

Second-Party Opinion

SpareBank 1 Boligkreditt Green Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the SpareBank 1 Boligkreditt Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds, Green Buildings, is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.



PROJECT EVALUATION AND SELECTION SpareBank 1 Boligkreditt has established a Green Bond Committee that will be responsible for the overall project evaluation and selection process. The Green Bond Committee will be responsible for monitoring SpareBank 1 Boligkreditt's internal processes to identify material environmental and social risks that are associated with the eligible green loan portfolio and implement appropriate mitigation measures. Sustainalytics considers this to be in line with market practice.



MANAGEMENT OF PROCEEDS SpareBank 1 Boligkreditt's management team and CEO will be responsible for managing the proceeds on a portfolio basis and will maintain a green mortgage register to track allocated proceeds. SpareBank 1 Boligkreditt intends to fully allocate proceeds at the time of issuance. Pending full allocation, proceeds will be held in cash or cash equivalents or invested in SpareBank 1 Boligkreditt's treasury liquidity portfolio. This is in line with market practice.



REPORTING SpareBank 1 Boligkreditt commits to report on the allocation and impact of proceeds on its website after a year from issuance and on an annual basis until full allocation. Allocation reporting may include the total amount of proceeds allocated to the eligible green loan portfolio and the balance of unallocated proceeds, the amount or percentage of financing versus refinancing, the proportion of loans that are aligned with the EU Taxonomy Climate Delegated Act, if applicable and feasible. Sustainalytics views this as aligned with market practice.

EU Taxonomy

Sustainalytics has assessed the SpareBank 1 Boligkreditt Green Bond Framework for alignment with the technical screening criteria for substantial contribution (SC) to the environmental objectives of the EU Taxonomy. The criteria defined in the SpareBank 1 Boligkreditt Green Bond Framework's use of proceeds category map to two activities in the EU Taxonomy related to: i) renovation of existing buildings and ii) acquisition and ownership of buildings. Sustainalytics is of the opinion that both the activities are aligned with the applicable SC criteria. The activity related to renovation of existing buildings partially aligns with the DNSH criteria, but the activity related to acquisition and ownership of buildings is aligned with the DNSH criteria. Sustainalytics is also of the opinion that the projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.



Evaluation Date January 19, 2024¹

Issuer Location Stavanger, Norway

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¹ This document updates the Second-Party Opinion originally provided by Sustainalytics in September 2019.

Introduction

SpareBank 1 Boligkreditt AS (“SpareBank 1 Boligkreditt” or “SpaBol”) is a specialized covered bond issuer and is jointly owned by the 12 saving banks in the SpareBank 1 Alliance (the “Alliance”). SpaBol is regulated as a credit institution that acquires first-lien Norwegian residential mortgages originated by its owner banks, and is licensed by the Norwegian Financial Supervisory Authority.² Headquartered in Stavanger, Norway, SpaBol financed approximately EUR 24 billion worth of residential mortgages as of November 30, 2023.

SpareBank 1 Boligkreditt has developed the SpareBank 1 Boligkreditt Green Bond Framework dated January 2024 (the “Framework”) under which it intends to issue green bonds and use the proceeds to finance or refinance, in whole or in part, existing or future mortgages for energy efficient residential buildings. The Framework defines eligibility criteria in one area:

1. Green Buildings

SpareBank 1 Boligkreditt engaged Sustainalytics to review the Framework and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).³ The Framework will be published in a separate document.⁴

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The use of proceeds criteria alignment with the EU Taxonomy Climate Delegated Act; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.15, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of SpareBank 1 Boligkreditt’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. SpareBank 1 Boligkreditt representatives have confirmed (1) they understand it is the sole responsibility of SpareBank 1 Boligkreditt to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and SpareBank 1 Boligkreditt.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The

² SpareBank 1 Boligkreditt, “Overview”, at: <https://spabol.sparebank1.no/about>

³ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-100621.pdf>

⁴ The SpareBank 1 Boligkreditt Green Bond Framework will be available on SpareBank 1 Boligkreditt’s website at: <https://spabol.sparebank1.no/green-bonds>

⁵ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that SpareBank 1 Boligkreditt has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the SpareBank 1 Boligkreditt Green Bond Framework

Sustainalytics is of the opinion that the SpareBank 1 Boligkreditt Green Bond Framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of SpareBank 1 Boligkreditt's Green Bond Framework:

- Use of Proceeds:
 - The eligible category, Green Buildings, is aligned with those recognized by the GBP.
 - Operating expenditures will not be financed under the Framework. Hence, SpaBol has not defined a look-back period. This is in line with market practice.
 - Under the Framework, SpaBol will finance or refinance a portfolio of loans originated by the Alliance's banks for acquisition, ownership and refurbishment of new or existing residential buildings in Norway. For doing so, SpaBol has defined the following eligibility criteria:
 - Residential apartment buildings and other dwellings built in or after 2021 with an energy performance at least 10% lower than local nearly zero-energy building (NZEB) requirements.^{6,7}
 - Residential apartment buildings and other dwellings built before 2021 with an energy performance certificate (EPC) A or in the top 15% energy-efficient buildings in Norway.⁸
 - Refurbishment of buildings that results in at least a 30% improvement in energy efficiency (measured in kWh/m²).⁹
 - Sustainalytics considers expenditures in this category to be in line with market practice.
- Project Evaluation and Selection:
 - SpareBank 1 Boligkreditt has established a Green Bond Committee (GBC) that will be responsible for the overall project evaluation and selection process under the Framework. The GBC includes representatives from the Alliance's member banks, including members from their treasury and sustainability teams, in addition to representatives from SpaBol's management team.
 - SpaBol may depend on the external third-party consultant to identify residential buildings that may meet the eligibility criteria.
 - The GBC will be responsible for monitoring SpaBol's internal processes to identify material environmental and social risks associated with the eligible green loan portfolio and implement appropriate mitigation measures.

⁶ SpaBol is committed to publishing the methodology and selection approach used for NZEB-10% compliant buildings in a technical report from a specialized external consultant.

⁷ NZEB definitions were announced in Norway on 31 January 2023. Government of Norway, "Veiledning om beregning av primærenergibehov i bygninger og energirammer for nesten nullenergibygninger", (2023), at: <https://www.regjeringen.no/contentassets/60e8f8ec02e246079f4af4d9578d78c2/veiledning-om-beregning-av-primarenergibehov-og-nesten-nullenergibygge.pdf>

⁸ SpaBol is committed to identifying buildings with an EPC A or in the top 15% energy-efficient buildings in Norway with the support of a specialized external consultant and will take into account decisions from the Norwegian Ministry and may use model estimates from Eiendomsverdi for primary energy demand where EPCs are missing.

⁹ SpaBol intends to select relevant buildings with the support of a specialized external consultant.

- Based on the establishment of the GBC and the presence of environmental and social risk management processes, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - SpaBol's management team and CEO will be responsible for managing the proceeds on a portfolio basis. SpaBol will maintain a register to track the residential mortgages eligible under the Framework.
 - SpaBol intends to fully allocate the proceeds at the time of issuance. Pending full allocation, proceeds will be held in cash or cash equivalents or invested in SpaBol's treasury liquidity portfolio.
 - Based on the presence of a tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - SpaBol commits to report on the allocation and impact of proceeds on its website after a year from issuance on an annual basis until full allocation.
 - Allocation reporting may include the total amount of proceeds allocated to the eligible green loan portfolio, the balance of unallocated proceeds, the amount or percentage of financing versus refinancing, and the share of loans that are aligned with the EU Taxonomy Climate Delegated Act, if applicable and feasible.
 - Impact reporting may include metrics such as: i) estimated annual energy consumption or savings (measured in KWh/m² or MWh); and ii) estimated annual GHG emissions avoided or reduced (measured in tonnes of CO₂ equivalent).
 - Based on SpaBol's commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the SpareBank 1 Boligkreditt Green Bond Framework aligns with the four core components of the GBP.

Alignment with the EU Taxonomy

Sustainalytics has assessed the Framework's eligible green use of proceeds criteria against the relevant criteria in the EU Taxonomy and determined alignment with each of the Taxonomy's three sets of requirements. The results of this assessment are as follows:

1. Substantial Contribution to an Environmental Objective of the EU Taxonomy
 - The eligibility criteria in the Framework were mapped to two activities of the EU Taxonomy. Both the activities were assessed as aligned with the applicable SC criteria of the EU Taxonomy.
2. "Do No Significant Harm" Criteria
 - A total of four individual DNSH criteria apply to the two activities to which the criteria defined in the Framework were mapped. The Framework criteria are aligned with three of those individual DNSH criteria and partially aligned with one.
3. Minimum Safeguards
 - Based on a consideration of the policies and management systems applicable to Framework criteria, as well as the regulatory context in which financing will occur, Sustainalytics is of the opinion that the EU Taxonomy's Minimum Safeguards requirements will be met.
 - For Sustainalytics' assessment of alignment with the Minimum Safeguards, see Section 2 below.

Table 1 provides an overview of the alignment of the Framework with the applicable SC criteria and DNSH criteria of the EU Taxonomy

Table 1: Summary of Alignment of Framework Criteria with the EU Taxonomy

EU Taxonomy activities corresponding to the Framework criteria	Alignment with Taxonomy Criteria		Alignment per EU Environmental Objective					
	SC	DNSH	Mitigation	Adaptation	Water	Circular Economy	Pollution	Eco-systems
7.2 Renovation of existing buildings	■	□	■	■	-	■	□	-
7.7 Acquisition and ownership of buildings	■	■	■	■	-	-	-	-

Legend	
Aligned	■
Partially aligned	□
Not aligned	☒
No applicable DNSH criteria for this Objective and/or Activity	-
Grey shading indicates the primary EU Environmental Objective	

Section 2: Sustainability Strategy of SpareBank 1 Boligkredditt

Contribution to SpareBank 1 Boligkredditt’s sustainability performance

SpareBank 1 Boligkredditt demonstrates its commitment to sustainability by adhering to the environmental and social values and goals of its 12 owner banks.^{10,11} In addition, in 2018, SpareBank 1 Boligkredditt established its own ESG Policy, which highlights SpaBol’s aim to increasingly invest in residential mortgages for energy-efficient assets.¹²

SpaBol has communicated to Sustainalytics that it offers a marginal funding cost advantage to incentivize its owner banks to transfer “environmental mortgages”, which include mortgages for building energy-efficient homes or renovating older residential properties to achieve energy efficiency improvements. Furthermore, SpareBank 1 Boligkredditt’s owner banks are committed to providing climate reporting and disclose information on its environmental performance. Additionally, many of the Alliance member banks are members of the UN Global Compact since 2015¹³ and are signatories to the UNEP FI Principles Banking¹⁴. SpaBol has communicated to Sustainalytics that 11 of the Alliance member banks adhere to the Partnership for Carbon Accounting Financials (PCAF) Standard¹⁵ as of 31 December 2023.

Sustainalytics is of the opinion that the Framework is aligned with SpaBol’s overall sustainability initiatives and will further SpaBol’s actions to promote energy efficient residential buildings in Norway. Nevertheless, Sustainalytics encourages SpaBol to develop quantitative and time-bound targets related to environmental performance in line with its owner banks and report on the same.

¹⁰ Sparebank 1 Boligkredditt, “SpareBank 1 Banks”, at: <https://spabol.sparebank1.no/alliance>

¹¹ Sparebank 1 Boligkredditt, “Sustainability in SpareBank 1 and Green Bonds”, at: <https://spabol.sparebank1.no/green-bonds>

¹² Sparebank 1 Boligkredditt, Environmental, Social, Governance (ESG) policy, (2018), at: https://cdn2.hubspot.net/hubfs/7409757/docs/20181031_ESG_Policy_Document_SpareBank_1_Boligkredditt.pdf

¹³ UN Global Compact, “Our Participant”, at: <https://unglobalcompact.org/what-is-gc/participants>

¹⁴ UNEPFI, “Principles for Responsible Banking”, at: <https://www.unepfi.org/banking/bankingprinciples/>

¹⁵ Greenhouse Gas Protocol, “The Global GHG Accounting and Reporting Standard for the Financial Industry”, at: <https://ghgprotocol.org/global-ghg-accounting-and-reporting-standard-financial-industry#:~:text=The%20Partnership%20for%20Carbon%20Accounting%20Financials%20%28PCAF%29%20is,also%20called%20financed%20emissions%2C%20or%20portfolio%20climate%20impact.>

Approach to managing environmental and social risks associated with the assets

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving: i) environmental risks associated with acquired buildings and renovation of buildings; ii) occupational health and safety (OHS); and iii) business ethics. Sustainalytics acknowledges that Sparebank 1 Boligkreditt plays a limited role in the development of the projects and assets being financed, but it remains exposed to associated risks by offering financial services.

Sustainalytics is of the opinion that Sparebank 1 Boligkreditt is able to manage or mitigate potential risks through implementation of the following:

- To address environmental risks associated with acquired buildings and renovation of buildings, Sparebank 1 Boligkreditt includes material environmental factors as part of its overall credit risk process by conducting an assessment¹⁶ at the planning stage and implementing relevant measures to mitigate identified risks. While financing or refinancing any green building projects, SpaBol takes into consideration the building's EPCs and compliance with local building codes. For all residential properties financed under the Framework, SpaBol also considers information regarding building year, EPC and energy demand data available on the Norwegian Land Register and Eiendomsverdi,¹⁷ a Norwegian real estate database. Sparebank 1 Boligkreditt has communicated to Sustainalytics that SpaBol ensures that the residential buildings in its portfolio comply with Norwegian Building Codes (TEK10, TEK17)¹⁸ and relevant EU directives, such as the Water Framework Directive 2000/60/EC (WFD)¹⁹, Council Directive 91/271/EEC²⁰ concerning urban wastewater treatment, and Council Directive 91/676/EEC²¹ concerning nitrate pollution from agricultural sources.
- Regarding occupational health and safety, Sparebank 1 Boligkreditt focuses on maintaining safe working conditions by following its owner banks' Occupational Health and Safety policy,²² which mandates compliance with the Norwegian regulations relating to health, environment and safety at work,²³ in addition to annual risk assessments. The Alliance has also incorporated policies for its suppliers, which include fundamental requirements relating to the environment, social conditions and ethical business practices.²⁴
- To minimize risks related to business ethics, Sparebank 1 Boligkreditt has confirmed to Sustainalytics that it adheres to its owner banks' anti-corruption policy, which outlines guiding principles such as zero tolerance for corruption.²⁵ Sparebank 1 Boligkreditt has communicated to Sustainalytics that it conducts training for its employees on corruption and anti-money laundering awareness. SpaBol also has a whistleblowing mechanism to report on any cases or incidents related to corruption, laundering and bribery.²⁶ The Alliance's member banks adhere to the regulations developed by the Financial Services Authority of Norway²⁷ and have set an upper threshold of 85% for loans in relation to the value of the residential property and five times the annual gross income of the household. Moreover, the Alliance's member banks also assess whether the customers continue to afford the loan under evolved circumstances such as increased interest rates.²⁸

¹⁶ Sparebank 1 Boligkreditt, "Environmental, Social, Governance (ESG) policy", (2018), at:

https://cdn2.hubspot.net/hubfs/7409757/docs/20181031_ESG_Policy_Document_SpareBank_1_Boligkreditt.pdf

¹⁷ Eiendomsverdi, "Om Eiendomsverdi", at: <https://home.eiendomsverdi.no/om-oss>

¹⁸ Sparebank 1 Boligkreditt has communicated to Sustainalytics that it will make the technical report from Multiconsult, a specialized external consultant, providing details of the residential buildings in SpaBol's portfolio available on its website at: <https://spabol.sparebank1.no/green-bonds>

¹⁹ European Commission, "Water Framework Directive", at: https://environment.ec.europa.eu/topics/water/water-framework-directive_en

²⁰ European Environmental Agency, "Council Directive (91/271/EEC) of 21 May 1991", at: <https://www.eea.europa.eu/policy-documents/council-directive-91-271-eec>

²¹ Eurolex, "Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A31991L0676>

²² Sparebank 1 Boligkreditt, "Health, Safety and the Environment", at: <https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/aboutus/Health-safety-and-the-environment-HSE.pdf>

²³ Arbeidstilsynet, "Regulations relating to Systematic Health, Environment and Safety Activities in Enterprises (Internal Control Regulations)", at: <https://www.arbeidstilsynet.no/globalassets/regelverkspdf/interal-control-regulations>

²⁴ Sparebank 1, "Requirements for the supply chain", at: <https://www.sparebank1.no/en/sr-bank/about-us/Sustainability/Requirementsforoursuppliers.html#:~:text=The%20supplier%20shall%20strive%20to,earlier%20in%20the%20value%20chain>

²⁵ Sparebank 1 SMN, "Anti-corruption policy", (2021), at: <https://www.sparebank1.no/content/dam/SB1/bank/smn/om-oss/Barekraft/policy-for-antikorrupsjon-eng.pdf>

²⁶ Ibid.

²⁷ Ibid.

²⁷ Financial Services Authority of Norway (Finanstilsynet), at: <https://www.finanstilsynet.no/en/>

²⁸ Sparebank 1 Boligkreditt, "Environmental, Social, Governance (ESG) policy", (2018), at:

https://cdn2.hubspot.net/hubfs/7409757/docs/20181031_ESG_Policy_Document_SpareBank_1_Boligkreditt.pdf

Based on these policies and procedures, Sustainalytics is of the opinion that Sparebank 1 Boligkreditt has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible category.

Alignment with the EU Taxonomy's Minimum Safeguards

The EU Taxonomy recommends that companies have policies aligned with international and regional guidelines and regulations pertaining to human rights, labour rights, and combating bribery and corruption. Specifically, activities should be carried out in alignment with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Additionally, companies should be in compliance with the International Labour Organisation's (ILO) declaration on Fundamental Rights and Principles at Work.

Human and Labour Rights

SpareBank1 Boligkreditt has the following policies and procedures regarding human rights:

- SpareBank1 Boligkreditt complies with the Norwegian Transparency Act²⁹ under which it is required to conduct due diligence assessments in line with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights to identify and assess actual and potential adverse impacts on human rights and decent working conditions in SpaBol and its supply chains.^{30,31} Additionally, the act requires SpaBol to publish annual human rights reports and respond to requests from the public on how it addresses issues related to human rights.³²
- The Alliance member banks are signatories of the UN Global Compact (UNGC) and as a part of it, SpareBank 1 Boligkreditt is also committed to supporting the ten principles of the UNGC relating to human rights, labour, the environment and anti-corruption.³³
- SpareBank 1 Boligkreditt complies with the Norwegian Working Environment Act³⁴ that requires an adequate working environment, employment protection, health and safety and measures to prevent discrimination at workplace.³⁵ SpaBol also has policies towards embedding diversity and inclusion practices, including equal and fair treatment of employees, in addition to measures to prevent gender and other forms of discrimination.³⁶ Additionally, SpaBol has communicated to Sustainalytics that it adheres to the due diligence process and assessments related to human rights and decent working conditions set by SpareBank 1 SMN.³⁷ SpaBol has also confirmed that it complies with the European Convention for the Protection of Human Rights and Fundamental Freedoms' Article 11, as transposed by Norway, which includes the right to form and join trade unions to protect employees' interests.³⁸ Additionally, SpaBol follows Norway's Public Limited Liability Companies Act, which requires gender representation on the board of directors of a publicly listed company.³⁹ The Alliance has an internal employees handbook that provides information to employees about benefits, flexible work arrangements, contractual right to work flexible hours and reduced hours.
- The Alliance has set requirements based on UN and ILO conventions to mitigate the risk of human rights' breaches, both within the Alliance as well as its supply chain. Shortlisted suppliers

²⁹ Business and Human Rights Resource Centre, "Norway: Law on mandatory due diligence & right to information about corporate impacts enters into force", at: <https://www.business-humanrights.org/en/latest-news/norway-govt-proposes-act-regulating-corporate-supply-chain-transparency-duty-to-know--due-diligence/>

³⁰ SpareBank 1 Boligkreditt, "Annual Report", (2022), at: <https://7409757.fs1.hubspotusercontent-na1.net/hubfs/7409757/docs/Spabol%20Annual%20Rapport%202022.pdf>

³¹ SpareBank 1 Nord-Norge, "The Transparency Act", at: <https://www.sparebank1.no/nb/nord-norge/om-oss/baerekraft/apenhetsloven.html>

³² BSR, "The Norwegian Transparency Act: Key Insights for Business", at: <https://www.bsr.org/en/blog/the-norwegian-transparency-act-key-insights-for-business>

³³ United Nations Global Compact, "SpareBank 1 Gruppen AS", at: <https://unglobalcompact.org/what-is-gc/participants/159042-SpareBank-1-Gruppen-AS>
³⁴ Arbeidstilsynet, "Regulations relating to Systematic Health, Environment and Safety Activities in Enterprises (Internal Control Regulations)", at: <https://www.arbeidstilsynet.no/globalassets/regelverkspdf/interne-kontroll-reguleringer.pdf>

³⁵ SpareBank 1 Boligkreditt, "ESG Policy", p.9, (2018), at:

https://cdn2.hubspot.net/hubfs/7409757/docs/20181031_ESG_Policy_Document_SpareBank_1_Boligkreditt.pdf

³⁶ SpareBank 1 Boligkreditt, "ESG Policy", p.8, (2018), at:

https://cdn2.hubspot.net/hubfs/7409757/docs/20181031_ESG_Policy_Document_SpareBank_1_Boligkreditt.pdf

³⁷ SpareBank 1 SMN, "Sustainability policy at SpareBank 1 SMN", (2022), at: <https://www.sparebank1.no/content/dam/SB1/bank/smn/om-oss/Barekraft/smn-policy-for-barekraft-ENG-okt22.pdf>

³⁸ LOVDATA, "Convention for the Protection of Human Rights and Fundamental Freedoms Section I – Rights and freedoms", at:

https://lovdata.no/dokument/NL/lov/1999-05-21-30/KAPITTEL_emke-1#KAPITTEL_emke-1

³⁹ LOVDATA, "Act relating to public limited companies (the Public Limited Liability Companies Act)", at: https://lovdata.no/dokument/NL/lov/1997-06-13-45/KAPITTEL_6#KAPITTEL_6

are required to adhere to human rights, health and safety requirements as part of their contract.⁴⁰ The Alliance expects suppliers to commit to providing employees with safe, secure and healthy working conditions and to comply with all relevant health and safety laws and regulations applicable to their location.⁴¹ Suppliers are expected to document their compliance with the guidelines, which includes meetings with the Alliance member banks or audits and inspections of working conditions at the production site.⁴²

Based on the work of its research services, Sustainalytics evaluated the performance of SpareBank1 Boligkreditt in the area of human rights and has not detected involvement in any relevant controversies that would suggest that the above policies are not adequate in addressing key risks.

Sustainalytics is of the opinion that these measures appropriately safeguard minimum standards on human rights in relation to the activities of the Framework.

Anti-bribery and Anti-Corruption

SpareBank1 Boligkreditt has the following policies and procedures regarding anti-bribery and anti-corruption:

- SpaBol adheres to the anti-corruption, anti-bribery, anti-money laundering and whistleblowing policies and guidelines of its owner banks including SpareBank 1 SMN, SpareBank 1 Nord Norge and SpareBank 1 Østlandet.^{43,44,45,46} The policies and implemented procedures include: i) adoption of a zero tolerance approach for all forms of corruption; ii) measures to ensure compliance with applicable national regulations; iii) a whistleblowing channel to allow anonymous disclosures; iv) implementing training measures to create employee awareness and v) establishing measures to prevent money laundering, financial crime and transactions linked to terrorism.
- SpareBank 1 Alliance expects its suppliers to commit to anti-corruption, anti-bribery and anti-money laundering. Furthermore, suppliers must adhere to laws, regulations and ethical business practices. In case of any breaches by a supplier, its sub-contractors or partners, SpareBank 1 proceeds to cancel the contractual relationship.⁴⁷

Based on the work of its research services, Sustainalytics evaluated the performance of SpareBank1 Boligkreditt in the area of anti-bribery and anti-corruption, and has not detected involvement in any relevant controversies that would suggest that the above policies are not adequate in addressing key risks.

Sustainalytics is of the opinion that these measures appropriately safeguard anti-bribery and anti-corruption in relation to the activities of the Framework.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that SpareBank 1 Boligkreditt's policies, guidelines and commitments are sufficient to demonstrate that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP. Sustainalytics focuses below on its impact as relevant in the local context.

Importance of financing green buildings in Norway

In 2022, Norway revised its Nationally Determined Contribution to the Paris Agreement to reduce GHG emissions by at least 55% by 2030 compared to 1990, from an earlier range of 50-55%.⁴⁸ Norway continues

⁴⁰ SpareBank 1, "Standard appendix on sustainability in procurement", at:

https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/aboutus/Guidelines_sustainability_in_procurement.pdf

⁴¹ Ibid.

⁴² Ibid.

⁴³ SpareBank 1 SMN, "Anti-corruption policy SpareBank 1 SMN Group", (2021), at: <https://www.sparebank1.no/content/dam/SB1/bank/smn/omoss/Barekraft/policy-for-antikorruptjon-eng.pdf>

⁴⁴ SpareBank 1 Nord-Norge, "SNN Code – The Ethical Principles", at: https://www.sparebank1.no/content/dam/SB1/bank/nord-norge/OmOss/baerekraft/ethical-guidelines_snn-koden.pdf

⁴⁵ SpareBank 1 Nord-Norge, "Policy for Anti-Money Laundering and Financing of Terrorism", at:

<https://www.sparebank1.no/content/dam/SB1/bank/nord-norge/OmOss/baerekraft/policy-for-anti-money-laundering-and-financing-of-terrorism.pdf>

⁴⁶ SpareBank Østlandet, "Sustainability Documents", at: <https://www.sparebank1.no/en/ostlandet/about-us/sustainability/guidelines-and-policies.html>

⁴⁷ SpareBank 1, "Standard appendix on sustainability in procurement", at:

https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/aboutus/Guidelines_sustainability_in_procurement.pdf

⁴⁸ UNFCCC, "Update of Norway's nationally determined contribution", at: https://unfccc.int/sites/default/files/NDC/2022-11/NDC%20Norway_second%20update.pdf

to remain committed to its 2050 target of reducing GHG emissions by 90-95% as compared to 1990 levels.^{49,50} However, Norway may find it difficult to meet its Paris Agreement targets without implementing further stringent measures to reduce GHG emissions.⁵¹

In 2022, buildings accounted for 30% of Norway’s energy demand and this demand is expected to grow towards 2050 due to increased GDP per capita and floor area.⁵² Space heating accounted for 50% of the Norwegian buildings sector’s energy demand in 2022. Space heating is also expected to have the highest potential energy efficiency gains from more insulation, implementation of energy performance certificates, district heating applications, digitalization, phasing out oil-fired heating and increasing usage of heat pumps.⁵³ To achieve its climate targets, the Norwegian government has set a target to reduce energy use of existing buildings by 10 TWh by 2030 compared to 2015 levels.⁵⁴ In 2023, Norway announced its NZEB definitions as part of a guidance that clarifies which primary energy factors are relevant when calculating energy needs and the energy framework for nearly zero-energy buildings, measured in primary energy.⁵⁵ In 2017, Norway updated its TEK building codes, which serve as the main energy efficiency standards for buildings, and is currently re-evaluating the same.⁵⁶ Additionally, since 2010, Norway requires energy performance certificates for buildings and dwellings which are built, leased or sold.⁵⁷ Furthermore, the Norwegian government banned the installation of fossil fuel systems in new buildings and use of mineral oil for heating as of 2017 and 2020 respectively. District heating is also becoming increasingly common in Norway, accounting for 8% of energy use for heating in buildings in 2019, with 50% fuelled by waste, 30% by biofuels and only 4.3% fuelled by gas and diesel.⁵⁸ The Norwegian Ministry of Climate and Environment also established ENOVA,⁵⁹ an organization created to enable a faster transition to a low emissions society by advising businesses, municipalities and households on topics such as the installation of heat pumps, retrofitting buildings and implementing other energy efficiency measures.⁶⁰

In view of the above, Sustainalytics considers that financing of energy-efficient residential buildings under the Framework is expected to contribute to Norway meeting its climate goals.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the SpareBank 1 Boligkreditt Green Bond Framework are expected to help advance the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Green Buildings	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency

⁴⁹UNFCCC, “Norway’s long-term low-emissions strategy 2050”, at: https://unfccc.int/sites/default/files/resource/LTS1_Norway_Oct2020.pdf

⁵⁰IEA, “Norway 2022- Energy Policy Review”, p.10, at: <https://iea.blob.core.windows.net/assets/de28c6a6-8240-41d9-9082-a5dd65d9f3eb/NORWAY2022.pdf>

⁵¹ DNV, “Energy Transition Norway 2023”, p.2, at: <https://www.norskindustri.no/siteassets/dokumenter/rapporter-og-brosjyrer/energy-transition-norway/2023/energy-transition-norway-2023.pdf>

⁵² Ibid.

⁵³ Ibid.

⁵⁴IEA, “Norway 2022- Energy Policy Review”, p.62, at: <https://iea.blob.core.windows.net/assets/de28c6a6-8240-41d9-9082-a5dd65d9f3eb/NORWAY2022.pdf>

⁵⁵Government of Norway, “Rettleiing om utrekning av primærenergibehov i bygningar og energirammer for nesten nullenergibygingar”, (2023), at: <https://www.regjeringen.no/no/aktuelt/rettleiing-om-utrekning-av-primarenergibehov-i-bygningar-og-energirammer-for-nesten-nullenergibygingar/id2961158/>

⁵⁶ IEA, “Norway 2022- Energy Policy Review”, p.63, at: <https://iea.blob.core.windows.net/assets/de28c6a6-8240-41d9-9082-a5dd65d9f3eb/NORWAY2022.pdf>

⁵⁷ Ibid.

⁵⁸ Ibid.

⁵⁹ ENOVA, “About Enova”, at: <https://www.enova.no/about-enova/>

⁶⁰ IEA, “Norway 2022- Energy Policy Review”, p.63, at: <https://iea.blob.core.windows.net/assets/de28c6a6-8240-41d9-9082-a5dd65d9f3eb/NORWAY2022.pdf>

Conclusion

SpareBank 1 Boligkreditt has developed the SpareBank 1 Boligkreditt Green Bond Framework under which it will issue green bonds and the use of proceeds to finance mortgages for energy efficient residential buildings. Sustainalytics considers that the projects funded by the green bond proceeds may contribute to positive environmental impacts.

The Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceeds category will contribute to the advancement of the UN Sustainable Development Goal 7. Additionally, Sustainalytics is of the opinion that SpareBank 1 Boligkreditt has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Sustainalytics has assessed the SpareBank 1 Boligkreditt Green Bond Framework for alignment with the EU Taxonomy, and is of the opinion that, the Framework's use of proceeds category maps to two EU Taxonomy activities, both of which are aligned with the applicable SC criteria. The activity related to renovation of existing buildings is partially aligned with the DNSH criteria while the activity related to acquisition and ownership of buildings is aligned with the DNSH criteria. Sustainalytics is also of the opinion that the projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Based on the above, Sustainalytics is confident that SpareBank 1 Boligkreditt is well positioned to issue green bonds and that the SpareBank 1 Boligkreditt Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021.

Appendices

Appendix 1: Approach to Assessing Alignment with the EU Taxonomy

Sustainalytics has assessed the criteria in the Framework against the criteria for the relevant activity in the EU Taxonomy. This appendix describes Sustainalytics' process and presents the outcome of its assessment on the alignment of the criteria in the Framework with the EU Taxonomy's applicable technical screening criteria for substantial contribution (SC) to an environmental objective of the EU Taxonomy and the applicable do no significant harm (DNSH) criteria. Sustainalytics' assessment involves two steps:

1. Mapping Framework Criteria to Activities in the EU Taxonomy

The initial step in Sustainalytics' assessment process involves mapping each criterion in the Framework to a relevant and applicable activity in the EU Taxonomy. Note that each Framework criterion may be relevant and applicable to more than one activity in the EU Taxonomy and vice versa. Sustainalytics recognizes that some Framework criteria relate to projects that do not map well to a specific activity in the EU Taxonomy. In such cases, Sustainalytics has mapped to the activity that is most relevant to the primary environmental objective established in the EU Taxonomy.

In some cases, the Framework criteria cannot be mapped to an activity in the EU Taxonomy, as some economic activities are not yet covered by the EU Taxonomy. In other cases, categories of activities which are traditionally included in green bonds may not be associated with a specific EU Taxonomy activity. While recognizing that financing projects in these areas may still have environmental benefits, Sustainalytics has not assessed these criteria for alignment.

Table 2 below displays Sustainalytics' mapping process for this report.

2. Determining Alignment with EU Taxonomy Criteria

The second step in Sustainalytics' process is to determine the alignment of each criterion in the Framework with relevant criteria in the EU Taxonomy. Alignment with the SC criteria and DNSH criteria is usually based on the specific criteria defined in the Framework, and may in many cases (especially DNSH criteria) also be based on management systems and processes or regulatory compliance. To assess alignment with the EU Taxonomy's Minimum Safeguards Sustainalytics has conducted an assessment of policies, management systems and processes applicable to the use of proceeds criteria, including the regulatory context in the geographical location of activities and projects. (See Section 2, above.)

Sustainalytics' detailed assessment of alignment is provided in Appendix 2.

Table 2: Framework mapping table

Framework Category	Framework Criterion (Eligible Use of Proceeds)	EU Taxonomy Activity	Corresponding NACE Code	Primary EU Environmental Objective	Refer to Table
Green Buildings	Refurbished residential buildings in Norway with an improved energy efficiency of at least 30%	7.2. Renovation of existing buildings	F41, F43	Mitigation	Table 3
	Residential buildings in Norway (apartment and other dwellings) built on or after 2021 with an energy performance of at least 10% lower than local nearly zero-energy requirements.				Table 4
	Buildings built before 2021 with an energy performance certificate (EPC) A label or that corresponds to the top 15% low carbon buildings in Norway	7.7. Acquisition and ownership of building	L68	Mitigation	Table 4

Appendix 2: Comprehensive EU Taxonomy Alignment Assessment

The tables below provide a detailed assessment of the alignment of Issuer’s Framework criteria with the EU Taxonomy’s SC and DNSH criteria for the relevant activity.

Table 3

Framework Category		Green Buildings	
EU Taxonomy Activity		7.2. Renovation of existing buildings	
Corresponding NACE Code		F41, F43	
SC Criteria		Alignment	
Mitigation	The building renovation complies with the applicable requirements for major renovations. ⁶¹ Alternatively, it leads to a reduction of primary energy demand (PED) of at least 30 %. ⁶²	The eligibility criteria defined in the Framework are aligned with the criteria of the EU Taxonomy.	Aligned
DNSH Criteria		Alignment	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 5		
Transition to a circular economy	At least 70 % (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol ⁶³ . Operators limit waste generation in processes related construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.	Sustainalytics notes that SpaBol adheres to the Norwegian building code TEK17, which mandates preparation of a waste plan before new construction, renovation or demolition. Moreover, as per TEK17, an environmental assessment plan needs to be developed to identify and remove hazardous waste separately and 70% of the waste generated needs to be separated by weight into various waste categories and delivered to approved waste recipients or directly to recovery facilities (Section 9-8. Waste Sorting). ⁶⁵ In the Norwegian context, the National Action Plan for Construction Waste, has set a target to recycle a minimum of 80% of waste generated from the building and construction sector by 2023.	Aligned

⁶¹ As set in the applicable national and regional building regulations for ‘major renovation’ implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive

⁶² The initial primary energy demand and the estimated improvement is based on a detailed building survey, an energy audit conducted by an accredited independent expert or any other transparent and proportionate method, and validated through an Energy Performance Certificate. The 30 % improvement results from an actual reduction in primary energy demand (where the reductions in net primary energy demand through renewable energy sources are not taken into account), and can be achieved through a succession of measures within a maximum of three years

⁶³ EU Construction and Demolition Waste Protocol (version of [adoption date]: https://ec.europa.eu/growth/content/eu-construction-and-demolition-waste-protocol-0_en).

⁶⁵ LOVDATA, “Regulations relating to technical requirements for construction works (Building Technology Regulations) at: <https://lovdata.no/dokument/SF/forskrift/2017-06-19-840>

	<p>Building designs and construction techniques support circularity and in particular demonstrate, with reference to ISO 20887⁶⁴ or other standards for assessing the disassembly or adaptability of buildings, how they are designed to be more resource efficient, adaptable, flexible and dismantlable to enable reuse and recycling</p>	<p>Sustainalytics notes that TEK17 requires construction products and materials to be suitable for reuse and material recovery (Section 9-5 Construction waste and reuse). Moreover, TEK17 requires structures to be designed, constructed, operated and demolished with the least possible impact on natural resources and external environment (Section 9-1 General requirements for the external environment).⁶⁶</p> <p>Based on the above, Sustainalytics assessed this to be aligned with the EU Taxonomy criteria.</p>	
Pollution prevention and control	<p>1. Building components and materials used in the construction complies with the following criteria set out in Appendix C to the Annex of the EU Climate Delegated Act.</p> <p>The activity does not lead to the manufacture, placing on the market or use of:</p> <p>(a) substances, whether on their own, in mixtures or in articles, listed in Annexes I or II to Regulation (EU) 2019/1021 of the European Parliament and of the Council⁶⁷, except in the case of substances present as an unintentional trace contaminant;</p> <p>(b) mercury and mercury compounds, their mixtures and mercury-added products as defined in Article 2 of Regulation (EU) 2017/852 of the European Parliament and of the Council⁶⁸;</p> <p>(c) substances, whether on their own, in mixture or in articles, listed in Annexes I or II to Regulation (EC) No 1005/2009 of the European Parliament and of the Council⁶⁹ ;</p> <p>(d) substances, whether on their own, in mixtures or in an articles, listed in Annex II to Directive 2011/65/EU of the European Parliament and of the Council⁷⁰, except where there is full compliance with Article 4(1) of that Directive;</p>	<p>1. SpareBank 1 Boligkreditt has communicated to Sustainalytics that it complies with Norway's Planning and Building Act, Pollution Act, Nature Diversity Act, and TEK building codes. Sustainalytics notes that SpareBank 1 Boligkreditt relies on laws and regulations to meet the EU Taxonomy criteria:</p> <p>(a) Sustainalytics notes that TEK17 mandates avoidance of materials containing dangerous materials (including mercury, which is listed on the Norwegian authorities' priority list),⁷⁵ and Regulation (EU) 2019/1021 has been transposed into Norwegian law restricting the use of hazardous chemicals and other products (Section 4-1),⁷⁶ as well as persistent organic pollutants.</p> <p>(b) Sustainalytics notes that regulation (EU) 2017/852 has been transposed into Norwegian law to restrict the use of hazardous chemicals and other products (Section 2-4), as well as prohibiting production, import, export, sale and of use mercury and mercury compounds.</p> <p>(c) Sustainalytics notes that Regulation (EC) 1005/2009 has been transposed into Norwegian law to restrict the use of chemicals and other products hazardous to health and the environment</p>	Partially Aligned

⁶⁴ ISO 20887:2020, Sustainability in buildings and civil engineering works - Design for disassembly and adaptability - Principles, requirements and guidance (version of [adoption date]: <https://www.iso.org/standard/69370.html>).

⁶⁶ LOVDATA, "Regulations relating to technical requirements for construction works (Building Technology Regulations) at: <https://lovdata.no/dokument/SF/forskrift/2017-06-19-840>

⁶⁷ Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants (OJ L 169, 25.6.2019, p. 45).

⁶⁸ Regulation (EU) 2017/852 of the European Parliament and of the Council of 17 May 2017 on mercury, and repealing Regulation (EC) No 1102/2008 (OJ L 137, 24.5.2017, p. 1)

⁶⁹ Regulation (EC) No 1005/2009 of the European Parliament and of the Council of 16 September 2009 on substances that deplete the ozone layer (OJ L 286, 31.10.2009, p. 1)

⁷⁰ Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment. (OJ L 174, 1.7.2011, p. 88).

⁷⁵ Miljostatus, "Hazardous substances and other priority substances" at: <https://miljostatus.miljodirektoratet.no/tema/miljogifter/prioriterte-miljogifter/>

⁷⁶ LOVDATA, "Regulations relating to restrictions on the use of chemicals and other products hazardous to health and the environment (Product Regulations)", at: https://lovdata.no/dokument/SF/forskrift/2004-06-01-922/KAPITTEL_6#%C2%A74-1

	<p>(e) substances, whether on their own, in mixtures or in an article, listed in Annex XVII to Regulation (EC) 1907/2006 of the European Parliament and of the Council⁷¹, except where there is full compliance with the conditions specified in that Annex;</p> <p>(f) substances, whether on their own, in mixtures or in an article, meeting the criteria laid down in Article 57 of Regulation (EC) 1907/2006 and identified in accordance with Article 59(1) of that Regulation, except where their use has been proven to be essential for the society;</p> <p>(g) other substances, whether on their own, in mixtures or in an article, that meet the criteria laid down in Article 57 of Regulation (EC) 1907/2006, except where their use has been proven to be essential for the society.</p> <p>2. Building components and materials used in the building renovation that may come into contact with occupiers⁷² emit less than 0,06 mg of formaldehyde per m³ of material or component upon testing in accordance with the conditions specified in Annex XVII to Regulation (EC) No 1907/2006 and less than 0,001 mg of other categories 1A and 1B carcinogenic volatile organic compounds per m³ of material or component, upon testing in accordance with CEN/EN 16516 or ISO 16000-3:2011⁷³ or other equivalent standardised test conditions and determination methods.⁷⁴</p> <p>3. Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works</p>	<p>(Section 6-2),⁷⁷ and prohibiting the production, import, export, sale and use of substances that deplete the ozone layer.</p> <p>(d) Sustainalytics notes that Regulation 2011/65/EU has been transposed into Norwegian law to restrict the use of hazardous chemicals and other products.⁷⁸</p> <p>For (e), (f) and (g), Sustainalytics notes that Regulation (EU) 1907/2006 is applicable in Norway.⁷⁹</p> <p>Moreover, Section 3-1 of TEK mandates verification of products before they are incorporated into a construction, consequently ensuring compliance of the completed construction work.</p> <p>2. Sustainalytics notes that for formaldehyde, the guideline value is 0.06 mg/m³. Sustainalytics notes that Norway's TEK building regulation requires chosen construction products to have no or low content of substances posing health or environmental risks; however, TEK does not set minimum requirements for formaldehyde's other categories 1A and 1B carcinogenic volatile organic compounds per m³ of material or component.</p> <p>3. SpaBol has confirmed that it complies with the Norwegian TEK building code, which covers requirements relating to: i) sound and vibrations; ii) waste system and separation of waste; and iii) indoor air quality and air quality for ventilation. SpaBol further confirmed that Norway complies with EU Regulation 1907/2006, adopted in the European Economic Area (EEA), which mandates measures to be taken to reduce noise, dust and pollutant emissions during construction or maintenance works. Additionally, Norway has guidelines for construction noise for limiting noise from building and</p>	
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⁷¹ Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC. (OJ L 396, 30.12.2006, p. 1).

⁷² Applying to paints and varnishes, ceiling tiles, floor coverings (including associated adhesives and sealants), internal insulation and interior surface treatments (such as to treat damp and mould).

⁷³ ISO 16000-3:2011, Indoor air – Part 3: Determination of formaldehyde and other carbonyl compounds in indoor air and test chamber air – Active sampling method (version of [adoption date]: <https://www.iso.org/standard/51812.html>).

⁷⁴ The emissions thresholds for carcinogenic volatile organic compounds relate to a 28-day test period.

⁷⁷ LOVDATA, "Regulations relating to amendments to the Regulations relating to restrictions on the use of chemicals and other products hazardous to health and the environment (the Product Regulations)", at: <https://lovdata.no/dokument/LTI/forskrift/2013-06-26-791>

⁷⁸ LOVDATA, "Regulations relating to restrictions on the use of chemicals and other products hazardous to health and the environment (Product Regulations)", at: https://lovdata.no/dokument/SF/forskrift/2004-06-01-922/KAPITTEL_3#KAPITTEL_3

⁷⁹ LOVDATA, "Regulations relating to amendments to the Regulations relating to registration, evaluation, authorisation and restriction of chemicals (REACH)", at: <https://lovdata.no/dokument/LTI/forskrift/2015-12-15-1603>

		<p>civil engineering. (Retningslinje for behandling av støy i arealplanlegging, T-1442/2012).</p> <p>SpaBol has also confirmed that it complies with all applicable national regulations. Through the EEA Agreement, Norway adheres to a large part of EU legislation, including EU Directive 2002/49/EC (relating to noise). Building components must adhere to REACH and Regulation (EU) N. 305/2011.</p> <p>Sustainalytics notes alignment with Appendix C of Annex I of the EU Climate Delegated Act and with criteria for noise reduction. However, Sustainalytics has assessed this activity as partially aligned with the DNSH criteria for pollution prevention and control based on the lack of quantitative thresholds adopted by the Norwegian TEK building regulation for formaldehyde's other categories 1A and 1B carcinogenic volatile organic compounds per m³ of material or component.</p>	
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Table 4

Framework Category		Green Buildings	
EU Taxonomy Activity		7.7. Acquisition and ownership of buildings	
Corresponding NACE Code		L68	
		SC Criteria	
Mitigation	1. For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings.	Alignment	
		1. The Framework includes financing of residential buildings built before 2021 with an energy performance certificate (EPC) class A or within the top 15% energy-efficient buildings in Norway. Hence, Sustainalytics considers this to be aligned with criterion (1).	Aligned
		2. The Framework includes financing of residential buildings built in or after 2021 with an energy performance at least 10% lower than local nearly zero-energy building (NZEB) requirements. ⁸¹ Sustainalytics considers this to be aligned with the criterion (2).	

⁸¹ NZEB definitions were announced in Norway on 31 January 2023. Government of Norway, "Veiledning om beregning av primærenergibehov i bygninger og energirammer for nesten nullenergibygninger", (2023), at: <https://www.regjeringen.no/contentassets/60e8f8ec02e246079f4af4d9578d78c2/veiledning-om-beregning-av-primarenergibehov-og-nesten-nullenergibygg.pdf>

	<p>2. For buildings built after 31 December 2020, the building meets the criteria specified in Section 7.1 of this Annex that are relevant at the time of the acquisition.</p> <p>3. Where the building is a large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW) it is efficiently operated through energy performance monitoring and assessment.⁸⁰</p>	<p>SpaBol has communicated to Sustainalytics that it does not finance residential buildings larger than 5,000 m³.</p> <p>3. SpaBol has communicated to Sustainalytics that the Framework excludes financing of large non-residential buildings under the Framework.</p> <p>Given the above, Sustainalytics views the eligibility criteria in the Framework to be aligned with the EU taxonomy’s SC criteria for acquisition and ownership of buildings.</p>	
<i>DNSH Criteria</i>		<i>Alignment</i>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 5		

⁸⁰ This can be demonstrated, for example, through the presence of an Energy Performance Contract or a building automation and control system in accordance with Article 14 (4) and Article 15 (4), of Directive 2010/31/EU

Appendix 3: Criteria for “Do No Significant Harm” (DNSH) to Climate Change Adaptation

Table 5

Criteria for DNSH to Climate Change Adaptation		
DNSH Criteria	Alignment	
<p>The physical climate risks that are material to the activities mentioned above have been identified by the Issuer by performing a robust climate risk and vulnerability assessment.⁸² The assessment must be proportionate to the scale of the activity and its expected lifespan, such that:</p> <ul style="list-style-type: none"> • for investments into activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using downscaling of climate projections; • for all other activities, the assessment is performed using high resolution, state-of-the-art climate projections across a range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 years climate projections scenarios for major investments. <p>The issuer has developed a plan to implement adaptation solutions to reduce material physical climate risks to the selected activities under the Framework.</p> <ul style="list-style-type: none"> • For new activities the Issuer ensures that adaptation solutions do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts. • For activities that involve upgrading or altering existing assets or processes, the Issuer must implement adaptation solutions identified within five years from the start of the activity. In addition, selected adaptation solutions must not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts. 	<p>SpaBol’s parent banks have established due diligence processes and credit strategies, including processes to assess climate and ESG risks related to customers during loan applications and credit assessments.</p> <p>SpaBol’s three main owner banks in the Alliance – SMN, SNN and SpareBank 1 Østlandet – map climate risks using the TCFD template. Additionally, risk assessments are conducted in view of short-, medium- and long-term horizons. For example, for flooding risk, 20-year flood zones will be investigated and the same will be done for the risk represented by storm surges. For the latter, the current sea level is taken into account. For landslides, risk zones close to unstable mountain areas are considered.</p> <p>Regarding physical climate risk assessment for the buildings, SpaBol notes the following are built into the TEK building codes regarding physical risks of green buildings:</p> <ul style="list-style-type: none"> i) Green buildings must follow Norwegian environmental requirements in the TEK building code, including undertaking an environmental risk assessment at the planning stage and applying relevant measures to reduce identified risks. ii) TEK10 and TEK17 (Chapter 7)⁸³ building codes require that new building projects be designed and executed in a way to ensure safety against natural stresses, including safety against floods, storm surges and landslides. <p>SpaBol has confirmed that climate adaptation solutions are part of compliance with TEK17 and the required environmental assessments in the planning stage.</p>	<p>Aligned</p>

⁸² The EU Delegated Act identifies several climate-related risks and classifies them into chronic or acute risks. Chronic risks include: changing temperature (air, freshwater, marine water), changing wind patterns, changing precipitation patterns and types, coastal erosion, heat stress, ocean acidification, sea-level rise and solifluction. Acute risks pertain to: heat or cold wave, wildfire, cyclone, hurricane, tornado, storm, drought, landslide, flood and glacial lake outbursts. For a complete list of climate-related risks, please refer to Section 2 of Appendix E of the EU draft delegated regulation (Annex 1), at: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12302-Climate-change-mitigation-and-adaptation-taxonomy#ISC_WORKFLOW

⁸³ TEK17 building codes, “Chapter 7 Safety against natural stresses”, at: <https://www.dibk.no/regelverk/byggteknisk-forskrift-tek17/7/7-1>

	<p>The Norwegian technical requirements for construction work include general requirements relating to protection against acts of nature, soil contamination and protecting selected habitats.</p> <p>To ensure protection of ecosystems and biodiversity, SpaBol has committed to comply with relevant provisions of TEK17, other national regulations on environmental impact assessment of the Norwegian Water Resources and Energy Directorate, the Nature Diversity Act and the Directorate for Nature Management.</p> <p>The Alliance is developing climate transition plans in addition to mitigation plans in relation to climate change.</p>	
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