



Green Bond Framework

December 2021

Contents

- This is SpareBank 1 Sørøst-Norge 3
- Sustainability in SpareBank 1 Sørøst-Norge..... 3
- SpareBank 1 Sørøst-Norge and Green Bonds 7
 - Alignment with Relevant Market Standards and Guidelines..... 8
- Use of Proceeds..... 9
 - Green Loan Portfolio..... 9
- Process for Project Evaluation and Selection..... 13
- Management of Proceeds 14
- Reporting..... 15
 - Allocation Report 15
 - Impact Report 15
- External Review 16
 - Second Party Opinion..... 16
 - Post issuance verification..... 16

This is SpareBank 1 Sørøst-Norge

SpareBank 1 Sørøst-Norge is a Norwegian savings bank active in the southeastern parts of Norway. We build our business on being close to our clients and providing them with a full-service product and advisory offering.

SpareBank 1 Sørøst-Norge was established in June 2021 as the result of a merger between SpareBank 1 BV and SpareBank 1 Telemark. The new bank, with approximately NOK 100 billion in business capital as of mid-2021 (incl. loans transferred to SpareBank 1 Boligkreditt AS/SpareBank Næringskreditt AS), builds on the extensive experiences of its predecessors and enables the creation of an even stronger local bank serving the regional private and corporate customer segments as well as supporting the local community. All decisions are made locally, and our aim is to be the leading banking provider for clients in our region.

SpareBank 1 Sørøst-Norge is part of the SpareBank 1 alliance, the second largest financial institution in Norway. Through this alliance, and its subsidiaries, we can provide our approximately 140,000 clients with competitive solutions within financing, savings, insurance, and payments. We currently have 17 branch offices and combined with a competitive product offering and 550 employees with strong knowledge of the regional market, we are a natural first choice for many clients in our region.

Sustainability in SpareBank 1 Sørøst-Norge

Through our predecessors, SpareBank 1 BV and SpareBank 1 Telemark, we have been an important supporter and contributor to a local sustainable community for more than 160 years. In order to continue to be a sustainable stakeholder to society, we must adopt to a constantly changing world.

Sustainability is and shall continue to be an integral part of SpareBank 1 Sørøst-Norge's business strategy. With closeness to our customers and a strong knowledge of local environmental and social conditions, our aim is to contribute to value creation which will develop our society in a sustainable direction.

We intend to take societal, environmental and social considerations into account in our day-to-day operations. Our vision is that 30 years from now we should see the footprint of our contributions locally towards a sustainable transition and development.

Financial stability, both locally and globally, is constantly challenged by economic crime, climate change, unsustainable use of natural resources, and social unrest. This has implications for our own organisation as well as for our clients. Conversely, we have the possibility to impact this development ourselves by the way we conduct our business – e.g. through the lending we provide, the requirements we place on borrowers, the savings advice we provide our clients, the external activities and initiatives we choose to support, the insurance products we provide, and the expectations we place on suppliers and other stakeholders.

Our overarching objective is to significantly strengthen our positive impact and reduce our negative impact on people, environment, and society. This will be essential to remain competitive going forward – and it is part of the expectations we place on ourselves.

Sustainability Focus Areas

In 2018, SpareBank 1 BV conducted a materiality analysis which revealed the following areas as the most important for the bank's business:

- Fight economic crime
- Develop our employees
- Work with ethics and anti-corruption
- Drive sustainable business development in the local community

As a signatory of the UNEP FI Principles for Responsible Banking, SpareBank 1 BV in 2020 also conducted an impact assessment to further identify areas where we have the greatest chance of having positive and negative impacts.¹ For the assessment, the bank used the Portfolio Impact Analysis Tool for Banks developed by the UNEP FI, and the analysis gave the following results:

- Within the retail market, the Bank has the greatest chance of having positive impacts within job creation, housing and sustainable markets, and negative impacts in relation to waste, the climate and resource security.
- Within the corporate market, the Bank has the greatest chance of having positive impacts within sustainable markets and job creation, and negative impacts in relation to waste, the climate and job creation.

These topics remain of highest importance for our new combined organisation, and have led us to develop a sustainability strategy covering both retail banking, corporate banking and the rest of the group’s activities, which aims to:

- move beyond compliance in the fight against economic crime (“*Responsible*”);
- substantially ramp up our internal competence building on sustainability, and cooperate with the bank’s owner foundations to share sustainability knowledge with customers and society at large (“*Dedicated*”);
- double the bank’s green exposures to 25 bn NOK by 2025, and become the customer’s sparring partner and advisor on sustainability issues (“*Carbon-conscious*”).



Sustainable Lending Practices

Our greatest environmental and social impact is through the lending we provide to our clients. Providing loans to private and corporate clients is our core business, and we shall work to increase our positive impact, and reduce our negative impact, in cooperation with our clients. We expect our clients to have an active approach to sustainability, and to adhere to laws, regulations and international as well as local standards for environmental, social and governance practices.

Responsible lending practices is an important part of our mission and holds a central role in our sustainability work. When evaluating potential and existing clients several ESG-related risks are assessed, and companies

¹ <https://www.sparebank1.no/content/dam/SB1/bank/bv/OmOss/barekraft/rapportering-2020/bv-barekraft-PRB-reporting-and-self-assessment-template.pdf>

involved in certain business activities are rejected. These include, but are not limited to, links to thermal coal, tar sand, nuclear power, water shortages, trade with endangered species, controversial weapons, tobacco, pornography, environmental misconduct, as well as violations of human and labour rights.

Sustainability issues are now part of the routine dialogue with business clients, and the sustainability team frequently participates in client meetings to discuss both risks and opportunities. Where high ESG-related risks are identified, credit decisions are escalated to a higher managerial level and the bank's Sustainability Team is informed and consulted. The risks will be evaluated against possible mitigation measures and contractual responsibilities before any final decision can be made.

As of 2021, all new corporate loans are subject to a specific ESG review through a dedicated sustainability module integrated in the loan processing system. The module was developed in collaboration with the SpareBank 1 alliance in which SpareBank 1 Sørøst-Norge played a significant role. Containing both generic ESG questions and sector/industry-specific questions, the module covers the most important lending sectors and risk areas.

Fact Box: Responsible Lending in Practice – Real Estate

The largest lending exposure in SpareBank 1 Sørøst-Norge is to existing real estate through mortgage loans to private customers, loans to corporate customers with property rentals income, and loans to corporate customers in other industries secured by existing properties. Construction and real estate currently stand for around 16% of the greenhouse gas emissions in Norway, when taking both direct and indirect emissions into account, and 40% of the country's energy consumption. Via the lending we provide to this sector we have the possibility of incentivising sustainable choices and thereby reducing emissions.

We can do this by encouraging renovation instead of demolishing, recycling and reuse of materials during renovation, use of new materials with a lower climate footprint, and ensuring that the building has lower energy consumption and better adaptation to physical climate risks after the renovation than before it.

Emissions from the construction phase represent a significant part of the life-cycle emissions of buildings. In addition to stimulating to make climate friendly choices related to material and energy use in the building itself, we also support project developers and their contractors in the transition to zero-emission solutions at the construction site, for example through favourable leasing terms.

As a responsible lender, we also focus on ensuring safe and healthy working environments in the development projects we finance, and for most projects, depending on our exposure, we engage with independent consultants to evaluate performance.

We currently offer more favourable terms for loans financing energy-efficient and low-climate-risk residential and commercial real estate, and we are assessing additional lending products that can further stimulate energy efficiency and climate change adaptation in the sector.

Internal Governance

The Board of Directors in SpareBank 1 Sørøst-Norge is responsible for the bank's sustainability policy and strategy, and our CEO is responsible for the implementation across the organization including establishing frameworks for ESG-related risk management practices. Our Executive Management team oversees our sustainability risk reporting activities and will, where necessary, ensure coordination of sustainability initiatives across our business areas. The Sustainability Team is the main coordinator and initiator in sustainability-related efforts across the bank. The Head of Sustainability is responsible for identifying sustainability and climate related risks and together with our Head of Risk ensure that such risks are incorporated in the bank's general risk management procedures.

In addition, we have ambitious and detailed policies and guidelines in place covering areas such as business ethics, corruption, anti-money laundering and sustainable purchasing.

The business area managers are responsible for the actual compliance with applicable rules and guidelines, and for ensuring that targets and measures relevant to the business area are known to their employees. All employees are expected to understand and comply with current routines, guidelines and regulations within their area of work, and should notify their manager of any suspected breaches of rules and guidelines.

Emission Reduction Targets and Sustainability Reporting

We measure our carbon-related credit exposure across sectors on an annual basis. We have no or very limited exposure to particularly high-emitting sectors, but we are committed to promote emission reduction across the various industries where our clients operate. We have therefore set a target to reduce the carbon intensity of our lending portfolio by 7% annually. If during a given year we are not in alignment with this target, we will purchase high-quality carbon credits to compensate for the difference, or if possible invest a corresponding amount locally to reduce greenhouse gas emissions.

To better understand our climate-related risks and opportunities we report in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and our annual Sustainability Report is conducted in line with the Global Reporting Initiative (GRI) reporting standard.

Internally, reporting on sustainability-related risks, including climate risk, is part of the ordinary risk reporting to Group Management and the Board of Directors which is conducted on a quarterly basis. This reporting also contains information on the status of the strategy work and measures to implement the strategy, regulatory changes and any associated updates to policies and procedures, as well as any relevant incidents or media coverage relating to the area of sustainability.

Adherence with Relevant Local and International Standards

Member of UN Global Compact



We are a signatory to the **UN Global Compact**, supporting their ten principles in the areas of human rights, labour, environment and anti-corruption.

Signatory to UNEP FI Principles for Responsible Banking



We signed the **UN Principles for Responsible Banking** when they were officially launched in 2019 promoting banks to take a leading role in achieving the UN Sustainable Development Goals and meeting the obligations of the Paris Agreement. We were the world's first bank to have our reporting on our implementation of the principles reviewed by UNEP FI.




Eco-Lighthouse certification



We are certified under the new banking and financial criteria of the Eco-Lighthouse certification scheme, which means we take into account climate and environmental aspects related to lending, financing, savings and deposits, and management of the Group's own funds. The Bank assesses annually whether we have achieved the Eco-Lighthouse targets we have set for our operations, whether the measures have worked, and whether we operate in accordance with the banking and financial criteria. The Eco-Lighthouse certification is a widely recognised environmental management system that helps us work purposefully over time, both in relation to our clients and also within the areas of working environment, waste management, energy use, procurement and transport.

UN Sustainable Development Goals

SpareBank 1 Sørøst-Norge supports the UN Sustainable Development Goals and based on our materiality analysis as well as our analysis of risks and opportunities within the sustainability field, we have chosen to focus on the following targets. These are the targets that we believe are the most relevant to us, and where we can have the greatest positive impact.

UN SDGs	Target areas we focus on
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.3 Promote productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>8.5 Decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries</p> <p>9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets</p> <p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>11.a Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning</p> <p>11.b Increase resilience to, and reduce economic loss following, disasters</p>
 <p>13 CLIMATE ACTION</p>	<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters</p> <p>13.a Contribute to Norway reaching its target to reduce greenhouse gas emissions in accordance with the Paris Agreement</p>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>16.4 Contribute to reduce illicit financial and arms flows and combat all forms of organized crime</p> <p>16.5 Reduce corruption and bribery in all their forms</p>

The SpareBank 1 Alliance adherence



The SpareBank 1 banks' jointly owned asset manager, Odin, is a signatory of the **Principles for Responsible Investments (PRI)** and the SpareBank 1 Group is a sponsor of the **Global Opportunity Explorer**, an initiative to integrate the UN's Sustainable Development Goals into practical solutions for cities and business opportunities for companies.



Furthermore, SpareBank 1 is also a member of the **Norway 203040 alliance**, which is a business-led climate initiative with the missions of acceleration the transition to a low-carbon economy and to support the Norwegian government in delivering on its national climate commitments by 2030. SpareBank 1 also scores funds according to their sustainability performance.

SpareBank 1 Sørøst-Norge and Green Bonds

Our largest contribution towards a low-carbon and climate-resilient future is through the lending we provide to our clients. By including sustainability as a natural part of our dialogue with clients, we have the possibility to actively nudge them in a greener direction. By providing funding for environmentally sustainable investments and projects, we enable our clients to be part of the green transition.

With this Green Bond Framework (the “Framework”) we want to promote our ambition of driving sustainable development in our region through the financing we offer our clients. The Framework defines the criteria for which loans can be financed by Green Bonds (“Green Loans”), and it also outlines the process to evaluate, select, track and report on such lending activities. Each Green Bond issued under this Framework will in their relevant transaction documentation refer to this Green Bond Framework. The terms and conditions contained in the underlying documentation for each issued Green Bond will specify the actual terms of the instrument.

This Framework may over time be updated, however new versions of the Framework shall have no implications for the Green Bonds issued under this version of the Framework.

Alignment with Relevant Market Standards and Guidelines

With this Framework, our aim is to meet best market practices by adhering to relevant standards and guidelines in the green finance market.

The Framework is aligned with the guidelines of the **Green Bond Principles**, published by the International Capital Markets Association (“ICMA GBPs”) in 2021 and has been prepared in cooperation with DNB. Each Green Loan category has been mapped against the different categories of the ICMA GBPs, as well as the **UN Sustainable Development Goals** (“UN SDGs”) and the relevant economic activities included in the **EU Taxonomy**. Our aim is also to adhere to the preliminary recommendations of the EU Green Bond Standard published in July 2021 in order to facilitate for a possible alignment once this standard becomes implemented.

The EU Taxonomy provides a classification system for identifying environmentally sustainable economic activities. The Taxonomy Regulation, which entered into force in July 2020, states that to qualify as environmentally sustainable, an economic activity should 1) make a substantial contribution to the achievement of one or several of EU’s six overarching environmental objectives, 2) do no significant harm to the achievement of any of the other environmental objectives, and 3) meet minimum social safeguards.

In April 2021, the first set of delegated acts providing technical screening criteria for two of the environmental objectives – **Climate Change Mitigation** and **Climate Change Adaptation** – were published.

The references in this Framework are based on these delegated acts. Based on currently available information, we believe the Green Loans financed under this Framework align well with the metrics and thresholds of the EU Taxonomy and have the potential to make a significant contribution to EU’s environmental objective of **Climate Change Mitigation**. CICERO has as part of their Second Party Opinion commented on the Taxonomy alignment of our Green Loan criteria.

We acknowledge that metrics and thresholds in the EU Taxonomy may still change, and that set thresholds will most likely also change over time. It is our aim to monitor the development, and when deemed necessary by SpareBank 1 Sørøst-Norge, this Green Bond Framework may be updated to further harmonise with the EU Taxonomy. In our annual Green Bond report, we also aim to provide additional information around the developments of the EU Taxonomy and its possible implications for our Green Loan criteria and activities.

Use of Proceeds

An amount equal to the net proceeds from Green Bonds issued under this Green Bond Framework will be used to finance a portfolio of loans that promote the transition towards low-carbon and climate-resilient development (“Green Loan Portfolio”).

Only such loans that comply with the list of Green Loans below are deemed eligible to be financed by Green Bonds. Green Bond net proceeds can be used for the financing of new loans, as well as for refinancing purposes.

For the avoidance of doubt, Green Bonds will not be used to finance investments linked to fossil energy generation, nuclear energy generation, research and/or development within weapons and defense, potentially environmentally negative resource extraction, gambling, pornography or tobacco, nor other activities in violation of the bank’s established sector guidance.


Green Loan Portfolio

Green Bonds issued under this Framework will finance and refinance loans within the following Green Loan categories:

- Green Buildings
- District Heating and Cooling
- Renewable Energy
- Sustainable Manufacturing and Technology

The Green Loan criteria for each category are further described on the following pages.

Green Buildings

Green Loan Criteria		
<p>Loans financing the acquisition, ownership, construction, and renovation of residential, commercial, and public buildings meeting the following criteria:</p> <p>Buildings built in 2021 or later</p> <ul style="list-style-type: none"> • Buildings with an energy consumption that is 10% lower than national minimum requirements (TEK17); or • Buildings with BREEAM-NOR 3.0² Excellent certificate. <p>For buildings larger than 5.000m², (i) upon completion having undergone testing for air-tightness and thermal integrity (unless robust and traceable quality control processes are in place during construction), and (ii) calculation of the Global Warming Potential for each stage of the life cycle.</p> <p>Buildings built before 2021</p> <ul style="list-style-type: none"> • Buildings with Energy Performance Certificate A; or • Buildings within the top 15% of the national or regional stock in terms of primary energy demand, defined as <ul style="list-style-type: none"> - buildings built according to Norwegian building codes of 2010 (TEK10) or 2017 (TEK17) (to ensure TEK10-alignment, we use a conservative 2-year time lag and include buildings built from 2012 and onwards, for hotels and restaurants we use a 3-year time lag), however for buildings built prior to 2012, to have at least Energy Performance Certificate B; or • Commercial buildings with BREEAM-NOR Excellent certificate or better, and minimum 6 credits in the BREEAM-NOR “Energy” category³. <p>For large, non-residential buildings (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.</p> <p>Renovated buildings</p> <ul style="list-style-type: none"> • Costs related to renovations leading to a reduction in primary energy demand of at least 30%. • For the full building to qualify, it should after renovations be expected to meet the criteria above for buildings built either before or after 2021. <p>Residential buildings used for leisure (cabins) are excluded.</p> <p>Commercial buildings used for the exploration, extraction, refining and distribution of fossil fuels as well as other industry-specific buildings of emission intensive industries are excluded. Furthermore, shopping malls and airport buildings, with associated parking lots, are also excluded</p>		
ICMA GBPs	UN SDGs	EU Taxonomy Environmental Objective
Green Buildings		Climate Change Mitigation

Alignment with the EU Taxonomy

Below we have mapped our Green Loan criteria for Green Building against the relevant economic activities of the EU Taxonomy and their criteria for ensuring **substantial contribution** to EU’s first environmental objective – **Climate Change Mitigation**.

- **Construction of new buildings:** The EU Taxonomy states that buildings built in 2021 or later should have an energy consumption that is 10% lower than Nearly-Zero Energy Buildings (NZEB). NZEB

² Expected to be in effect from 1st quarter 2022.



³ https://www.breeam.com/BREEAMIntNDR2016SchemeDocument/content/06_energy/ene01_nc.htm

requirements are yet to be implemented in Norway, and therefore this Framework uses the latest Norwegian building code available (TEK17) as a proxy.

- **Acquisition and ownership of buildings:** Buildings built before 2021 should, according to the EU Taxonomy, either have an Energy Performance Certificate A or be within the top 15% of the national or regional stock in terms of primary energy demand. We have relied on data from Multiconsult concluding that if limiting our scope to buildings built between 2012 and 2020 (based on TEK10 and TEK17) we identify a portfolio of buildings following the highest regulatory requirements for energy performance while also staying within the 15% threshold.
- **Renovation of existing buildings:** Our criteria mirror those in the EU Taxonomy.

Alignment with the criteria for ensuring **no significant harm** towards other environmental objectives of the EU Taxonomy is elaborated in the Appendix to the Second Party Opinion.

District Heating and Cooling

Green Loan Criteria		
Loans financing the acquisition, construction, development, operation, maintenance, and improvement of facilities and related infrastructure for district heating and cooling where at least 95% of the fuel comes from renewable sources such as locally supplied forestry waste and residues, recycled wood waste, or waste heat from nearby industries.		
ICMA GBPs	UN SDGs	EU Taxonomy Environmental Objective
Energy efficiency	 	Climate Change Mitigation



Alignment with the EU Taxonomy

Below we have mapped our Green Loan criteria for District Heating and Cooling against the relevant economic activities of the EU Taxonomy and their criteria for ensuring **substantial contribution** to EU's first environmental objective – **Climate Change Mitigation**.

- **District heating/cooling distribution:** The EU Taxonomy states that the system should use at least 50% renewable energy, 50% waste heat, 75% cogenerated heat or 50% of a combination of such energy and heat.
- **Production of heat/cool from bioenergy:** The EU Taxonomy criteria focus on ensuring that forest biomass is not derived from unsustainable production. Our criteria ensure locally supplied materials, where Norwegian standards and regulations apply, ensuring sustainable sourcing.
- **Production of heat/cool from waste heat:** Waste heat is an eligible fuel source according to the EU Taxonomy.

Alignment with the criteria for ensuring **no significant harm** towards other environmental objectives of the EU Taxonomy is elaborated in the Appendix to the Second Party Opinion.

Renewable Energy

Green Loan Criteria		
<p>Loans financing the acquisition, installation, construction, development, operation, maintenance, and improvement of:</p> <p>Renewable energy</p> <ul style="list-style-type: none"> Renewable energy plants and installations, as well as manufacturing of relating technologies and equipment, within the following renewable energy categories: <ul style="list-style-type: none"> Wind power (onshore and offshore) Solar PV equipment (excluding the building if the system is roof-based) Hydropower with a power density above 5W/m², or life-cycle emissions below 100g CO₂e/kWh, or run-of-river plants without artificial reservoirs <p>Related infrastructure</p> <ul style="list-style-type: none"> Smart grid solutions, smart meters, and other monitoring systems aimed at enabling reduction of energy consumption. <p>Loans may be for specific assets and projects or to companies with ≥90% of their revenues from activities aligned with defined criteria.</p>		
ICMA GBPs	UN SDGs	EU Taxonomy Environmental Objective
<ul style="list-style-type: none"> Renewable energy Energy efficiency 	 	<ul style="list-style-type: none"> Climate Change Mitigation

Alignment with the EU Taxonomy

Below we have mapped our Green Loan criteria for Renewable Energy against the relevant economic activities of the EU Taxonomy and their criteria for ensuring **substantial contribution** to EU’s first environmental objective – **Climate Change Mitigation**.



- Electricity generation from wind power:** Wind power is aligned with the EU Taxonomy criteria for substantial contribution.
- Electricity generation using solar photovoltaic technology:** Solar power is aligned with the EU Taxonomy criteria for substantial contribution.
- Electricity generation from hydropower:** Our criteria for hydropower mirrors those in the EU Taxonomy. According to a report from the IPCC, CO₂ emissions from hydropower vary greatly depending on project and location, with a global median around 20g CO₂e/kWh⁴. A study performed in 2019 by the Norwegian Institute for Sustainability Research (NORSUS) on Norwegian hydropower, indicates average life-cycle emissions of around 3.3g CO₂e/kWh. In addition, the study notes that hydropower plants in Norway tend to be located at high altitudes where there is little vegetation as well as colder climate, which leads to limited extra methane emissions from algae growth with could develop in the water storage basin where the climate is warmer⁵.
- Transmission and distribution of electricity:** Transmission and distribution infrastructure belonging to the interconnected European system, including Norway, and its subordinated systems are aligned with the EU Taxonomy criteria for substantial contribution.

⁴ [ipcc_wg3_ar5_chapter7.pdf](#)

⁵ [AR-01.19-The-inventory-and-life-cycle-data-for-Norwegian-hydroelectricity.pdf \(norsus.no\)](#)

Alignment with the criteria for ensuring **no significant harm** towards other environmental objectives of the EU Taxonomy is elaborated in the Appendix to the Second Party Opinion.

Sustainable Manufacturing and Technology

Green Loan Criteria		
<p>Loans financing manufacturing or industrial facilities, processes or technologies based on Best Available Technology (BAT) ensuring one or several of the following objectives:</p> <ul style="list-style-type: none"> • Increasing prevention, collection, sorting, recovery, and recycling of waste⁶ • Replacing fossil-based energy sources with low-carbon alternatives • Reducing energy consumption by at least 30% • Reducing water consumption by at least 30% • Significantly reducing GHG emissions by at least 30% • Developing circular economy adapted products, production technologies and processes • Increasing resilience against the effects of climate change <p>All loans in this Green Loan category will be subject to an individual due diligence and approval process conducted by the Green Bond Committee, evaluating the expected environmental impact on a case-by-case basis.</p>		
ICMA GBPs	UN SDGs	EU Taxonomy Environmental Objective
<ul style="list-style-type: none"> • Energy efficiency • Pollution prevention and control • Sustainable water and waste-water management • Circular economy adapted products, production technologies and processes, and/or certified eco-efficient products • Climate change adaptation 	 	<ul style="list-style-type: none"> • Climate change mitigation • Climate change adaptation • Sustainable use and protection of water and marine resources • Transition to a circular economy • Pollution prevention and control • Protection and restoration of biodiversity and ecosystems.

Alignment with the EU Taxonomy

Given the diverse nature of activities that may fall within this category, references to alignment with the EU Taxonomy criteria for **substantial contribution** and **do no significant harm** to EU’s environmental objectives will be made in our annual Green Bond Report.

⁶ For avoidance of doubt, emission intensive machinery will not be included, and waste-to-energy facilities, as well as equipment to make use of waste heat, must comply with the criteria under District heating.

Process for Project Evaluation and Selection

To ensure the transparency and accountability around the selection of Green Loans, SpareBank 1 Sørøst-Norge has established an internal Green Bond Committee responsible for this Green Bond Framework and the Green Loan criteria included herein. The committee will be responsible for the evaluation and selection of loans for inclusion in the Green Loan Portfolio.

The Green Bond Committee consists of members from the Credit Management, Sustainability and Treasury teams in SpareBank 1 Sørøst-Norge. Other internal representatives with specific expertise may be invited from time to time when deemed necessary. All decisions will be made in consensus, and the Head of Sustainability holds a veto.

All lending activities in SpareBank 1 Sørøst-Norge must go through the regular and applicable credit approval processes. The terms and conditions that govern our business lending require borrowers to comply with all applicable laws, regulations and practices and that they comply with all authorisations, consents, approvals, waivers, resolutions, licenses, permits, exemptions or registrations related to the projects financed. In addition, to qualify as a Green Loan, the loan must meet the Green Loan criteria defined in the Use of Proceeds section of this Framework. Only such loans that meet these criteria are eligible to be financed with Green Bonds. Relevant business units in SpareBank 1 Sørøst-Norge, such as representatives from our corporate and retail banking segments, can nominate loans for inclusion in the Green Loan Portfolio. The Green Bond Committee will keep a register of the portfolio of identified Green Loans.

The Green Bond Committee holds the right to exclude, at their own discretion, any Green Loans already funded by Green Bonds. If a Green Loan already included in the Green Loan Portfolio no longer meets the criteria in this Framework, as evaluated by the Green Bond Committee, it will be removed from the Green Loan Portfolio.

To ensure traceability, all decisions made by the committee will be documented and filed.

The Green Bond Committee is also in charge of potential future oversight and updates of this Framework. Potential future updates of this Framework will have no impact on the Green Bonds issued under this version of the Framework.

Management of Proceeds

An amount equal to the net proceeds from issued Green Bonds will be allocated toward the financing and refinancing of our Green Loan Portfolio.

The Treasury department of SpareBank 1 Sørøst-Norge will endeavor to ensure that the value of the Green Loan Portfolio at all times exceeds the total nominal amount of Green Bonds outstanding.

Net proceeds from Green Bonds awaiting allocation to the Green Loans Portfolio will be managed according to the regular liquidity management policy of our Treasury department. The exclusions listed in the Use of Proceeds section of this Framework also apply for such temporary holdings of net proceeds.

Reporting

To enable investors and other stakeholders to follow our issuance of Green Bonds, and the developments and impact of our Green Loan Portfolio, a Green Bond Report will be made available on our website. The Green Bond Report will include an **Allocation Report** and an **Impact Report** and will be published annually as long as there are Green Bonds outstanding or until full allocation.

Allocation Report

The allocation report will include the following information.

- Size of the identified Green Loan Portfolio and each Green Loan category
- Nominal amount of Green Bonds outstanding
- Share of the Green Loan Portfolio currently financed by Green Bonds
- Amount of net proceeds awaiting allocation (if any)
- Information on possible changes/developments in the EU Taxonomy regulation and delegated acts criteria or Norwegian laws and regulations that may be of relevance for our Green Loan criteria

Impact Report

The impact report aims to disclose the environmental impact of the Green Loans financed by Green Bonds.

Impact reporting will be aggregated for each Green Loan category, and depending on data availability, calculations will be made on a best intention basis. SpareBank 1 Sørøst-Norge will contract an independent third party to assist with impact calculation and analysis. SpareBank 1 Sørøst-Norge will align, on a best effort basis, our impact reporting with the portfolio approach described in "Handbook – Harmonized Framework for Impact Reporting" (April 2020).

The impact assessment may, where applicable, be based on the metrics listed below.

Impact reporting metrics

Green Buildings

Estimated annual energy consumption (kWh/m²) and annual GHG emissions (tCO₂e) compared to baseline.

District Heating and Cooling

- Financed energy generation capacity
- Estimated annual GHG emissions (tCO₂e) compared to baseline

Renewable Energy

- Financed energy generation capacity
- Estimated annual avoidance of GHG emissions (tCO₂e)

Manufacturing and Technology

Examples of individual loans/activities included in the Green Loan portfolio including indication of their environmental impact in relation to the relevant EU taxonomy environmental objective.

External Review

Second Party Opinion

SpareBank 1 Sørøst-Norge has obtained a pre-issuance Second Party Opinion from CICERO Shades of Green to confirm the transparency of this Green Bond Framework and its alignment with the ICMA Green Bond Principles, published in 2021.

The Second Party Opinion also includes an assessment around the Taxonomy-alignment of the Green Loan criteria included in this Framework.

The Second Party Opinion will be made available on our website, together with this Green Bond Framework.

Post issuance verification

An independent auditor appointed by SpareBank 1 Sørøst-Norge will provide a limited assurance report confirming that an amount equal to the net proceeds from issued Green Bonds has been allocated in line with the criteria of this Green Bond Framework.

This report will be made available on our website.