

Green Bond Framework



May
2022

ABOUT SPAREBANK 1 ØSTFOLD AKERSHUS

SpareBank 1 Østfold Akershus is a regional savings bank in Norway with an over 185-year long history that is closely interlinked with the developments of the local society which we are embedded in.

SpareBank 1 Østfold Akershus is a part of the SpareBank 1 Alliance, which consists of 14 independent Norwegian savings banks which separately operate their household and corporate lending activities in their respective regions. The SpareBank 1 Group (SpareBank 1 Gruppen AS), and SpareBank 1 bank cooperation (Banksamarbeidet BA) are jointly held by the 14 banks. The Group's financial insurance services (Fremtind) and asset management (ODIN Forvaltning) are held by the SpareBank 1 Group, which is the second largest banking group in Norway in terms of assets.

SpareBank 1 Østfold Akershus' primary market area is the Østfold and Akershus region in Viken county, a region with solid growth prospects due to its proximity to Oslo. The bank's geographical primary area is attractive for living, holidays, and business development. The main operations are household and commercial lending, interests from which amounted to 67% of net revenues in 2021.

The vision of SpareBank 1 Østfold Akershus is to be the preferred and recommended bank in the region – “because we care”.

Being recommended by others sets the bar high for how we treat our existing

customers, both as a bank and as a real estate broker. We care about our customers and work dedicatedly to ensure that they experience user friendliness, predictability and personal security when using our services. We care about our local community, our employees, and for our region.

We are here to support and help both people and companies, and to provide safety and predictability in their economic daily life. Being a savings bank, we have a business model that allows us to maintain a strong local presence, while providing our customers with the opportunity to choose daily-bank solutions that are user friendly, fully digital and safe, as well as personalized advisory services at our local offices.

Two foundations control 64.5% of the bank's ECCs. The foundations exist for the purpose of owning the bank and supporting the community. They receive dividends which are used to sponsor sports, cultural events, education and research in the bank's operating region.

We shall remain a relational bank by combining physical, local and digital solutions to give our customers an experience that is both optimal and excellent, and as such contribute to value creation for both our customers and for the region.

SUSTAINABILITY AT SPAREBANK 1 ØSTFOLD AKERSHUS



Our overarching societal purpose is to create values for our region, and our history as a savings bank has always meant being locally present and sharing profit with the local communities.

The ambition to help build sustainable societies is our founding cause and is still our most important mission today. We take responsibility in contributing to healthy and prosperous local societies. By developing local businesses and supporting initiatives in the cultural-, sports- and volunteer sphere, we help build growth momentum in our region. To SpareBank 1 Østfold Akershus sustainability is by no means a new concept but rather a continuously evolving manner of operating as a bank which can be traced all the way back to our roots.

As the global community faces growing climate and environmental challenges, and with increasing societal and economic differences, we need to take an active part in bringing about a change. We are committed to act in a new, innovative, and far-sighted way when exercising our social and environmental responsibilities going

forward. This means modifying the way we operate and the services we offer. We take pride in being a local and community-based contributor. Our focus on sustainability therefore includes both environmental and social aspects.

Sustainability is at the very core of everything we do. With our long history and local presence, we want to contribute to a sustainable development with a local focus, guided by our sustainability strategy.

HOW SPAREBANK1 ØSTFOLD AKERSHUS WILL CONTRIBUTE TO A SUSTAINABLE FUTURE

SpareBank1 Østfold Akershus takes an active approach to follow up on our sustainability strategy.

- Through our collaboration with *energiportalen.no*, we enable private individuals to simulate their own energy use to identify which energy-efficiency measures are optimal to improve the EPC label and reduce the CO₂ emissions of their homes.
- We work continuously to help our customers make good, informed choices and launched in 2021 «My climate track» in the mobile bank, which gives customers an overview of their own CO₂ impression.
- We shall contribute to rerouting capital towards sustainable assets by offering green products (loans, deposits) to our customers, and financing our own balance with an increasing share of green funds (e.g. green bonds)
- Fremtind, the Groups insurance company, pays our claims for over

NOK6bn per year. The company has a strong focus on ESG in its investment policies, when selecting suppliers, and when deciding which products are eligible for insurance compensation.

- SpareBank 1 Østfold Akershus requires that all our fund providers have ESG-policies in place. At a minimum, they must comply with the UN Principles of Responsible Investment (PRI), as well as monitor and act upon detection of investments included in the Norwegian Pension Fund Global's list of excluded assets.
- We also work continuously with how we can make our own operations more sustainable. Most of our procurements are managed by Banksamarbeidet BA, which has implemented a sustainable procurement policy. All supply-agreements must be supported by documentation of the party's policies on ESG (human health, labor conditions, environment, governance). We have a printing- and online-meeting policy, and encourage our employees to bike to work.
- We have built a new sustainable main office building that is heated with non-fossil energy through district heating provided by Statkraft. The building has energy-efficient ventilation and automatic light-and energy monitoring. The parking lot is equipped with charging points for electrical vehicles.
- The SpareBank1 Alliance was awarded with the Sustainable Brand Index in 2019.

Although our operations are local, we need to consider our role in a global context. SpareBank1 Østfold Akershus has therefore committed to several national and international initiatives, which have been integral when developing our sustainability strategy, and which remain pivotal in our work with sustainability going forward.

UN Global Compact: In 2021, we endorsed the UN initiative to implement universal sustainability principles (The UN SDG's) and to work continuously to improve within the areas Human Rights, Labor Rights, the Environment and Anti-corruption.

UNEP FI: We have joined the UN's Principles for Responsible Banking, whose purpose is to contribute to the global financial sector developing in line with the UN SGD and the Paris Agreement.

Finance Norway's «Roadmap for Green Competitiveness in the Financial Sector»: We have committed to guidelines in the roadmap for the Norwegian financial sector's contribution to a low-carbon future. In addition to seven general guidelines, the following four industry-specific guidelines apply for banks: 1) Increased issuance of green bonds, 2) Climate risk-assessment in credit processes, 3) Include climate requirements in loans to residential and commercial buildings, 4) Measure carbon-related credit-exposure

Task Force on Climate-Related Financial Disclosures (TCFD): We acknowledge the pressing need for transparency and standardization when disclosing and reporting climate challenges and risks. We report on climate risk in accordance with the TCFD recommendations, and the most recent report is available in the sustainability-related details chapter of our annual report.

UN Sustainable Development Goals (SDGs): Our sustainability strategy is based on the UN SDGs. We have a stated goal of contributing to all SDGs but have selected four that we find specifically relevant for our business and where the contribution to which of our efforts are deemed be most impactful. These are highlighted in the table to the right.



WE SUPPORT



Framework Structure

As part of SpareBank 1 Østfold Akershus' continued commitment to sustainability, a Green Finance Framework (the "Framework") has been developed together with SEB. The structure of the Framework is developed to be in line with both the ICMA Green Bond Principles (GBP) 2021, as well as the LMA and APLMA Green Loan Principles (GLP) 2021, and therefore consists of the four key pillars and recommended External Review component.

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting
5. External Review

It is SpareBank 1 Østfold Akershus' intention to follow the best practices in all aspects related to Green Bonds and as the market standards develop, the EU classification system for environmentally sustainable economic activities (the Taxonomy) is implemented, and as the EU Green Bond Standard enters into force. Therefore, SpareBank 1 Østfold Akershus' Green Finance Framework may be amended and/or updated to reflect the changes in market practice.

Exclusions





Green Bonds net proceeds will not be allocated to assets for which the purpose of Eligible Assets is fossil energy production, or nuclear energy generation, weapons or defense, potentially harmful resource extraction (e.g. rare-earth elements or fossil fuels), gambling or tobacco. nor in assets that breaches SpareBank 1 Østfold Akershus' responsible and ethical investment guidelines or that violates the ten principles of UN Global Compact.

Green Bond Framework

The International Capital Markets Association (ICMA) Green Bond Principles (GBP) 2021 are a set of voluntary guidelines that recommends and promotes transparency and disclosure. GBP promote integrity in the development of the green bond market by clarifying the approach for issuing a green bond. This Green Bond Framework is based on the 2021 version of GBP. It is SpareBank 1 Østfold Akershus' intention to follow best practices in the market as the standards develop, and as such the Framework may be updated from time to time. In any such case, a second opinion for the modified framework will be requested and made available.

1. Use of Proceeds

The net proceeds of the Green Bonds issued, will be used to finance or re-finance (in part or in full) *Eligible Assets* that have been evaluated and selected by SpareBank 1 Østfold Akershus in accordance to this Green Bond Framework. The table below defines the criteria according to which the Use of Green Bond Proceeds will be determined. An asset that meets the criteria will be eligible for a loan financed with the green funds raised under this Framework.

Categories	Eligible Projects	UN SDGs
Green Buildings	<p><i>Loans to finance or refinance the construction or acquisition of new or existing residential buildings.</i></p> <p><u>New Buildings</u></p> <ul style="list-style-type: none"> Built from 1st January 2022 <ul style="list-style-type: none"> Buildings that follow the relevant TEK standard and are 20% more energy efficient than current regulations* <p><u>Existing Buildings</u></p> <ul style="list-style-type: none"> Built after 2018 <ul style="list-style-type: none"> Current standard + EPC = A Built before 2018 <ul style="list-style-type: none"> Relevant standard + EPC = A or B <p><u>Refurbishments</u></p> <ul style="list-style-type: none"> ENOVA supported projects and solutions <ul style="list-style-type: none"> Only project cost may be included Renovations leading to minimum 30% energy efficiency improvements, measured in specific energy (kWh/m²) compared to the calculated label based on the building code in the year of construction <p>OR</p> <ul style="list-style-type: none"> Renovation leading to at least a two-step improvement in the EPC-label relative to the calculated label based on the building code in the year of construction. A lower threshold is set at an achieved EPC "D" <ul style="list-style-type: none"> Entire building is eligible for financing <p><i>Loans to finance or refinance the construction or acquisition of commercial buildings. **</i></p> <p><u>New Buildings</u></p> <ul style="list-style-type: none"> Built from 1st January 2022 <ul style="list-style-type: none"> Buildings that receive or are expected to receive one or more of the following certification standards: <ul style="list-style-type: none"> A BREEAM or BREEAM-NOR "Excellent" (or better) Nordic Swan Ecolabel FutureBuilt with FutureBuilt ZERO criteria for "lavutslippsbygg og områder" <p>AND</p> <ul style="list-style-type: none"> That has received, or is expected to receive one or more of the following energy efficiency thresholds <ul style="list-style-type: none"> EPC = A 	 <p>7. Ensure access to affordable, reliable, sustainable and modern energy for all</p>  <p>11. Make cities and human settlements inclusive, safe, resilient and sustainable</p>  <p>12. Ensure sustainable consumption and production patterns</p>  <p>13. Take urgent action to combat climate change and its impacts</p>

	<ul style="list-style-type: none"> ○ At least 20% more energy efficient than current regulations* ○ Receive a “Paris Proof” from Grønn Byggallianse*** <p><u>Existing Buildings</u> Built before 1st January 2022</p> <ul style="list-style-type: none"> • EPC = A <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> • Buildings that meet both of the following criteria: <ul style="list-style-type: none"> • Buildings that receive or are expected to receive one or more of the following certification standards: <ul style="list-style-type: none"> ○ A BREEAM or BREEAM-NOR “Excellent” (or better) ○ Nordic Swan Ecolabel ○ FutureBuilt with FutureBuilt ZERO criteria for “lavutslippsbygg og områder” • AND that have received, or are expected to receive one or more of the following energy efficiency thresholds <ul style="list-style-type: none"> ○ Built after 2018 → EPC = A ○ Built before 2018 → EPC = A or B ○ Receive a “Paris Proof” from Grønn Byggallianse*** <p><u>Refurbishments</u></p> <ul style="list-style-type: none"> • ENOVA supported projects and solutions <ul style="list-style-type: none"> ○ Only project cost may be included • Renovations leading to minimum 30% energy efficiency improvements, measured in specific energy (kWh/m²) compared to the calculated label based on the building code in the year of construction <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> • Renovation leading to at least a two-step improvement in the EPC-label relative to the calculated label based on the building code in the year of construction. A lower threshold is set at an achieved EPC “D” <ul style="list-style-type: none"> • <u>Entire building is eligible for financing</u> 	
<p>* In accordance with the EU Delegated Act, all buildings constructed from 1st January 2021 ought to have a primary energy demand (PED) measured in (kWh/m²/yr.), expressed through the EPC-label (Energy Performance Certificate) that is minimum 10% lower than the PED stipulated in the national definition of a NZEB building. In Norway, ENOVA is currently reviewing the current TEK17-standard, and a final definition of what constitutes a NZEB in Norway is expected to be readily available in due course. SpareBank 1 Østfold Akershus is committed to apply the 10% < NZEB-criterion for all buildings constructed after 1st January 2022 when the new building standard is implemented. In the meantime, new buildings being 20% more energy-efficient than the current building standard (i.e. TEK17) will be eligible for financing under this framework.</p> <p>** Buildings heated directly by fossil fuels, airport buildings, gas stations, parking lots or in general heavily emitting industrial buildings are excluded, as well as buildings directly being used for the exploration, extraction, refining and distribution of fossil fuels. Shopping centres are eligible insofar as they are accessible by means of public transportation.</p> <p>*** Microsoft Word - Notat_ParisProof.bygg.docx (byggalliansen.no)</p>		

2. Selection and Evaluation of eligible assets

SpareBank 1 Østfold Akershus has established an internal Green Finance Committee (GFC) with the conferred responsibility to evaluate and select assets that are in line with the criteria set out in the “Use of Proceeds” section. The committee meets at least on an annual basis or more frequently when needed. The Green Finance Committee is comprised of representatives from treasury, Private and/or Business Market Director and Sustainability Responsible, where the group sustainability representative holds the right to veto. Eligible assets for financing under this framework are selected according to the following process:

- The Green Bond Committee is the ultimate approving authority for the adherence of potential green projects and loans to the green bond framework and is finally responsible for ensuring that eligible assets are appropriately registered in SpareBank 1 Østfold Akershus’ internal systems.
- A decision to allocate net proceeds will require a consensus decision by the Green Bond Committee. If there is disagreement about the eligibility of a project or a loan, the asset will be excluded from the green bond pool. Approved green projects and loans will be included in SpareBank 1 Østfold Akershus’ pool of approved green assets.
- Decisions are documented and filed

The Green Bond Committee holds the right to exclude any green project already funded by green bond net proceeds. In the event a green project or loan is sold, or for some other reasons loses its eligibility, funds will follow the procedure under Management of Proceeds until

reallocated to other eligible green projects.

The Green Finance Committee is responsible for:

Evaluating the compliance of proposed assets with the eligibility criteria outlined in the Use of Proceeds section above.

Ensuring that the pool of Eligible Assets is aligned with the categories and criteria as specified in the Use of Proceeds section.

Replacing assets that no longer meet the eligibility criteria (e.g. following divestment, liquidation, concerns regarding alignment of underlying activity/asset-characteristics with eligibility criteria, regulatory changes or the like)

On a best effort basis, **reviewing, modifying and updating** the content of the Green Finance Framework, and managing any future updates of this document to reflect relevant changes in the Company’s corporate strategy, technology and market developments and/or regulatory changes.

3. Management of proceeds

SpareBank 1 Østfold Akershus will establish a Green Bond Register for the purpose of monitoring Eligible Assets financed by the Green Bonds issued by SpareBank 1 Østfold Akershus, as well as to provide an overview of the allocation of the net proceeds from the Green Bonds issued to the respective Eligible Assets. The value of the Eligible Assets detailed in the Green Bond Register will at least equal the aggregate net proceeds of all outstanding SpareBank 1 Østfold Akershus Green Bonds. In the event that the total outstanding net proceeds of Green Bonds exceed the value of the Eligible Assets in the Green Bond Register, proceeds yet to be allocated to Eligible Assets will be held in accordance with SpareBank 1 Østfold

Akershus' liquidity management policy and managed as such.

For the sake of clarity, no funds will be allocated to assets defined as "Excluded" under this framework. The Green Bond Register will form the basis for impact reporting.



4. Reporting

SpareBank 1 Østfold Akershus uses the GRI Reporting Guidelines as a guiding principle for its sustainability reporting. In addition, and for the purposes of Green Bond issuance and to enable investors to follow the development and impact of their investment, and to provide insight to prioritized areas, SpareBank 1 Østfold Akershus will provide an annual Green Bond Investor Letter. The Investor Letter will consist of an allocation report and an impact report:

The allocation report will include the following information:

- A list of all project categories financed including allocated or eligible amount

- Type of financing instruments utilized and respective outstanding amounts
- Information about the division of Green Bond Proceeds between new projects and loans, and refinancing

The impact reporting will include the following information:

The impact reporting aims to disclose the environmental impact of the Eligible Assets financed under this Framework, based on SpareBank 1 Østfold Akershus' financing share of each eligible asset. SpareBank 1 Østfold Akershus will strive to report on the environmental impact of Eligible Assets financed by Green Bonds when feasible and subject to data availability. The information may be provided on an aggregated portfolio basis to the extent that confidentiality agreements, competitive considerations or numerous Eligible Assets deter the extent to which a higher level of detail can be made available.

The impact assessment is provided with the reservation that not all related data can be covered and that calculations therefore will be on a best effort basis. SpareBank 1 Østfold Akershus will strive to remain transparent in the methodologies applied in its assessments and estimations of quantitative impacts.

The impact assessment may provide, if applicable and feasible, the following Key Performance Indicators (KPIs):

GBP Categories	Examples of impact indicators
Green Buildings	New and existing buildings: % of portfolio divided by EPC label

Taxonomy Alignment

SpareBank 1 Østfold Akershus will strive to finance assets that are aligned with Regulation (EU) 2020/852 “The EU Taxonomy” and the complementary TSC (technical screening criteria) going forward. To demonstrate SpareBank 1 Østfold Akershus’ commitment to Taxonomy alignment, the issuer will report on the fraction of Green Financing that is aligned with the Taxonomy at the time of reporting. This “Partial Alignment approach” will be displayed on a sub-category basis.

5. External Review

Second party opinion (pre-issuance)

SpareBank 1 Østfold Akershus will have its Green Bond Framework reviewed by CICERO Shades of Green AS who will issue a Second Opinion. The Second Opinion and the Green Bond Framework will be made public ally available on SpareBank 1 Østfold Akershus’ web page.

Third-Party Review (post-issuance)

SpareBank 1 Østfold Akershus has appointed an external independent auditor to annually assure that the selection process for the financing of Eligible Assets and the allocation of the net proceeds of the Green Bonds are done in accordance with SpareBank 1 Østfold Akershus’ Green Bond Framework. The Green Bond Framework, the second party opinion issued by CICERO Shades of Green AS, and the investor letter will be made publicly available on SpareBank 1 Østfold Akershus’ website.

