBK has established guidelines for whistleblowing, which describe the channels employees can use in order to ensure an acceptable procedure for reporting matters of concern.

RELATIONSHIP WITH THE MEDIA

The basic rule is that the chief executive will deal with the media on matters concerning the company. However, the chief executive can decide that the matter will be dealt with by others.

The chief executive can appoint other senior executives to comment, for example, on the company’s transactions, funding work and so forth. The chief executive is responsible for ensuring that clear parameters are established for dealing with the press.

TRADING WITH FINANCIAL INSTRUMENTS

EBK is a financial institution subject to the provisions concerning restrictions on own-account trading in chapter 8 of the Securities Trading Act. The company has guidelines on such trading with financial instruments

FOLLOW-UP

The effectiveness of the ethical guidelines depends crucially on each individual employee and elected officer continuously assessing their circumstances in relation to the rules.

Breaches of EBK's ethical guidelines or relevant legal provisions may have consequences for employment with the company.

All managers have a special responsibility for ensuring that their own behaviour and that of their subordinates accords at all times with the ethical guidelines. The executive management conducts continuous assessments of the appropriateness of these rules, and presents proposals for amendments when these are considered necessary.

APPROVAL OF THE ETHICAL GUIDELINES

The guidelines were approved by the board of EBK on 9 February 2016 and came into force for all employees, etc, from the same date.

Vedlegg 1

Gifts – goods, services, money

Examples of the assessments companies must make

<p>UNACCEPTABLE</p> <ul style="list-style-type: none">▪ Cash (and other considerations which can easily be converted to cash)▪ Benefits in the form, for example, of work on the recipient's private property/materials delivered to their home▪ Gifts with strings attached▪ Kickbacks to private individuals▪ Gifts which can affect a tendering/negotiating process	<p>NEED CAREFUL CONSIDERATION</p> <ul style="list-style-type: none">▪ Personal gifts on important birthdays and other occasions▪ Loyalty bonuses to employees as private individuals who are part of an open benefits programme (airline/hotels)▪ "Competitions" with prizes which can be regarded as gifts▪ Thank-you gifts	<p>USUALLY OK</p> <ul style="list-style-type: none">▪ Gifts to the company on major occasions▪ Promotional gifts of insignificant value▪ Gifts of little value, such as a bottle of wine or flowers, after giving a speech
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Hospitality, experiences – dining, entertainment, courses, customer events

Examples of the assessments companies must make

<p>UNACCEPTABLE</p> <ul style="list-style-type: none">▪ Expensive trips, accommodation and events with little professional content, where the costs are paid by somebody other than the person's own company▪ Hospitality or events likely to influence a tendering/negotiating process▪ Sexual services	<p>NEED CAREFUL CONSIDERATION</p> <ul style="list-style-type: none">▪ Professional events where travel and/or accommodation are paid by others▪ Tickets to sporting or cultural events▪ Expensive meals▪ Participation of accompanying persons▪ Invitations to private events (private holiday home, wedding)	<p>USUALLY OK</p> <ul style="list-style-type: none">▪ Working lunch or dinner▪ Professional events where the participant's employer pays travel and accommodation
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Covering costs for people other than own employees – travel and accommodation, per diem allowances/pocket money, etc

Examples of the assessments companies must make

<p>UNACCEPTABLE</p> <ul style="list-style-type: none">▪ Cash payments without statements and documentation▪ Covering costs other than normal accommodation charges over the hotel bill▪ Covering private spending	<p>NEED CAREFUL CONSIDERATION</p> <ul style="list-style-type: none">▪ Cash advances or payments (assuming agreement on use and documented expenses)▪ Accommodation of a high standard▪ Long-distance travel, expensive tickets▪ Covering expenses for civil servants▪ Covering expenses for accompanying persons	<p>USUALLY OK</p> <ul style="list-style-type: none">▪ Moderately priced accommodation in the company's own guesthouse▪ Collective transport (minibus, for example) over moderate distances▪ Attendance at the host's own professional events (assuming that travel and accommodation are paid by the participant's own company)
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Source: Confederation of Norwegian Enterprises (NGO) "...over streken?" («Overstepping the mark»)