

Excerpt from
**Policy for development and
implementation**

Last revised	29.02.2024
Owner	Executive Vice President Innovation and Business Development
Decided by	Board of Directors

1. INTRODUCTION

1.1 Objective

The purpose of the policy is to clarify the requirements and expectations incumbent on employees who, in terms of their position, are responsible for - or contribute to - development, conclusion of agreements and risk assessments when developing and launching products, solutions, processes, concepts and systems - hereafter referred to as product/solution/process. The policy must contribute to compliance with laws, regulations and external expectations, internal routines and expectations for involvement and interaction.

The policy is supplemented by the routine set out in the Bank process management tool, which ensures compliance with, and follow-up of, policies and processes.

1.2 Goals

The goal of the policy is to ensure flexible, consistent and uniform implementation of the development and implementation of new products, solutions and processes, as well as to ensure the right involvement at the right time and good quality when assessing risks, including risks that may prevent goal achievement.

The policy must also support that the bank's strategic objectives are focused, while at the same time focusing on extracting the desired benefit from any implementation.

The policy shall contribute to the bank fulfilling regulatory requirements for control of products, including relevant provisions in the Financial Undertakings Act, the Securities Trading Act, the Insurance Intermediation Act, as well as "EBA guidelines on product oversight and governance arrangements for retail banking products", "ESMA Guidelines on MiFID II product governance requirements" as well as "EIOPA Preparatory Guidelines on product oversight and governance arrangements by insurance undertakings and insurance distributors".

The policy is also intended to contribute to the Bank's products being designed and marketed in a manner that ensures that:

- (i) the interests, goals and characteristics of consumers are taken into consideration
- (ii) potential harm to consumers is avoided
- (iii) conflicts of interest are minimized
- (iv) the bank meets regulatory requirements

2. ORGANISATION, ROLES AND RESPONSIBILITY

The policy is owned by the executive vice president innovation and business development, is processed by the group management and decided by the board.

Employees who enter into agreement(s) on behalf of the bank or have product, system or process responsibility, as well as all level 2 management groups, must have read and familiarized themselves with this policy. Employees who are involved in product development or changes to the product, solution or process must have thorough knowledge of the policy.

3. FRAMEWORK AND DOCUMENTATION

All new and/or significantly changed products, processes and solutions, as well as the conclusion of

agreements, must document the following;

- a. Definition and description of the product/system/process/service
- b. Profit target
- c. Strategic anchoring
- d. Central clarifications
- e. Checklists
- f. Risk assessment
- g. Evaluation

For products, solutions and processes that hit the customer, the following must also be documented;

- h. Definition of target market, as well as any "negative target markets" and the target market's financial capabilities
- i. Assessment of how the product fits into the existing offer (including whether too wide a range of products may hinder the customer from making an informed choice).
- j. Before launching a new product in a new target market, testing must be carried out to assess how the product/solution/process will behave in a number of different scenarios, including stressful scenarios. If the stress tests indicate weak results for the target market, appropriate adjustments must be made.
- k. For financial instruments and investment services in accordance with The Norwegian Securities Trading Act's definitions: assess whether the product may represent a threat to the markets' integrity and ability to function properly.
- l. Definition of appropriate distribution channels.
- m. Assessment of whether the product/process/concept/solution has a positive or negative impact on sustainability issues, such as climate, environment, society, human or employee rights, economic crime, etc.

When the complexity of the product/solution/process is high and it is considered relevant, it must also be assessed;

- n. Carrying out product testing and scenario analyzes to assess how the product will behave in a number of different scenarios

For existing products/solutions/processes;

- o. Ongoing monitoring.
- p. Implementation of corrective measures if the ongoing monitoring reveals errors or weaknesses in the product.
- q. If necessary, update the target market of the product/solution/process.
- r. Assessment of how the product fits into the existing product range (including whether too wide a range of products can prevent the customer from making an informed choice).
- s. Assessment of whether the product/solution/process has a positive or negative impact on sustainability issues, such as climate, environment, society, human or employee rights, economic crime, etc.

4. GENERAL REQUIREMENTS AND PRINCIPLES FOR PRODUCTS, SOLUTIONS AND PROCESSES IN WHICH THE BANK HAS A DISTRIBUTOR ROLE

For products, solutions and processes where the bank only has a distributor role, the following applies;

- The bank must build on agreements and information from the product supplier, as well as having the relevant knowledge and ability to determine whether a consumer belongs to the target market defined by the producer

- The bank must use information received from the producer and provide customers with a description of the product's main features, its risks and the total price of the product to be paid
- To help the producer with its obligation of product monitoring, the bank should collect information that makes it possible for the producer to determine whether the product continuously meets the interests, objectives and characteristics of the target market.
- If the bank identifies any problems with the product properties, product information or the target market, the Bank must immediately inform the producer of the problem.
- Assessment of whether the product/solution/process has a positive or negative impact on sustainability issues, such as climate, environment, society, human or employee rights, economic crime etc.

5. MANAGEMENT OF THE PRODUCT PORTFOLIO

After launching a new product/solution/process or change to an existing one, an assessment must be made within 6 months.

It is the subject/product manager/system owner/process owner's responsibility to systematically follow up their portfolio and make ongoing assessments related to product defects, the need for remediation, as well as incremental changes etc. Given this, the person responsible must carry out a risk assessment of their own area at least annually.

The purpose is to identify whether there is a need for revisions in the product and service portfolio, as well as existing solutions and processes.

Observations and experiences based on customer complaints and unwanted incidents must be taken into account in the ongoing follow-up of products/solutions/processes.