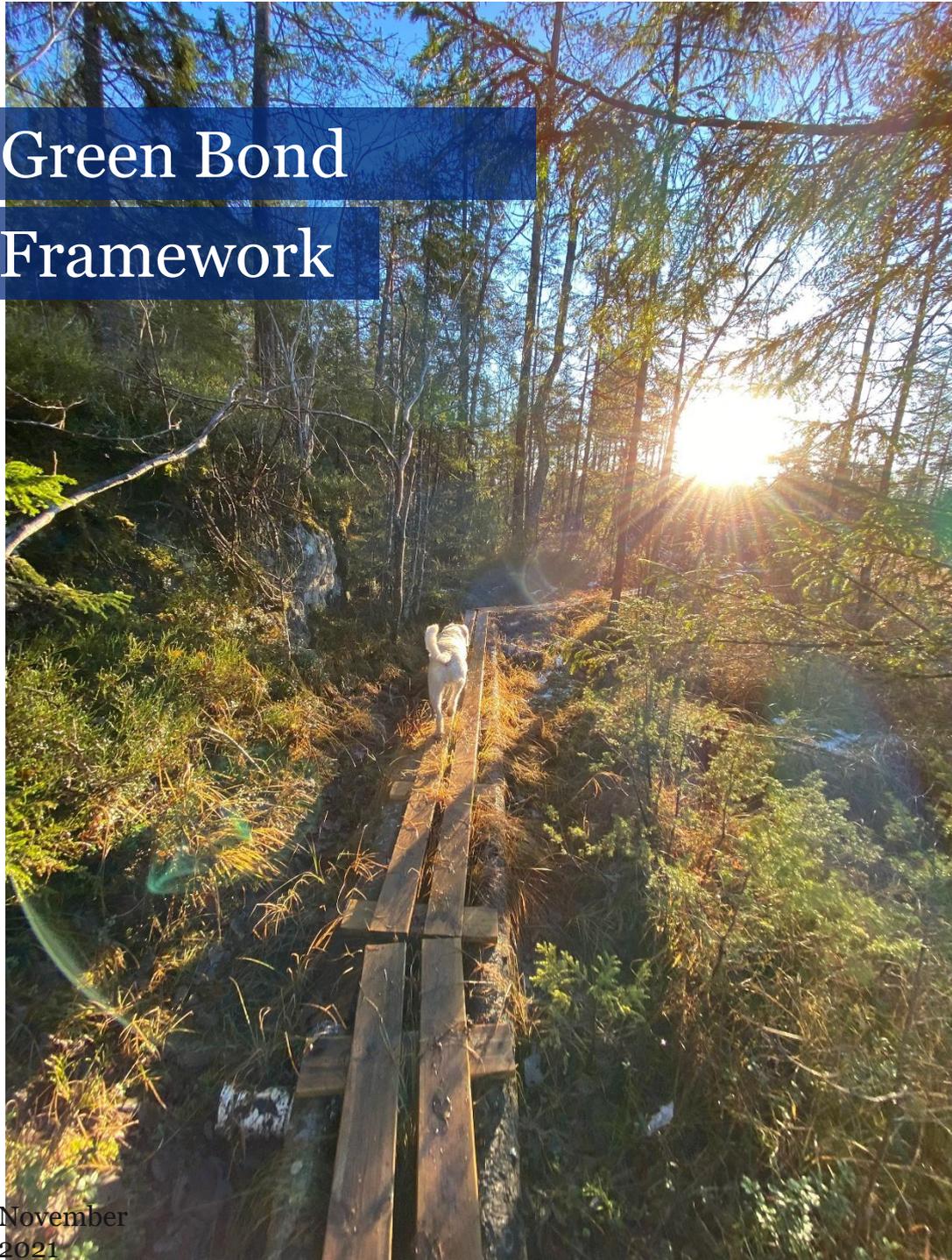


# Green Bond Framework



November  
2021

## **ABOUT SPAREBANK 1 RINGERIKE HADELAND**

Sparebank 1 Ringerike Hadeland is a part of the Sparebank 1-alliance that consist of 14 individual saving banks across the country. We have four offices in the Ringerike-, Hadeland-, and Nittedalregion in the southern part of Norway, and a history dating over 180 years back. We have 59 000 clients and a lending portfolio of NOK 37 billion outstanding. It is important for us to contribute to our local community, and we engage actively in initiatives aimed at developing our region. We understand local differences and provide a wide range of financial services including loans, deposits, advisory, insurance and pension for both private and corporate clients. We have a stated goal to develop the local community and region. We want to create and preserve values in the region.



## **SUSTAINABILITY AT SPAREBANK 1 RINGERIKE HADELAND**

We take pride in being a local and community-based contributor. Our focus on sustainability therefore include both environmental and social aspects. We contribute within culture, youth sports and local infrastructure to develop and build the region where we are present. We want to create opportunities for our region and the people who live there.

Sustainability is at the very core of everything we do. With our long history and local presence, we want to contribute to a sustainable development with a local focus. As this is where we can make the biggest difference. With our local presence we contribute to all aspects of the ESG term; Environmental, Social and Governance. We have defined this in our sustainability strategy which is available on our website.

In our sustainability strategy we have defined three focus areas. Even though we do we have a holistic view on sustainability, we have decided to focus on these areas as this is where we can make the biggest impact. The focus areas are (1) Our own organization, (2) Products and services, and (3) Local community contribution.

### [Our own organization](#)

Our ESG-responsibility starts with ourselves. Our organization and employees are skillful, committed and future oriented. We integrate sustainability into all everything that we do.

We aim be role models by reducing our CO2 footprint, ensuring sustainable consumption and responsible waste management. Our organization works actively to give all employees the same career opportunities, and to increase diversity in leadership positions. We build our competence, to be able to help our customers in the transition to a low-emission society. We do this through advisory services on sustainability and ESG.

Products and services

We work together with our customers to achieve the sustainability goals. We will contribute to awareness, knowledge, competence, and rapid innovation and improvements.

This is how we do it:

- Create awareness around sustainability through customer meetings
- Build awareness and knowledge concerning climate risk among our customers
- Assess ESG factors in the credit processes
- Offer relevant and profitable green financing products
- Help customers build long term sustainable economic values

We do not finance customers who operate in violation of our sustainability principles.

Local community contribution

Our bank was established as a tool for enabling growth and development locally, and we will continue to do so. Therefore, we are proactive regarding the work of developing financial competence in the local community, strengthening the educational institutions, providing financial support to local charitable teams and associations who contribute to better conditions and local environmental measures.

**UN SUSTAINABLE DEVELOPMENT GOALS**

We have developed an extensive sustainability strategy that can be found on our website. We have chosen the UN Sustainable Development Goals as our base line. We have a stated goal of contributing to all SDG's but have selected five of them that we find particularly relevant for our business. These are highlighted in the table below



**UNEP FI:** The UN's Principles for Responsible Banking has as purpose to contribute to developing the global financial sector in line with the UN SGD and the Paris Agreement. Our ambition is to sign the principles by the end of 2022.

**UN Global Compact:** Our ambition is to endorse, before the end of 2022, the UN initiative to implement universal sustainability principles (The UN SDG's) and to work continuously to improve within the areas Human Rights, Labor Rights, the Environment and Anti-corruption.

**TCFD:** We acknowledge the pressing need for transparency and standardization when disclosing and reporting climate challenges and risks. We have therefore incorporated reporting according to the TCFD in our organization.

## WE SUPPORT



## Framework Structure

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

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

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

### Exclusions

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



## Green Bond Framework

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



## 1. Use of Proceeds

The net proceeds of the Green Bonds issued, will be used to finance or re-finance (in part or in full) *Eligible Assets* that have been evaluated and selected by SpareBank 1 Ringerike Hadeland in accordance to this Green Bond

Framework. The table below defines the criteria according to which the Use of Green Bond Proceeds will be determined. An asset that meets the criteria will be eligible for a loan financed with the green funds raised under this Framework. The look back period for refinancing will not exceed five years.

Categories	Eligible Projects	UN SDG's
Renewable Energy	<p><i>Loans to finance or refinance acquisition, development, expansion, operation and maintenance of facilities for energy production from renewable sources, as well as supporting infrastructure.</i></p> <p>Renewable energy sources pertain to:</p> <ul style="list-style-type: none"> <li>• Biomass (chip firing) projects with:               <ul style="list-style-type: none"> <li>○ LCA emissions &lt; 100gCO<sub>2</sub>/kWh</li> </ul> </li> <li>OR</li> <li>○ ENOVA supported</li> <li>• Hydroelectric power projects:               <ul style="list-style-type: none"> <li>○ Small scale &lt; 25MW capacity</li> </ul> </li> <li>OR</li> <li>○ Large scale &gt; 25MW capacity with:               <ul style="list-style-type: none"> <li>▪ LCA emissions &lt; 100gCO<sub>2</sub>/kWh</li> </ul> </li> </ul> <p>AND/OR</p> <ul style="list-style-type: none"> <li>▪ Power density &gt; 5W/m<sup>2</sup></li> </ul> <p><i>Bioenergy from food- or feed crops will be excluded.</i></p> <p>Infrastructure to support transmission and distribution of renewable energy pertains to:</p> <ul style="list-style-type: none"> <li>• Improvement of existing transmission systems to facilitate integration of renewable energy sources into the grid</li> <li>• Construction of new transmission systems to facilitate integration of renewable energy sources into the grid</li> </ul> <p><i>Infrastructure to electrify oil-and gas production is excluded.</i></p>	<div style="text-align: center;">  <p>7. Ensure access to affordable, reliable, sustainable and modern energy for all</p> </div> <div style="text-align: center; margin-top: 20px;">  <p>13. Take urgent action to combat climate change and its impacts</p> </div>

<p><b>Green Buildings</b></p>	<p><i>Loans to finance or refinance the construction or acquisition of new or existing residential buildings.</i></p> <p><u>New Buildings</u></p> <ul style="list-style-type: none"> <li>• Built from 1<sup>st</sup> January 2021 <ul style="list-style-type: none"> <li>• Buildings that follow the relevant TEK standard and are 20% more energy efficient than current regulations*</li> </ul> </li> </ul> <p><u>Existing Buildings</u></p> <ul style="list-style-type: none"> <li>• Built between 2019-2021 <ul style="list-style-type: none"> <li>• Current standard (TEK17) + EPC = A</li> </ul> </li> <li>• Built between 2012-2018 <ul style="list-style-type: none"> <li>• Current standard (TEK10) + EPC = A or B</li> </ul> </li> <li>• Built before 2012 <ul style="list-style-type: none"> <li>• Relevant standard (TEK07 or earlier) + EPC = A or B or C</li> </ul> </li> </ul> <p><u>Refurbishments</u></p> <ul style="list-style-type: none"> <li>• ENOVA supported projects and solutions <ul style="list-style-type: none"> <li>○ Only project cost may be included</li> </ul> </li> <li>• Professional technical consultations, energy audits and management services related to the improvement of energy performance of buildings <ul style="list-style-type: none"> <li>○ Only project cost may be included</li> </ul> </li> <li>• Renovations leading to minimum 30% energy efficiency improvements, measured in specific energy (kWh/m<sup>2</sup>) compared to the calculated label based on the building code in the year of construction</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• Renovation leading to at least a two-step improvement in the EPC-label relative to the calculated label based on the building code in the year of construction. A lower threshold is set at an achieved EPC "D" <ul style="list-style-type: none"> <li>• Entire building is eligible for financing</li> </ul> </li> </ul> <p><i>Loans to finance or refinance the construction or acquisition of commercial buildings. **</i></p> <p><u>New Buildings</u></p> <ul style="list-style-type: none"> <li>• Built after 1<sup>st</sup> January 2021 <ul style="list-style-type: none"> <li>• Buildings that receive or is expected to receive one or more of the following certification standards: <ul style="list-style-type: none"> <li>○ A BREEAM or BREEAM-NOR "Excellent" (or better)</li> <li>○ Nordic Swan Ecolabel</li> </ul> </li> </ul> </li> </ul>	<div style="text-align: center;">  <p>7. Ensure access to affordable, reliable, sustainable and modern energy for all</p> </div> <div style="text-align: center;">  <p>11. Make cities and human settlements inclusive, safe, resilient and sustainable</p> </div> <div style="text-align: center;">  <p>12. Ensure sustainable consumption and production patterns</p> </div> <div style="text-align: center;">  <p>13. Take urgent action to combat climate change and its impacts</p> </div>

	<ul style="list-style-type: none"> <li>○ FutureBuild with Future Build ZERO criteria for “lavutslippsbygg og områder”</li> </ul> <p>AND</p> <ul style="list-style-type: none"> <li>• That has received, or is expected to receive one or more of the following energy efficiency thresholds <ul style="list-style-type: none"> <li>○ EPC = A</li> <li>○ At least 10% more energy efficient than national NZEB standard</li> <li>○ Receive a “Paris Proof” from Grønn Byggallianse***</li> </ul> </li> </ul> <p>•</p> <p><u>Existing Buildings</u></p> <ul style="list-style-type: none"> <li>• Built before 1<sup>st</sup> January 2021 <ul style="list-style-type: none"> <li>• Buildings that receive or is expected to receive one or more of the following certification standards: <ul style="list-style-type: none"> <li>○ A BREEAM or BREEAM-NOR “Excellent” (or better)</li> <li>○ Nordic Swan Ecolabel</li> <li>○ FutureBuild with Future Build ZERO criteria for “lavutslippsbygg og områder”</li> </ul> </li> </ul> </li> </ul> <p>AND</p> <ul style="list-style-type: none"> <li>• That has received, or is expected to receive one or more of the following energy efficiency thresholds <ul style="list-style-type: none"> <li>○ Build after 2019 → EPC A</li> <li>○ Build before 2019 → EPC= B</li> <li>○ Receive a “Paris Proof” from Grønn Byggallianse***</li> </ul> </li> </ul> <p><u>Refurbishments</u></p> <ul style="list-style-type: none"> <li>• ENOVA supported projects and solutions <ul style="list-style-type: none"> <li>○ Only project cost may be included</li> </ul> </li> <li>• Renovations leading to minimum 30% energy efficiency improvements, measured in specific energy (kWh/m<sup>2</sup>) compared to the calculated label based on the building code in the year of construction</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• Renovation leading to at least a two-step improvement in the EPC-label relative to the calculated label based on the building code in</li> </ul>	
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	<p>the year of construction. A lower threshold is set at an achieved EPC "D"</p> <ul style="list-style-type: none"> <li>Entire building is eligible for financing</li> </ul>	
<p>* In accordance with the EU Delegated Act, all buildings constructed from 1<sup>st</sup> January 2021 ought to have a primary energy demand (PED) measured in (kWh/m<sup>2</sup>/yr.), expressed through the EPC-label (Energy Performance Certificate) that is minimum 10% lower than the PED stipulated in the national definition of a NZEB building. In Norway, ENOVA is currently reviewing the current TEK17-standard, and a final definition of what constitutes a NZEB in Norway is expected to be readily available by the end of 2021. SpareBank 1 Ringerike Hadeland is committed to apply the 10% &lt; NZEB-criterion for all buildings constructed after 1<sup>st</sup> January 2021 when the new building standard is implemented. In the meantime, new buildings being 20% more energy-efficient than the current building standard (i.e. TEK17) will be eligible for financing under this framework.</p> <p>** Buildings heated directly by fossil fuels, airport buildings, gas stations, parking lots or in general heavily emitting industrial buildings are excluded, as well as buildings directly being used for the exploration, extraction, refining and distribution of fossil fuels. Shopping centres are eligible insofar as they are accessible by means of public transportation.</p> <p>*** <a href="#">Microsoft Word - Notat_ParisProof bygg.docx (byggalliansen.no)</a></p>		
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p>	<p><u>Agriculture:</u> <i>Loans to farms and projects/activities aligned with the relevant KSL-standards, that limit impacts on soil, marine environment and local flora and fauna, and do not deplete existing carbon pools, including:</i></p> <ul style="list-style-type: none"> <li>Projects/techniques/activities aligned with "Klimasmart Landbruk" <a href="#">(I)</a></li> <li>Loans to machinery, equipment or vehicles that run 100% on biofuel, biogas and/or electricity, such as tractors</li> <li>ENOVA supported initiatives and solutions</li> <li>Projects/activities supported by Innovation Norway's programs: "Renewable energy in agriculture": <a href="#">(I)</a> or "Support to bioeconomy projects": <a href="#">(II)</a></li> </ul> <p><i>Fossil fueled solutions will be excluded or carved out from the financing. Biofuels from feed-or food crops is excluded. Only fuels sold commercially in Norway are eligible as subject to EU Directive 2018/2001: <a href="#">Miljødirektoratet - biofuel sustainability</a></i></p> <p><u>Forestry and Reforestation:</u> <i>Loans to finance or refinance forest activities or projects aligned with environmentally responsible forest management, including:</i></p> <ul style="list-style-type: none"> <li>Loans to reforestation, planting of new forest</li> <li>Rehabilitation of degraded lands to facilitate reforestation</li> </ul> <p><i>All forest land must be certified in accordance with the FSC or PEFC standard (either at individual or group level)</i></p>	<div style="text-align: center;">  <p>13. Take urgent action to combat climate change and its impacts</p> </div> <div style="text-align: center; margin-top: 20px;">  <p>15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p> </div>

## 2. Selection and Evaluation of eligible assets

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

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

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

The Green Finance Committee is responsible for:

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

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

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

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

### 3. Management of proceeds

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

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



### 4. Reporting

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

The allocation report will include the following information:

- A list of all project categories financed including allocated or eligible amount
- Type of financing instruments utilized and respective outstanding amounts
- Information about the division of Green Bond Proceeds between new projects and loans, and refinancing

The impact reporting will include the following information:

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

The impact assessment is provided with the reservation that not all related data can be covered and that calculations therefore will be on a best effort basis. SpareBank 1 Ringerike Hadeland will strive to remain transparent in the methodologies applied in its assessments and estimations of quantitative impacts. The impact assessment may provide, if applicable and feasible, the following Key Performance Indicators (KPIs):

GBP Categories	Examples of impact indicators
<b>Renewable Energy</b>	Installed capacity (MW) Annual electricity generation (MWh)
<b>Green Buildings</b>	New and existing buildings: % of portfolio divided by year and/or EPC label  Annual GHG emissions avoided (in tonnes CO <sub>2</sub> eq.)  Renovations: Reduction in kWh/m <sup>2</sup> and/or CO <sub>2</sub> eq. relative to pre-investment situation
<b>Clean Transportation</b>	Number of charging stations financed
<b>Environmentally Sustainable Management of Living Natural Resources and Land Use</b>	Annual GHG emissions avoided (in tonnes CO <sub>2</sub> eq.)  Area reforested (km <sup>2</sup> or ha)

### Taxonomy Alignment

SpareBank 1 Ringerike Hadeland will strive to finance assets that are aligned with Regulation (EU) 2020/852 “The EU Taxonomy” and the complementary TSC (technical screening criteria) going forward. To demonstrate SpareBank 1 Ringerike Hadeland’s commitment to Taxonomy alignment, the issuer will report on the fraction of Green Financing

that is aligned with the Taxonomy at the time of reporting. This “Partial Alignment approach” will be displayed on a category basis.

## 5. External Review

### Second party opinion (pre-issuance)

SpareBank 1 Ringerike Hadeland will have its Green Bond Framework reviewed by CICERO Shades of Green AS who will issue a Second Opinion. The Second Opinion and the Green Bond Framework will be made public ally available on SpareBank1 Ringerike Hadeland’s web page.

### Third-Party Review (post-issuance)

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

