

Green Bond Framework



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1. Corporate Social Responsibility (CSR) Strategy

SpareBank 1 SMN

SpareBank 1 SMN's CSR strategy follows a normal strategy process anchored in the bank's values embodying a purpose and ambition for the field, data collection, analysis, assignment of priorities, policy choices, change objectives and a framework for implementation in the form of roles, responsibilities, follow-up and reporting.

Of the bank's four core values Wholehearted, Responsible, Likeable and Skilled, several cover SMN's CSR efforts. However, responsible singles itself out as the most important guide for SpareBank 1 SMN's CSR efforts.

“Integrity, credibility, trust, breadth of vision and knowledge are all important qualities. We have summed them up in one word: Responsible. Being responsible means saying ‘yes’ when right to do so and ‘no’ when necessary.”

SpareBank 1 SMN's CSR efforts are designed to strengthen competitiveness, reduce risk, attract good customers, investors and skilled employees as well as to boost innovation and contribute to the development of the region of which the Group is a part. By this means the bank creates value in a responsible and sustainable manner for all the Group's stakeholders.

“SpareBank 1 SMN shall utilise corporate social responsibility as a competitive advantage through integrating CSR into all corporate governance and incorporating CSR in all governing documents, relevant policies and guidelines.”

Social responsibility means that SpareBank 1 SMN integrates ethical, social and environmental considerations into its day-to-day operations and in relation to its stakeholders. SpareBank 1 SMN aims to continuously identify, and engage, stakeholders and their inputs in decision processes that affect them. Good stakeholder treatment ensures the bank better information and a better foundation for good decisions. We meet the requirements and expectations of the bank's stakeholders in an open and constructive manner. SpareBank 1 SMN's stakeholder effort is therefore a continuous process.



Going forward SpareBank 1 SMN will focus resources on themes of high importance both to the bank's external and internal stakeholders, and underpin the bank's overarching business strategy and values. Some identified themes are:

- *Negative screening and exclusion*
- *New products and green innovation*
- *Marketing of products and services*
- *Supplier chain follow up*
- *Positive screening*
- *Customer dialogue and satisfaction*
- *HMS*
- *Waste management*
- *Programme for those who fall out of working life*
- *Paper consumption*
- *Greenhouse gas emissions*
- *Water consumption and Energy consumption*
- *Economic crime*
- *Ethics and anti-corruption*
- *Responsible credit practices*
- *Requirements on financial suppliers*
- *Personal data protection and information security*
- *Banking expertise*
- *Local business development*
- *Diversity and equal opportunity*
- *Innovation and digitalisation*

SpareBank 1 SMN's main focus is regional, but it also has to take global considerations into account in all its activities. The bank aims in all contexts to conduct itself responsibly and in keeping with its own and internationally recognised principles of corporate social responsibility and sustainability. The Group has endorsed the UN Global Compact principles, and will report regularly with respect to those principles. The Group also aims to endorse the UNEP Statement of Commitment by Financial Institutions on Sustainable Development and the UN Principles for Responsible Investments. In September 2019, SMN has committed to the UN's Principle for Responsible Banking. ISO 26000 on social responsibility and the CSR Ladder provide further central themes.

SpareBank 1 SMN will continue its drive to lower its own consumption, and at the same time strengthen its effort to reduce the environmental and climate burden of its customers, suppliers and its own operations.

- *SMN will reduce the bank's consumption of materials and energy*
- *SMN will implement the SpareBank 1 Alliance's "Standard Annex on CSR" in purchase agreements*
- *SMN will certify its offices as 'environmental lighthouses' with a view to reducing costs and the environmental burden and to strengthening its reputation and position in tender processes*

See the full CSR-strategy at: <https://www.sparebank1.no/en/smn/about-us/sustainability.html>

SpareBank 1 Alliance

SpareBank 1 is a Norwegian savings bank alliance. The 14 member banks jointly own the company SpareBank 1 Group (SpareBank 1 Gruppen AS), which in turn is the holding company for various SpareBank 1 financial services companies in Norway, including SpareBank 1 insurance and asset management (Odin Forvaltning) companies. The 14 individual member savings banks, which operate their household and corporate lending activities in each of their respective Norwegian regions, are also joint owners of the SpareBank 1 bank cooperation (Banksamarbeidet DA) which organises several joint activities of the alliance member banks. Overall, SpareBank 1 is Norway's second largest banking group.



The SpareBank 1 banks continuously seek to improve efforts and activities which contribute to increased sustainability. All the major member alliance banks (approximately 80 per cent. of the total assets of the SpareBank 1 banks) have signed up for the United Nations Global Compact, which is the world's largest corporate sustainability initiative. This means that they work to integrate sustainability aspects in their business operations in the areas of human rights, labour, the environment and anti-corruption.

The banks' jointly owned asset manager, Odin, is a signatory of the Principles for Responsible Investment (PRI) and the SpareBank 1 Group is a sponsor of the Global Opportunity Explorer which is an initiative to integrate the UNs Sustainable Development Goals into practical solutions for cities and business opportunities for companies. Sparebank 1 is also a member of the Norway 203040 alliance, which is a business-led climate initiative with the mission of accelerating the transition to a low-carbon economy and to support the Norwegian government in delivering on its national climate commitments by 2030.

The SpareBank 1 member banks have notably taken initiatives in regards to climate change. The alliance banks are legally independent entities and therefore both business practices and initiatives, such as concrete steps to protect the environment, may be slightly different across the banks. The member banks nonetheless work closely together in a number of areas and tend to develop and identify best practices collectively over time.

- Each bank details its own use of resources in an environmental impact report. Each bank seeks to reduce the use of resources and the use of such resources' negative impact on the environment. SpareBank 1 SMN's ambition is to use corporate social responsibility as a competitive advantage through integrating CSR into all corporate governance and incorporating CSR in all governing documents, relevant policies and guidelines. The bank is now reporting for the first time on the bank's performance in the field of CSR and sustainability under the globally recognised standard, the Global Reporting Initiative (GRI), in accordance with the Core option. The bank will report its CSR results under the GRI standard on a yearly cycle together with the annual report.
- Several SpareBank 1 member banks, including SpareBank 1 SMN, are certified as 'Eco-lighthouses' in Norway. This is an initiative where over 5400 Norwegian private companies, public institutions and other organisations have become certified and follow certain industry specific rules and principles to reduce their environmental impact. The EU recognized Norway's Eco-lighthouse arrangement in December 2017, meaning it complies with the eco-management and audit scheme (EMAS) in the European Union.
- All the banks have developed a joint policy on sustainability for suppliers encompassing all four major areas of sustainability, including environmental factors.

- The lending activities of the SpareBank 1 banks are limited to Norway and approximately 2/3rds of the aggregate lending volume in the alliance member banks are for household mortgages. The remainder is lending to small and medium sized enterprises. The banks are at various stages of documenting their lending standards publicly, but environmental risks are an integral part of the risk assessment procedure in each bank. Central to this is an assessment whether each corporate client is complying with all environmental laws and regulations. Regarding ethical aspects, an assessment is made with respect to a business customer potentially being engaged in activities which harm the physical environment. Norway's regulatory regime is rules-based and strict and considered to be a leading European regime (Norway is a signatory of the Paris climate agreement from 2015). In addition to this, certain industries are excluded from the banks' lending programs. SpareBank 1 Nord-Norge, for example, details under its sustainability webpages that all companies involved in power generation based on fossil fuels and coal extraction are excluded from their lending activities.

In alignment with the SpareBank 1 sustainability strategy, SpareBank 1 SMN aims to contribute to society's value creation through responsible banking operations that instil public confidence in the bank.



2. Green Bond Framework

The ICMA Green Bond Principles (GBP) are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the Green bond market by clarifying the approach for issuing a green bond. In alignment with the ICMA Green bond principles 2018¹, SpareBank 1 SMN's Green bond Framework is presented through the following key pillars:

- 1. Use of Proceeds**
- 2. Process for Project Evaluation and Selection**
- 3. Management of Proceeds**
- 4. Reporting**
- 5. External review**



For each Green Bond issued, (i) Use of Proceeds (ii) Project Evaluation and Selection (iii) Management of Proceeds, (iv) Reporting, and (v) External review will be adopted subject to and in accordance with this Green bond Framework as amended from time to time.

Future changes in the Green Bond Standards may be implemented in future versions of this Green Bond Framework. Any future update of this Green Bond Framework that may exist will either keep or improve the current levels of transparency and reporting disclosure.







A dedicated Green Bond Committee has been established to create this Green Bond Framework, which will manage any future updates to the Framework, including expansions to the list of Eligible Categories, and oversee its implementation.

The committee consists of the SMN senior management including the Group CEO, Executive Directors and CEOs in subsidiaries. In addition, the divisions of administration, communications, finance and the union have representation within the Green Bond Committee. The composition of the committee is aligned with broader projects and initiatives relating to sustainability within the Group, and hence encapsulates perspectives from all relevant stakeholders involved in our broader sustainability strategy.





1. Source: <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

3. Use of Proceeds

SpareBank 1 SMN intends to allocate the net proceeds of the Green bond to an Eligible Green Loan Portfolio of new and existing loans to the following Use of Proceeds categories. The Eligible Green Loans are to be funded in whole or in part by an allocation of the bond proceeds.

ICMA GBP category	Eligible category description	UN SDGs	Core UN SDGs Target
Green Buildings	Loans or investments to finance new or existing residential or commercial buildings in Norway		7.3 - By 2030, double the global rate of improvement in energy efficiency
			11.3 - By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
Eco-efficient and circular economy adapted products, production technologies and processes	Loans to enterprises with selected sustainability certifications for products, services or processes		8.4 - Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead
			11.4 - Strengthen efforts to protect and safeguard the world's cultural and natural heritage
			12.2 - By 2030, achieve the sustainable management of living and natural resources
			14.1 - By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution
			14.2 - By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
			14.4 - By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics

3. Use of Proceeds - continued

ICMA GBP category	Eligible category description	UN SDGs	Core UN SDGs Target
<p>Clean Transportation</p>	<p>Loans aiming at financing or refinancing production, establishment, acquisition, expansion, upgrades, maintenance and operation of low carbon vehicles and related infrastructures</p>		<p>11.3 - By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons</p>
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p>	<p>Loans aiming at financing or refinancing sustainable agriculture practices and environmentally responsible forest management</p>		<p>11.3 - Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems</p>
<p>Renewable Energy</p>	<p>Loans to finance or refinance equipment, development, manufacturing, construction, operation, distribution and maintenance of renewable energy generation sources</p>	 	<p>7.2: By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p>13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>

Residential Green Buildings

SpareBank 1 SMN has relied on the support of an external green real estate consultant Multiconsult to define the associated eligibility criteria below. Eligible Residential Green Buildings must meet one or more of the following eligibility criteria:

1. New residential buildings in Norway (built after 2009)

- i. New or existing Norwegian apartments that comply with the Norwegian building codes of 2010 (TEK10) or 2017 (TEK17). Hence, built after 2012²
- ii. New or existing Norwegian other residential dwellings that comply with the Norwegian building codes of 2007 (TEK07), 2010 (TEK10) or 2017 (TEK17). Hence, built after 2009
- iii. New or Buildings meeting the Norwegian standard for Net Zero Emissions Buildings (NZEB)

Building Code	Specific energy demand apartment buildings (model homes)	Specific energy demand other dwellings (model homes)
TEK 07	N/A	126 kWh/m ²
TEK 10	110 kWh/m ²	126 kWh/m ²
TEK 17	92 kWh/m ²	107 kWh/m ²

2. Residential buildings in Norway (built before 2009)

Existing Norwegian residential buildings built using older building codes than TEK10 for apartments and TEK07 for other residential dwellings with EPC-labels A, B and C. These buildings may be identified in data from the Energy Performance Certificate (EPC) database.

3. Refurbished Residential buildings in Norway with an improved energy efficiency of 30%

One of two criteria below must be met:

- i. Refurbished Norwegian residential buildings with at least two steps of improvement in energy label compared to the calculated label based on building code in the year of construction.
- ii. Refurbished Norwegian residential buildings with at least a 30% improvement in energy efficiency measured in specific energy, kWh/m², compared to the calculated label based on building code in the year of construction.

Where EPC labels are available to select eligible assets under this criterion, only labels of 'D' or better will be considered.

² Two year lag between implementation of a new building code and the buildings built under that code must be taken into account. This means that all residential apartment buildings finished in 2012 and later and all other residential dwellings finished in 2009 and later are all eligible for Green Bonds under this criteria. This is in line with the criteria as set by the Climate Bonds Initiative Standard and Guidance on Low Carbon Residential Buildings, <https://www.climatebonds.net/standard/buildings/residential>



Commercial Green Buildings

SpareBank 1 SMN has relied on the support of an external green real estate consultant Multiconsult to define the associated eligibility criteria below. Eligible Commercial Green Buildings must meet one or more of the following eligibility criteria:

1. New or existing commercial buildings belonging to top 15% low carbon buildings in Norway, in accordance with the methodology defined by Multiconsult in green buildings³

The methodology, which is defined by Multiconsult as a green bond standard for commercial real estate in Norway can also be used by other participants in the green bond market, notably includes the following criteria for Norwegian commercial buildings:

- 1)** New or existing Norwegian **hotel and restaurant buildings** that comply with the Norwegian building code TEK07, TEK10, TEK17 and later building codes. A conservative time lag between implementation of a new building code and the hotel and restaurant buildings built under that code is taken into account in Multiconsult's technical report, hence all commercial buildings finished in 2011 and later (3 year lag) are all eligible under this criterion.
- 2)** New or existing Norwegian office, retail and industrial buildings and warehouses that comply with the Norwegian building TEK07, TEK10, TEK17 and later building codes. A conservative time lag between implementation of a new building code and the office, retail and industrial buildings built under that code is taken into account in Multiconsult's technical report, hence all commercial buildings finished in 2010 and later (2 year lag) are all eligible under this criterion.

2. New, existing or refurbished commercial buildings which received at least one or more of the following classifications

- 1)** LEED "Gold", BREEAM or BREEAM-NOR "Excellent", or equivalent or higher level of certification.
- 2)** Nordic Swan Ecolabel.

3. Refurbished Commercial buildings in Norway with an improved energy efficiency of 30%

- 1)** Refurbished Norwegian commercial buildings with at least two steps of improvement in energy label compared to the calculated label based on building code in the year of construction
- 2)** Refurbished Norwegian commercial buildings with at least a 30% improvement in calculated energy efficiency, kWh/m² delivered energy to the building, compared to the calculated energy efficiency based on building code in the year of construction.

Where EPC labels are available to select eligible assets under this criterion, only labels of 'D' or better will be considered.

3. This complies with the criteria set by the Climate Bonds Initiative Standard and Guidance on Low Carbon Commercial Buildings, <https://www.climatebonds.net/standard/buildings/commercial>



Eco-efficient and/or circular economy adapted products, production technologies and processes

Companies must benefit from selected sustainability certifications on products, services or processes:

- *Nordic Swan Ecolabel*
- *Eco-Lighthouse*
- *Marine Stewardship Council (MSC)*
- *Aquaculture Stewardship Council (ASC)*
- *Best Aquaculture Practices (BAP), minimum 2 stars*
- *Global G.A.P. Aquaculture Standard*



In addition, to be eligible for green bond proceeds, the loans funded by SMN must be made to enterprises which meet the following criteria:

- **General corporate purpose loans for small, medium, and micro enterprises ('SMEs')**

SMN adheres to the European Union's definition⁴ and categorization of SMEs. The SME category is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.

- For SME's which are expected to derive ≥ 90 % of their turnover from certified products, services or processes in line with above certification schemes, the entire loan principal is eligible for green bond funding

- **General corporate purpose loans for larger enterprises**

For such enterprises which are expected to derive ≥ 90 % of their turnover from certified products, services or processes in line with above certification schemes, the entire loan principal is eligible for green bond funding, otherwise not at all.

For a detailed description see the list of eligible certifications schemes in the Annex.

4. Source: http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

Clean Transportation

1. Clean Transportation

Loans to finance or refinance production, establishment, acquisition, expansion, upgrades, maintenance and operation of low carbon vehicles and related infrastructures:

- i. Low carbon vehicles:
 - Fully electrified passenger vehicles such as cars
 - Fully electrified freight vehicles such as ferries, vessels, lorries and trucks
- ii. Low carbon transportation infrastructure: infrastructure to support zero emissions passenger vehicles and public transportation such as charging stations for electric vehicles, urban and intercity transit infrastructure

Environmentally Sustainable Management of Living Natural Resources and Land Use

1. Agriculture

- i. Loans to finance or refinance agricultural activities that:
 1. Apply robust and appropriate management practices and/or environmental standards that avoid or reduce GHG emissions (including those from inputs used on the farm); enhance climate resilience; support sustainable water use and/or water protection; increase the circularity of farming practices; limit or prevent pollution; and/or protect ecosystems.
 2. Are organic e.g. DEBIO certification or equivalent

2. Forestry

- i. Loans to finance or refinance environmentally responsible forest management
 - Forest land certified in accordance with the Forest Stewardship Council (FSC) standards and/or the Programme for the Endorsement of Forest Certified (PEFC)

Renewable Energy

1. Renewable Energy

Loans to finance or refinance equipment, development, manufacturing, construction, operation, distribution and maintenance of renewable energy generation sources from:

- i. Solar Energy: Photovoltaics (PV), concentrated solar power (CSP) and solar thermal facilities
- ii. Wind Energy: Onshore and offshore wind energy generation facilities and other emerging technologies, such as wind tunnels and cubes
- iii. Hydropower in Norway (boreal regions), lifecycle emissions of less than 100g CO₂e / kWh:
 - Run-of-river, small scale hydro power plants (maximum generation capacity < 20MW)
 - Refurbishment or refinancing of existing medium or large hydropower plants

4. Process for Project Evaluation and Selection

The Green bond Committee will oversee the entire Green bond process, including the evaluation and selection of Eligible Green Loans originated across relevant business lines. SpareBank 1 SMN will in this way work on gradually expanding the Eligible Green Loan portfolio.

Green Bond Committee

- The Green Bond Committee will include the following members:
 - **SMN senior management**
 - Group CEO
 - Executive director – Finance and Strategy, deputy CEO
 - Executive director – Corporate Banking
 - Executive director – Retail Banking and Organisation and Development
 - Executive director – Communications and Society
 - Executive director – Risk Management
 - Executive director – Legal Services
 - Executive director - Technology and Development
 - **CEOs in subsidiaries**
 - Eiendomsmeidler 1 Midt-Norge (real estate broker)
 - SpareBank 1 Finans Midt-Norge (leasing and car loans)
 - SparBank 1 Regnskapshuset SMN (accounting)
 - SpareBank 1 Markets (investment bank)
 - SpareBank 1 Spire Finans (factoring and invoice purchases)
- In addition, the divisions of administration, communications, finance and the union have representation within the Green Bond Committee. The composition of the committee is aligned with broader projects and initiatives relating to sustainability within the Group, and hence encapsulates perspectives from all relevant stakeholders involved in our broader sustainability strategy.

4. Process for Project Evaluation and Selection (criteria)

The Green bond Committee will oversee the entire Green bond process, including the evaluation and selection of Eligible Green Loans originated across relevant business lines. SpareBank 1 SMN will in this way work on gradually expanding the Eligible Green Loan portfolio.

Green Buildings

- SpareBank 1 SMN has relied on the support of an external real estate expert consultant Multiconsult to (1) define the associated eligibility criteria for the top 15% of low carbon buildings and the eligible regulations, standards and certifications and (2) to identify the buildings that comply with these criteria within SpareBank 1 SMN's existing portfolio of residential and commercial real estate. Information from the Land Register regarding building year for all commercial buildings is used. For newly originated loans, i.e. loans which will be originated after SpareBank 1 SMN's inaugural issuance, the Green bond Committee will oversee the process for the evaluation and selection of Eligible Green Loans according to the methodology defined by the consultant.

Eco-efficient and/or circular economy adapted products, production technologies and processes

- SpareBank 1 SMN has relied on information from public databases and information from the respective certification bodies to determine the Eligible Green Certification Loans.

Environmentally Sustainable Management of Living Natural Resources and Land Use

- SpareBank 1 SMN intends to rely on information from public databases and information from the respective certification bodies (KSL, DEBIO, FSC, PEFC) to determine the Eligible Green Certification Loans.

Clean Transportation and Renewable Energy

- SpareBank 1 SMN intends to select Eligible Loans, screening the Transportation and Renewable Energy Lending Portfolios, based on the Eligibility Criteria defined within this Framework.

SpareBank 1 SMN handles minimum environmental and social requirements for all lending businesses, including those financed with the proceeds of the Green bond. These eligibility criteria and minimum requirements are continuously developed and renewed. Some of these requirements have been specified above, as given in the use of proceeds. SpareBank 1 SMN's environmental and social policies can be found on: <https://www.sparebank1.no/en/smn/about-us/sustainability.html>

5. Management of Proceeds

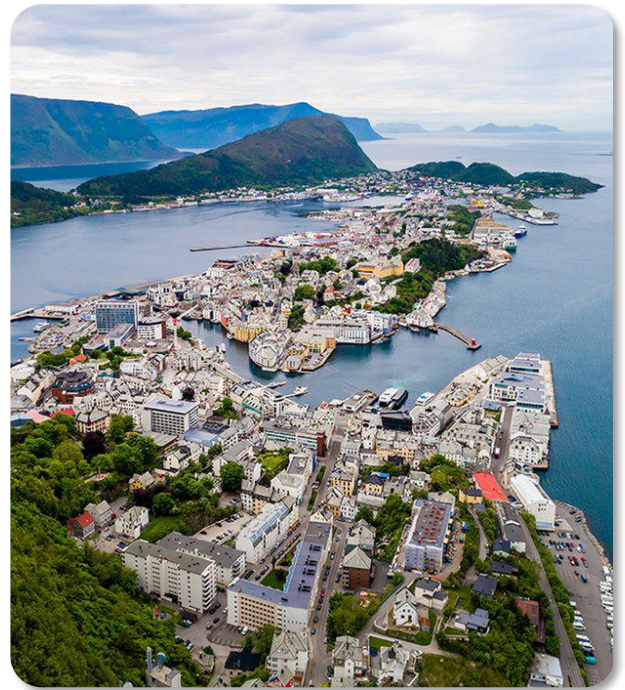
The Green bond proceeds will be managed by SpareBank 1 SMN in a portfolio approach.

SpareBank 1 SMN intends to allocate the proceeds from the Green bonds to a portfolio of loans that meet the use of proceeds eligibility criteria and in accordance with the evaluation and selection process presented above, the Eligible Green Loan Portfolio.

SpareBank 1 SMN intends to designate sufficient Eligible Green Loans in the Eligible Green Loan Portfolio to provide that its outstanding balance of Eligible Green Loans exceeds the total balance of all outstanding Green bonds. Where necessary, additional Eligible Green Loans will be added to this Eligible Green Loan Portfolio pool to provide for sufficient and timely allocation of the incremental net proceeds. During the life of the Green bonds, if a loan ceases to fulfil the eligibility criteria, SpareBank 1 SMN will use its best efforts to remove the loan from the Eligible Green Loan Portfolio and replace it when necessary for the balance as soon as reasonably practicable.

Sparebank 1 SMN will identify, track and keep a register of new and existing Eligible Green Loans and companies.

Whilst any Green bond net proceeds remain unallocated, SpareBank 1 SMN will hold and/or invest, at its own discretion, in its liquidity portfolio in money market instruments, the balance of net proceeds not yet allocated to the Eligible Green Loan Portfolio.



6. Reporting

SpareBank 1 SMN will make and keep readily available reporting on the allocation of net proceeds to the Eligible Green Loan Portfolio after a year from the issuance of the applicable Green bonds, to be renewed annually until full allocation of the Green bond net proceeds.

SpareBank 1 SMN intends to report the allocation of the Use of Proceeds to the Eligible Green Loan Portfolio at least at the category level and on an aggregated basis for all of the Issuer's Green bonds and other potential green funding outstanding, including green deposits.

SpareBank 1 SMN intends to align the reporting with the portfolio approach described in "Handbook - Harmonized Framework for Impact Reporting (ICMA, April 2020)"⁵.

6.1 - Allocation Reporting

The allocation report will provide, on a portfolio basis:

- *The total amount of investments and expenditures in the Eligible Green Loan Portfolio*
- *The total amount of green funding outstanding*
- *The proportion of new and existing loans (financing and refinancing)*
- *The balance of unallocated proceeds*

SMN also intends to report on the proportion of the SMEs' revenue from certified products, services and processes which will be used to match the respective proportions for inclusion in the Eligible Green Loan Portfolio.

5. Source: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Handbook-Harmonized-Framework-for-Impact-Reporting-220520.pdf>

6.2 – Impact Reporting

Where feasible, SpareBank 1 SMN intends to report on the impact of the Eligible Green Loan Portfolio. The impact report may provide :

- A brief description of relevant Green Loans
- The breakdown of Green Assets by the nature of what is financed (only financial assets)
- Key environmental and social impact metrics (via existing CSR reporting and/or via specific report)

For Green Buildings:

- *Estimated ex-ante annual energy consumption in KWh/m2 or energy savings in MWh*
- *Estimated annual GHG emissions reduced/avoided in tons of CO2 equivalent*

Eco-efficient and/or circular economy adapted products, production technologies and processes:

- *Breakdown of company lending per eligible certificate and other aggregated key impact indicators as provided by the certifying body*

Clean Transportation

- Low carbon public transportation and vehicles (including private vehicles):
 - *% of GHG reduced of avoided at least [xx%]*
- Low carbon transportation infrastructure:
 - *GHG savings (tonnes per year) due to the installed technology (direct), by transferring freight or passenger transport from road to e.g. railway (indirect) or both (as applicable)*
 - *Number of units installed (if applicable)*

Environmentally Sustainable Management of Living Natural Resources and Land Use

- Agriculture:
 - *% Increase in certified agriculture land area measured hectares is equal to or greater than [xx%]*
 - *% Increase in certified agriculture measured in number of certification schemes is equal to or greater than [xx%]*
 - *% of GHG reduced of avoided at least [xx%]*
- Forestry:
 - *% Increase in certified forest land area measured hectares is equal to or greater than [xx%]*
 - *% Increase in certified forestry measured in number of certification schemes is equal to or greater than [xx%]*
 - *% of GHG reduced of avoided at least [xx%]*

Renewable Energy

- *Total installed capacity in MWh*
- *Estimated annual avoided emissions in tons of CO2 equivalent*

SpareBank 1 SMN publishes an annual responsibility report, available at

<https://www.sparebank1.no/en/smn/about-us/sustainability.html>

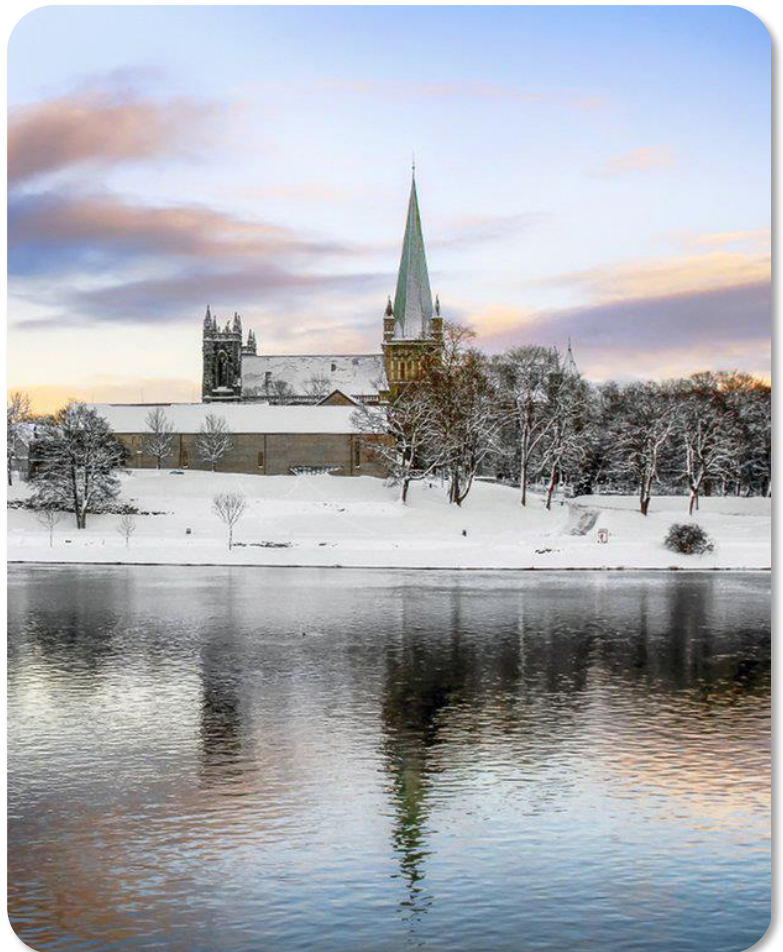
7. External Review

7.1 – Pre-issuance verification: Second party opinion

SpareBank 1 SMN has obtained an independent verification assessment from Sustainalytics to confirm the validity of the SpareBank 1 SMN Green bond Framework. The independent verification report will be published on the SpareBank 1 SMN website. SpareBank 1 SMN will similarly make the document accessible on the SpareBank 1 SMN website.

7.2 – Post-issuance verification: Limited assurance report

SpareBank 1 SMN may request on an annual basis, starting one year after issuance and until full allocation, a limited assurance report of the allocation of the bond proceeds to eligible assets, provided by its external auditor.





Annex

Sustainability certification schemes that are eligible:

Certification	Description
	<p>The Nordic Swan Ecolabel was established in 1989 by the Nordic Council of Ministers as a voluntary ecolabelling scheme for the nordic countries Denmark, Finland, Iceland, Norway and Sweden. It is possible to obtain a certification with the Nordic Swan Ecolabel within 60 different product groups counting more than 200 different product types. The Nordic Swan Ecolabel sets strict environmental requirements in all relevant phases of a product's life cycle and requirements for chemicals used in ecolabelled products. More than 25.000 different products are sold with the Nordic Swan ecolabel in the Nordic countries</p>
	<p>Eco-Lighthouse has prepared 72 industry-specific requirements for a range of different industries. Enterprises are certified subject to independent assessment and must undergo a recertification process every three years. They are also required to submit annual environmental reports. The Eco-Lighthouse certification scheme has been approved by the Norwegian public procurement authorities.</p> <p>As an integral part of the Eco-Lighthouse web portal, the annual climate and environmental report, consists of general and specific environmental performance indicators. The report is managed and developed by the Eco-Lighthouse administration, offering the enterprises an overview of their environmental impacts and their year-by-year progress, as well as constituting the basis for statistics showing how Eco-Lighthouse certified enterprises compare to their uncertified counterparts.</p>
	<p>The Marine Stewardship Council (MSC) is an international, independent and accredited certification for sustainably caught fish. Certification demonstrates that fish has been caught sustainably, without overfishing or damage to nature.</p>
	<p>Aquaculture Stewardship Council (ASC) is an international, independent and accredited certification for fish farming. Certification confirms that the fish has been farmed in a responsible manner. The certification applies key requirements to protect the ecosystem and reduce greenhouse gases.</p>
	<p>The Global Aquaculture Alliance (GAA) coordinates the development of the Best Aquaculture Practices (BAP) certification standards. More than 150 retail and foodservice brands worldwide are publicly committed to sourcing seafood responsibly from BAP-certified aquaculture processing plants, farms, hatcheries and feed mills.</p>
	<p>GLOBAL G.A.P. is an internationally recognised standard for farm production with the standard demanding, among other things, greater efficiency in production across 3 scopes of production: Crops, Livestock, Aquaculture. It improves business performance and reduces waste of vital resources. It also requires a general approach to farming that builds in best practices for generations to come. The certification is audited and issued by reputable certification bodies.</p>

Annex

Sustainability certification schemes that are eligible:

Certification	Description
	<p>Forest Stewardship Council (FSC) is an international, non-governmental organisation dedicated to promoting responsible management of the world's forests. FSC was established in 1993, following an initiative by environmental organisations from 25 countries, specifying agreements on sustainable forest management.</p>
	<p>Programme for the Endorsement of Forest Certification (PEFC), is a leading global alliance of national forest certification systems. As an international non-profit, non-governmental organization, they are dedicated to promoting sustainable forest management through independent third-party certification. PEFC provides certification for wood originating from large and small forests.</p>

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