



# Askim & Spydeberg **SPAREBANK**

## Green Bond Framework

January 2024

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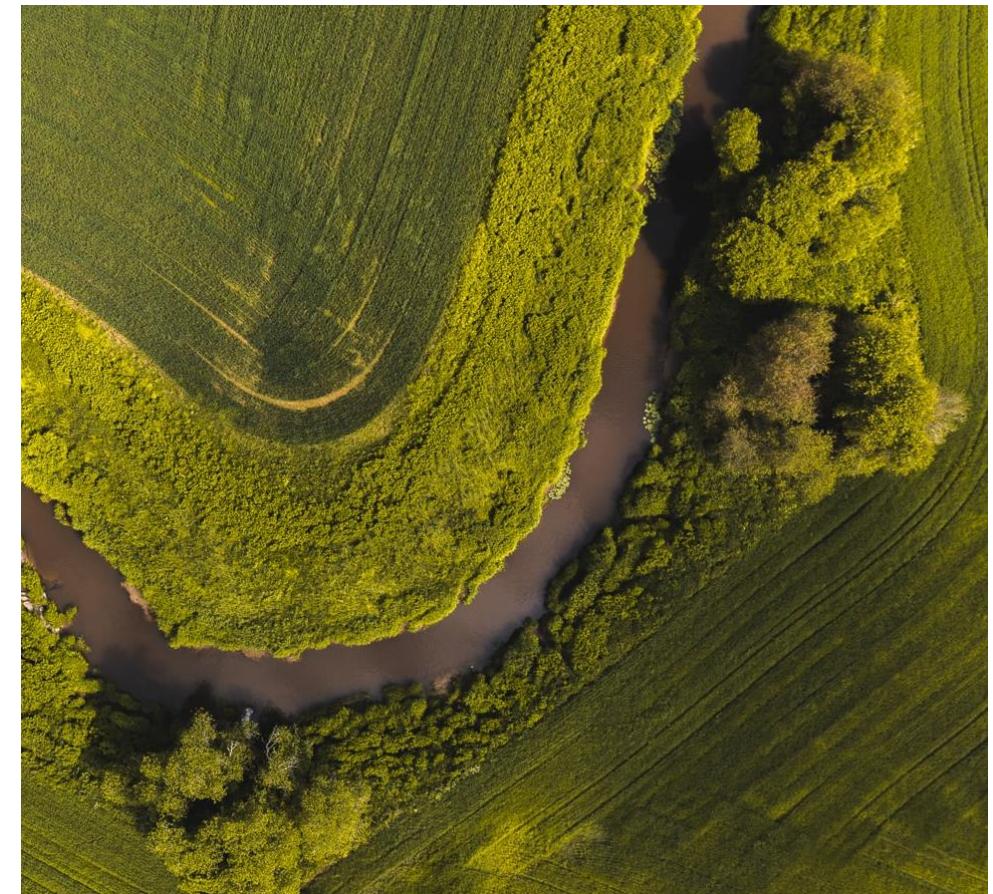
# Askim & Spydeberg Sparebank in brief

We have been the local bank since 1859, and each individual customer is important to us. This means that we try to take good care of our customers in a solid local bank. We want to give Askim & Spydeberg Sparebank's customer a service-oriented customer adviser with local knowledge, who makes quick decisions and who cares, both about the customer and the local community.

After the merger in 2015 between Askim Sparebank and Spydeberg Sparebank, Askim & Spydeberg Sparebank continues the long-standing banking traditions within our core market area which consists of Indre Østfold kommune, Marker, Rakkestad, Skiptvet) and Follo (Nordre Follo, Ås, Vestby, Frogn, Nesodden og Enebakk). We target mainly the local retail banking market, agriculture and forestry, as well as small and medium-sized businesses.

We are a local, independent savings bank with head office in Askim and branches in Spydeberg and Ski. We have 60 employees, a balance sheet of about NOK 12 billion and about 23,000 thousand customers.

**LOKALBANK™** We are part of the LOKALBANK alliance<sup>1</sup>, which consist of 10 independent banks. The purpose of the alliance is to share costs related to certain support common to the banks within the alliance, and share knowledge to improve our services.



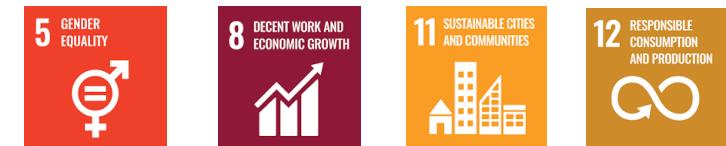
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<sup>1</sup> [Lokalbank.no](http://Lokalbank.no) | 10 selvstendige lokalbanker

# Sustainability in Askim & Spydeberg Sparebank

Sustainability is one of the bank's main goals in the overall strategy. The financial industry has a particular responsibility to ensure that value creation and profitability do not go at the expense of the climate, the environment and people. It is also very important that banks focus on basic ethical principles. We have established a sustainability strategy, which is intended to provide support to our employees in their daily work.

Askim & Spydeberg Sparebank has used the UN's sustainability goals as a compass to define the areas where the bank has the greatest opportunity to influence. Through internal working meetings, we have selected four of the sustainability goals the bank will focus on:



These goals are important and relevant for the bank's work to contribute to the local community becoming a good place for people to live. Some of the goals is more relevant to achieve the bank's internal targets, while others are goals where the bank must work together with external stakeholders to achieve (customers, suppliers, business partners, the local community, industry organizations and public authorities). To succeed in achieving our sustainability goals we believe there is a need for new and strong partnerships and consider the collaboration within the LOKALBANK alliance to be important in this respect.

Based on selected sustainability targets and the bank's aim to be a driving force for sustainable development in our local community, Askim & Spydeberg Sparebank has the following strategic goals:

Greenhouse gas emissions	Advisory	Green products offering	Competence development
Askim & Spydeberg Sparebank shall reduce its environmental footprint and greenhouse gas emissions. The bank has set reduction targets on paper use, use of non-electrical cars and airline flights.	Askim & Spydeberg Sparebank aim to assist the customers in their transition process and to make choices that contribute to the society becoming more sustainable. Our ambition is that the customer advisers can be an important discussion partner.	Offers green residential mortgage loans and green project development loans which contribute to reduce emission to air, soil and water which could be harmful to the environment.	Askim & Spydeberg Sparebank will continue its work with competence development, in particular related to sustainability and climate risk.

# Environmental footprint

Our ambition is that the employees care about the environmental challenges and preventing climate change. We must ensure that we as a bank operates in a sustainable way by focusing on mode of transport, procurement of office equipment and services, energy use, and waste management. We will continuously seek to reduce our climate and environmental footprint related to our operations.

The annual climate accounting report for measuring the bank's emissions is a useful tool, and together with the action plan for reducing our internal emissions, it has helped to create awareness among our employees as well as contributed to focus on actively implementing measures to help reducing the bank's emissions.

One of the areas we have focused on is **sustainable procurement**. In order to avoid waste and unnecessary consumption, we aim to purchase goods and equipment that are sustainable and of good quality. To the extent possible office furniture is repaired instead of buying new, and in the canteens, there has been a focus on reducing food waste.

## Our targets

Long term, the bank aim to have a sustainable credit portfolio. As a result, the bank has set a 2026 goal to increase the proportion of green mortgage loans in the retail customers loan portfolio to 25% and during 2024 achieve to provide MNOK 10 in green renovation loans (see details below).



# Sustainable and responsible credit practices

Askim & Spydeberg Sparebank has prepared guidelines for the customer advisors in order to assess risks related to climate and sustainability (ESG) in the credit assessments for corporate customers. The customer advisers assesses whether the loan serviceability and the value of collateral are exposed to risks as a result of climate changes and an increased public focus on sustainability. The customers' own assessment of their climate risk and their approach towards sustainability is described in the credit application and in cases where a customer is not sufficiently addressing climate change and risks linked to sustainability, we may require that customer commit to a plan to implement necessary measures to improve its performance prior to providing the loan.

The climate impact and risk assessments are carried out based on industry, mortgage objects, suppliers and customers. For customers belonging to industries that are particularly exposed in relation to climate and sustainability, a more thorough assessment is required. Particularly exposed industries are defined to be: Mining, Agriculture and Forestry, Fishing and Farming, Oil and Gas, Transportation, Large Construction Projects, Commercial Buildings (especially older buildings), Travel & Leisure.

In 2023, the bank formalized the ESG assessments in connection with submissions of credit proposal for corporate customers. The bank's customer advisers will seek to motivate and influence customers to reduce their climate footprint. The customer advisers for corporate customers have completed courses related to sustainability and climate risk. The banks in the LOKALBANK alliance have collaborated to develop a template for ESG assessments when granting credit to corporate customer.

## Green loans

In 2023, the bank launched green mortgage loans and green renovation loans:

- **Green mortgage loans** are offered to customers with homes that have Energy Performance Certificate A or B by Enova<sup>2</sup>. The product obtains better terms compared to the bank's conventional mortgage loans.
- **Green renovation loans** are offered to customers carrying out energy efficiency measures for their resident in the form of renovation, re-insulation and/or other energy-saving measures. The loans are intended to support implementing initiatives that are part of Enova's support schemes and obtain better terms than other loan products.

In 2024, the bank will launch green corporate loans and green agricultural loans:

- **Green corporate loans** are specifically aimed at companies and projects that have a positive environmental impact. These loans are designed to support businesses that want to implement environmentally friendly measures, reduce their environmental impact or develop sustainable products and services.
- **Green agricultural loans** are loans aimed at farmers and agricultural projects that have a strong focus on sustainability and environmental considerations. The purpose of green agricultural loans is to promote agriculture that is more sustainable, reduce the environmental impact and contribute to the conservation of natural resources.

<sup>2</sup> [Energimerking | Enova](#)

## We invest heavily in agriculture

Over the years, the agricultural industry has grown to become an important segment within the corporate market at Askim & Spydeberg Sparebank. Today, agriculture is a focus area for the bank.

**"The fact that agriculture and farming is large in the market area in which we operate means that we as Indre Østfold municipality's largest local bank have many different customers within the agricultural industry", says Ole Andreas Kvilesjø, head of the agriculture department in Askim & Spydeberg Sparebank.**

Askim and Spydeberg Sparebank can offer loans based on the needs a farm have. This applies to everything from overdraft and revolving credit facilities which take account fluctuations in liquidity, equipment & machinery leasing and general agricultural loans. The bank will soon also be launching "Green agriculture loans" a financing product that focus on sustainable agriculture.

**"We want to be the local bank for local and sustainable food production", says Emil Inversini, CEO of Askim & Spydeberg Sparebank. Previously serving as a Director at Landkreditt Bank, Inversini has a lot of experience and expertise in financing the agriculture industry.**



# Sustainability governance and reporting

The board is responsible for determining a strategy for the bank's sustainability work, and the CEO is responsible for implementing the strategy. In 2022, the bank established a separate sustainability group, which consists of the sustainability manager and representatives from various business areas and competence centers in the bank. The sustainability group is responsible for the work and follow-up of the bank's sustainability strategy, and reports to the bank's management. The purpose of the group is to contribute to bringing sustainability to all employees and to develop our products to satisfy demands from customers and regulatory requirements from authorities.

## Eco-lighthouse certification

In 2021, Askim & Spydeberg Sparebank was "Eco-lighthouse" certified, a national standard for environmental management with recognition from the EU<sup>3</sup>, and to maintain this the bank must work actively to comply with the requirements set by the certification. One of the requirements is to prepare an annual climate and environmental impact and risk report which follows the TCFD framework<sup>4</sup> and Finans Norge's guidance for the preparation of the report<sup>5</sup>. We consider the reporting to be a useful measure to create awareness internally and to set internal improvement targets.

## Global Reporting Initiative (GRI)

Askim & Spydeberg Sparebank intends to commence reporting based on GRI (Global Reporting Initiative). The purpose of GRI is to create a common standard for reporting on economic, environmental and social conditions<sup>6</sup>. Furthermore, the bank will map the energy labeling on the house mortgage loan portfolio as well as a physical risk analysis.



<sup>3</sup> [Stiftelsen Miljøfyrtårn \(miljofyrtarn.no\)](https://miljofyrtarn.no)

<sup>4</sup> [Task Force on Climate-Related Financial Disclosures | TCFD\) \(fsb-tcfd.org\)](https://fsb-tcfd.org)

<sup>5</sup> [Veiledning klimarisikorapportering - banker \(finansnorge.no\)](https://finansnorge.no)

<sup>6</sup> [GRI - Standards \(globalreporting.org\)](https://globalreporting.org)

# Askim & Spydeberg Sparebank and Green Bonds

With this Green Bond Framework (the “**Framework**”) we want to promote our ambition of contributing to a sustainable development through the financing of assets which contribute to a low-carbon society.

This Framework is aligned with the guidelines of the Green Bond Principles, published by the International Capital Markets Association (“**ICMA GBPs**”) with an updated version in June 2022<sup>7</sup>. Each Green Loan category has been mapped against the different categories of the ICMA GBPs, the UN Sustainable Development Goals (the “**UN SDGs**”), as well as the relevant economic activities included in the EU Taxonomy. Furthermore, our aim is to always meet best market practices by adhering to relevant standards and guidelines in the green finance market. 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.

Aligned with the ICMA GBP, the Framework defines the criteria for which loans are eligible to be financed by Green Bonds, 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.

## 1. Use of Green Bond Proceeds

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

Only such loans that comply with criteria for each of the Green Loans categories listed below are deemed eligible to be financed by Green Bonds (“**Green Loan Portfolio**”). Green Bond proceeds can be used for both the financing of new as well as for refinancing of existing Eligible Green Loans.

For the avoidance of doubt, Green Bonds will not be used to finance loans to customers linked to fossil energy extraction and/or generation, production of or research and development within weapons and defense systems, potentially environmentally negative resource extraction, gambling, pornography, or tobacco.

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<sup>7</sup>[Green-Bond-Principles\\_June-2022-280622.pdf \(icmagroup.org\)](https://www.icmagroup.org/green-bond-principles)

## Green Loan Portfolio

ICMA GBPs category	Green Loan criteria	UN SDG(s)	EU Taxonomy category
<b>Green Buildings</b> <u>Environmental objective:</u> - Climate change mitigation - Climate change adaptation	<p>Loans provided to finance ownership or renovation of residential, commercial, and public buildings which meets either of the criteria set out below:</p> <ul style="list-style-type: none"> <li>▪ <b><u>Buildings built in 2021 or later:</u></b> <ul style="list-style-type: none"> <li>- <b>Residential buildings:</b> Primary energy demand (PED)<sup>8</sup> is 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures<sup>9</sup>.</li> <li>- <b>Commercial and public buildings:</b> BREEAM-NOR or BREEAM In-use certificate notation as “Excellent” or better.</li> </ul> </li> <li>▪ <b><u>Buildings built before 2021:</u></b> <ul style="list-style-type: none"> <li>- <b>Residential buildings:</b> Energy Performance Certificate A, or alternatively, buildings within the top 15% of the national stock in terms of primary energy demand, defined as buildings built according to Norwegian building codes of 2010 (TEK10)<sup>10</sup> or 2017 (TEK17)<sup>11</sup>. Buildings built prior to 2012 must obtain an Energy Performance Certificate B or better.</li> <li>- <b>Commercial and public buildings:</b> BREEAM-NOR or BREEAM In-use certificate notation as “Excellent” or better.</li> </ul> </li> <li>▪ <b><u>Renovated buildings:</u></b> Major renovations leading to a reduction in primary energy demand of at least 30%<sup>12</sup>. For the full building to qualify after renovation, it should be expected to meet the criteria under #1 or #2 above.</li> </ul> <p><b>Exclusion:</b> Residential buildings used for leisure (cabins).</p>	 <b>11</b> SUSTAINABLE CITIES AND COMMUNITIES  <b>13</b> CLIMATE ACTION	<b>Climate Change Mitigation</b> 7.1 Construction of new buildings 7.7 Acquisition and ownership of buildings 7.2 Renovation of buildings

<sup>8</sup> The calculated amount of energy needed to meet the energy demand associated with the typical uses of a building expressed in kWh/m<sup>2</sup> per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC).

<sup>9</sup> [veiledning-om-beregning-av-primarenergibehov-og-nesten-nullenergibygg.pdf](http://veiledning-om-beregning-av-primarenergibehov-og-nesten-nullenergibygg.pdf) (regjeringen.no)

<sup>10</sup> To ensure TEK10-alignment, we use a conservative 2-year time lag and include buildings built from 2012 and onwards.

<sup>11</sup> If a new national definition of “top 15%” is developed TEK10 and TEK17 will be replaced with this.

<sup>12</sup> The initial primary energy demand and the estimated improvement is based on an energy audit conducted by an independent expert. The 30 % improvement results from an actual reduction in primary energy demand, and be achieved through a succession of measures within a maximum of three years.

ICMA GBPs category	Green Loan criteria	UN SDG(s)	EU Taxonomy category
<b>Sustainable Agriculture</b>	Loans provided to finance environmentally responsible agriculture projects and assets which meets either of the criteria set out below: <ul style="list-style-type: none"> <li>▪ <b>Organic farming:</b> <ul style="list-style-type: none"> <li>- Farming using ecologically based pest controls and biological fertilizers derived largely from animal and plant wastes, certified according to national legislation<sup>13</sup> or by Debio<sup>14</sup></li> <li>- Suppliers of fertilizers and soil improvement products which satisfies the Norwegian regulations on fertilizers and soil improvement products of organic origin<sup>15</sup></li> </ul> </li> <li>▪ <b>Agriculture and farming activities:</b> <ul style="list-style-type: none"> <li>- Roof for slurry- / manure-pit to prevent run-off</li> <li>- Storage for dry manure, trailers for manure-spreading, hose-spreader for targeted manure-spreading</li> <li>- Ditches for drainage of rainwater</li> <li>- Equipment for optimized fertilization to avoid oversupply of nitrogen and run-off</li> <li>- N-sensors, measuring and recording nitrogen levels in soils, enabling guided and precise application of manure</li> <li>- GPS systems for tractors to enable guided soil treatment and fertilization, applying nutrients only in spots where there is a recorded need</li> <li>- Equipment and retrofitting to enable transition from fossil to non-fossil fuels for heating</li> </ul> </li> <li>▪ <b>Renewable energy projects and assets for local power production:</b> <ul style="list-style-type: none"> <li>- Solar power (installation of solar panels installed on roof tops or on the ground<sup>16</sup>)</li> <li>- Wind power (onshore wind turbines installed at the farm)</li> <li>- Bioenergy using locally sourced residues/bio-waste as feedstock</li> </ul> </li> <li>▪ <b>Energy efficiency &amp; pollution prevention and control projects:</b> <ul style="list-style-type: none"> <li>- Replacing diesel generators with electricity from the grid</li> <li>- Installing central operational control systems in buildings</li> <li>- Procurement of electric machinery traditionally running on fossil fuels</li> <li>- On-site energy efficiency solutions (e.g. waste heat from non-fossil sources)</li> </ul> </li> </ul>		N/A
<b>Environmental Objective:</b>			
- Biodiversity			
- Natural resource conservation			
- Climate change mitigation			
- Pollution prevention and control			
			4.1 Solar power
			4.2 Wind power
			4.8 Bioenergy

<sup>13</sup> Forskrift om økologisk produksjon og merking av økologiske landbruksprodukter, akvakulturprodukter, næringsmidler og fôr m.m. (økologiforskriften) - Lovdata

## 14 Organisasjonen Debio - Debio

15 Forskrift om gjødselvarer mv. av organisk opphav - Lovdata

## <sup>16</sup> Criteria: Non-cultivated and forest-free fields

## 2. Process for selection and evaluation of eligible Green Loans

To ensure the transparency and accountability around the selection of Green Loans, Askim & Spydeberg Sparebank has established an internal Green Bond Committee (the “GBC”) which is responsible for this Framework and defining the Green Loan criteria included herein, selecting the loans to be included in the Green Loan Portfolio and keep a register of the portfolio of identified Eligible Green Loans, as well as future oversight and requirements for updates of the Framework. The GBC will consist of members from the Executive Management, Treasury department, and all decisions made will be made in consensus. To ensure traceability, all decisions made by the GBC will be documented and filed.

All lending activities in Askim & Spydeberg Sparebank must always undergo regular and applicable credit approval processes and be screened for environmental, social and governance (ESG) risks. The terms and conditions that govern our lending to corporate customers require borrowers to comply with all applicable laws, regulations, and practices as well as all authorisations, consents, approvals, waivers, resolutions, licenses, permits, exemptions, or registrations related to the assets and projects being financed. As part of the credit approval process the risks related to negative impact on climate and environment, labour and human rights, ownership structure, ethics, and corruption are assessed, described in internal credit assessment procedures.

To be included in the Green Loan Portfolio each loan must meet the Green Loan criteria defined in the Use of Proceeds section of this Framework. The GBC holds the right at their own discretion to not include loans in the Green Loan Portfolio, or exclude any loans already included in the Green Loan Portfolio. In the event a loan already included in the Green Loan Portfolio no longer meets the criteria in this Framework in the opinion of the GBC, such loan will be removed from the Green Loan Portfolio.



### 3. Management of proceeds

The net proceeds from issued Green Bonds will be allocated toward the financing and refinancing of our Green Loan Portfolio. The proceeds from a Green Bond may either be allocated pro-rata across all the categories included in the Green Loan Portfolio or be allocated in part or in full towards certain Green Loan categories listed under 1. Use of Proceeds above.

Askim & Spydeberg Sparebank will track the allocation of net proceeds from Green Bonds to eligible Green Loans to ensure that net proceeds from Green Bonds only support the financing of Green Loans and that the value of the Green Loan Portfolio at all times exceeds the total nominal amount of Green Bonds outstanding.

If a Green Loan already funded by Green Bonds is redeemed, or for other reasons loses its eligibility in line with the criteria in this Framework, it will be replaced by another qualifying Green Loan as soon as practically possible.

Unless the net proceeds from a Green Bonds are fully allocated at the date of the issue, the net proceeds awaiting allocation to the Green Loans Portfolio will be categorized and reported as "unallocated". Such amount will be managed according to the regular liquidity management policy of our Treasury department. To the extent possible, the exclusions listed in the Use of Proceeds section of this Framework also apply for such temporary holdings of net proceeds.



## 4. 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 Green Bonds issued under this Framework are outstanding or until full allocation of proceeds from Green Bonds.

### Allocation Report

The allocation report will include the following information:

- The aggregate size of the identified Green Loan Portfolio.
- The nominal amount of Green Bonds outstanding.
- The share of the Green Loan Portfolio currently financed by Green Bonds.
- The amount of net proceeds awaiting allocation (if any).



### Impact Report

The impact report aims to disclose the aggregated environmental impact of the Green Loans financed by Green Bonds. Calculations will be made on a best intention basis be aligned with the portfolio approach described in ICMA’s “Handbook – Harmonized Framework for Impact Reporting” (June 2023)<sup>17</sup>, with full transparency on assumptions and calculation methods. We may rely on external parties to assist with impact calculation and analysis. The impact assessment will be based on the metrics below:

- **Green Buildings:**
  - Estimated annual energy consumption (kWh/m<sup>2</sup>).
  - Avoided GHG emissions (tCO<sub>2</sub>e/year) compared to baseline<sup>18</sup>.
- **Sustainable Agriculture:**
  - Number and type of agriculture and farming activities that have been financed with their respective environmental benefit.
  - Installed capacity in renewable energy (kW) being financed.
  - Number and type of energy efficiency activities that have been financed with their respective environmental benefit.

<sup>17</sup> [Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf \(icmagroup.org\)](https://www.icmagroup.org/-/media/assets/governance-and-reporting/green-bonds/handbook-harmonised-framework-for-impact-reporting-june-2023-220623.pdf)

<sup>18</sup> Using the grid factor recommended in the Nordic Position Paper on Green Bonds Impact Reporting, clause 22, page 20 ([NPSI\\_Position\\_paper\\_2020\\_final.pdf \(kuntarahoitus.fi\)](https://www.kuntarahoitus.fi/Content/Position_Paper_2020_final.pdf)

# External review

## Second-Party Opinion

Askim & Spydeberg Sparebank has engaged S&P Global Ratings (“S&P”) to assess the alignment of this Framework with the ICMA Green Bond Principles. S&P has confirmed such alignment by issuing their Second-Party Opinion (“SPO”), which will be publicly available on our website together with this Framework.

## Post-issuance verification

As part of the Green Bond Report being issued no later than 12 months after a Green Bond issue, a limited assurance report will be provided by an independent auditor appointed by Askim & Spydeberg Sparebank confirming that an amount equal to the net proceeds from issued Green Bonds has been allocated in accordance with this Framework.

Furthermore, Askim & Spydeberg Sparebank will provide calculations of the estimated positive environmental impact, and the assumptions used therein, related to the Green Loan Portfolio.

The Green Bond Report will be made available on our website.

