



Second-Party Opinion

# SpareBank 1 Helgeland Green Bond Framework

## Evaluation Summary

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



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Energy Efficiency and Green Buildings – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to increase the energy efficiency of Helgeland’s building stock and advance the UN Sustainable Development Goals, specifically SDG 7 and 11.



**PROJECT EVALUATION / SELECTION** SpareBank 1 Helgeland’s internal process in evaluating and selecting projects is overseen by the Green Bond Committee, comprised of representatives from the Bank’s Treasury and Sustainability groups. The Green Bond Committee will be responsible to ensure selected projects are in line with the Framework’s eligibility criteria. Sustainalytics considers the project selection process is in line with market practice.



**MANAGEMENT OF PROCEEDS** SpareBank 1 Helgeland’s processes for the management of proceeds is overseen by the Head of Treasury. The Bank will establish a Green Bond Register to track and monitor the allocation of proceeds. SBH intends to reach full allocation 24 months after issuance. Pending allocation, unallocated proceeds will be held in accordance with the Bank’s normal liquidity management policy. This is in line with market practice.



**REPORTING** SpareBank 1 Helgeland intends to report on the allocation of proceeds on its website, on an annual basis, until full allocation. Allocation reporting will include a list of eligible assets and projects funded divided by sub-group including amounts allocated, description and case studies of eligible assets and projects, the amount allocated in each category, and the share of financing vs refinancing. In addition, SpareBank 1 Helgeland is committed to reporting on relevant impact metrics. Sustainalytics views SpareBank 1 Helgeland’s allocation and impact reporting as aligned with market practice.

Evaluation Date	July 09, 2021
Issuer Location	Mo i Rana, Norway

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For inquiries, contact the Sustainable Finance Solutions project team:

<b>Charles Cassaz (Amsterdam)</b> Project Manager <a href="mailto:charles.cassaz@sustainalytics.com">charles.cassaz@sustainalytics.com</a> (+31) 20 205 02 09
<b>Flora Mile (Amsterdam)</b> Project Support
<b>Rashmi John (Mumbai)</b> Project Support
<b>Molly Stern (London)</b> Client Relations <a href="mailto:susfinance.emea@sustainalytics.com">susfinance.emea@sustainalytics.com</a> (+44) 20 3880 0193

## Introduction

SpareBank 1 Helgeland (“SBH”, or the “Bank”) is a regional bank engaged in the provision of banking and financial services in Helgeland, Norway. It offers savings products, payment services, credit cards, saving accounts, placement services, loans, insurance, shares, and currencies, and other financial services. As a regional bank, all the operations of SBH are carried out from Helgeland.

SBH has developed the SpareBank 1 Helgeland Green Bond Framework (the “Framework”) under which it intends to issue green bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects which are expected to increase the energy efficiency of the buildings stock in Norway, and more specifically in the Helgeland region. The Framework defines eligibility criteria in two areas:

1. Energy Efficiency
2. Green Buildings

SBH engaged Sustainalytics to review the SpareBank 1 Helgeland Green Bond Framework, dated July 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).<sup>1</sup> This Framework has been published in a separate document.<sup>2</sup>

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>3</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

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

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

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.9.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

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

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

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

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

<sup>1</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

<sup>2</sup> The SpareBank 1 Helgeland Green Bond Framework is available on SpareBank 1 Helgeland’s website at:

<sup>3</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

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

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

## Sustainalytics' Opinion

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

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

- Use of Proceeds:
  - The eligible categories, – Energy Efficiency and Green Buildings – are aligned with those recognized by the GBP. Sustainalytics notes that the projects financed under the Framework are expected to increase the energy efficiency of Helgeland's building stock.
  - The Framework defines a look-back period of three years for refinancing activities, which Sustainalytics considers as aligned with market practice.
  - Under the Energy Efficiency category, SBH may finance measures aimed at increasing the energy efficiency of buildings or replace the use of fossil energy in Norway. Eligible activities include replacing diesel generators with electricity and installing central operational control systems to optimize energy use for heating in residential and commercial buildings. Sustainalytics notes that the Framework excludes the electrification of the production of oil and gas, as well as measures to improve the energy efficiency of such activities.
  - As part of the Green Buildings category, SBH may finance new or existing residential and commercial buildings in Norway. Sustainalytics highlights that SBH has commissioned a report from a third-party consultant<sup>4</sup> to define the following eligibility criteria:
    - Residential and commercial buildings that are in the top 15% in energy efficiency in Norway. Norway's building code is used as a proxy for this criterion: buildings that comply with the building code of 2010 (TEK 10) or 2017 (TEK 17) are eligible. Sustainalytics views the reliance on the two most recent building codes as a strength of the Framework.<sup>5</sup>
    - Apartments and other residential buildings completed under a building code prior to TEK 10 will be eligible if they receive an Energy Performance Certificate (EPC) Label A or B, constituting the top 15% of building stock in Norway.<sup>6</sup>
    - New buildings with an energy efficiency of at least 10% above regulation for Near Zero Energy Buildings (NZEB).<sup>7</sup> This meets market practice.
    - Renovated buildings which have achieved an improvement in energy efficiency of at least 30% compared to the calculated energy efficiency of the building code when the building was completed, or a two-step EPC label improvement resulting in at least the achievement of EPC label D. Sustainalytics notes that in the Norwegian context a two-step EPC label improvement will result in at least a 20% improvement in energy performance, which is aligned with market practice.

<sup>4</sup> Multiconsult is a Norwegian consulting firm with extensive expertise in the green building market in Norway.

<sup>5</sup> The building code criteria are somewhat stricter than criteria found in some comparable green bond frameworks in the Norwegian market, as only the code of 2010 and later are eligible, hence, no buildings finished earlier than 2012 qualify.

<sup>6</sup> EPC A, B and C are recognized proxies for CBI Certification in Norway, see: <https://www.climatebonds.net/standard/buildings/residential/calculator>

<sup>7</sup> European Commission, "Nearly zero energy buildings", (2020), at: [https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings\\_en](https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings_en)

- Green commercial buildings which received or expected to receive one of the following green building certification schemes: BREEAM (Excellent and above) or LEED (Gold or above). Sustainalytics views the selected certification schemes and levels as impactful. For Sustainalytics assessment of these certification schemes, please refer to Appendix 1.
- Overall, Sustainalytics notes positively that SpareBank 1 Helgeland's eligibility criteria are set comfortably within the top 15% of most energy-efficient buildings on a national level. Only the top 10% of the residential building stock in Norway will qualify. For commercial buildings, respectively 4.9%, 7%, and 13.6% of office and retail buildings, hotel and restaurant buildings, and small industry and warehouses will be eligible according to the criteria set in the Framework.
- SBH has confirmed to Sustainalytics that the financing of buildings, which by their technical specifications, are designed to serve the production, transport, and storage of fossil fuels, are excluded under the Framework.
- Project Evaluation and Selection:
  - SBH has established a Green Bond Committee ("Committee"), chaired by the representative from its treasury, which will be responsible for the internal project evaluation and selection process. The Committee is comprised of representatives from SBH's treasury and sustainability teams. The treasury will identify a portfolio of potential projects, the eligibility of which will be evaluated by the treasury and sustainability officers and verified by the Committee.
  - Based on the reliance of a formal group, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - SBH's Head of the Treasury department will be responsible for overseeing the management of proceeds. The Bank will establish a Green Bond Register to track and monitor the allocation of proceeds to a portfolio of eligible projects. SBH intends to reach full allocation within 24 months of issuance. Pending allocation, unallocated proceeds will be held in line with SBH's normal liquidity management policy.
  - Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - SBH intends to report on the allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include a list of eligible assets and projects funded divided by sub-group including amounts allocated, description and case studies of eligible assets and projects, the amount allocated in each category, and the share of financing vs refinancing.
  - In addition, the Bank is committed to reporting on relevant impact metrics, including estimated energy savings (KWh/m<sup>2</sup>) per year, estimated saved amount of fossil fuels/year (e.g. liter diesel, m<sup>3</sup> natural gas), number of green buildings financed, the share of proceeds allocated to residential and commercial buildings, the share of proceeds allocated to groups of buildings defined by their building code ("TEK standard"), and number of buildings with an energy performance certificate with character A/B.
  - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

### Alignment with Green Bond Principles 2021

Sustainalytics has determined that the SpareBank 1 Helgeland Green Bond Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

## Section 2: Sustainability Strategy of SBH

### Contribution of framework to SpareBank 1 Helgeland's sustainability strategy

SBH is committed to sustainable development in Helgeland to support the climate objectives of Norway and the UN Sustainable Development Goals. In this regard, SBH is developing a sustainability strategy – expected

to be finalized in 2021<sup>2</sup> – with a focus on three pillars<sup>8</sup>: (i) UN SDGs, (ii) UN Principles for Responsible Banking,<sup>9</sup> and (iii) Eco-Lighthouse certification criteria for banks.<sup>10</sup>

In 2019, the Bank committed to five SDGs considered relevant to its operations, namely, Gender Equality, Decent Work and Economic Growth, Industry, Innovation and Infrastructure, Responsible Consumption and Production, and Climate Action, along with setting up initiatives under each.<sup>8</sup> For example, under Climate Action, SBH obtained a green loan in 2020, amounting to NOK 300 million (USD 36 million) from the Nordic Investment Bank<sup>8</sup> to finance “climate-friendly” projects<sup>11</sup>. Similarly, under Responsible Consumption, SBH commits to having all four of its offices Eco-Lighthouse certified and by 2020 had two of its largest offices at Mo i Rana and Mosjøen certified against this scheme.<sup>8</sup> Additionally, the five SDGs would form an integral part of the Bank’s guiding documents and policies, including their code of conduct, and financial and credit strategy<sup>8</sup>, signaling SBH’s commitment to incorporate environmental and social considerations into its financing decisions as well as operations.

Furthermore, SBH commits to align with the UN Principles of Responsible Banking and to this effect, its latest report highlights prospective plans to contribute to the SDGs and the Paris Climate Agreement, manage people and environmental risks through policies and strategies, collaborate and engage with client and stakeholders, and report transparently on its positive and negative impacts.

Sustainalytics notes that SBH is in the development of its sustainability strategy and considers that the eligible assets in the Framework align with the stances and commitments of SBH while encouraging the Bank to adopt quantitative targets and specific time-bound goals and increase levels of disclosure. Overall, Sustainalytics considers SBH to be well-positioned to issue green bonds and that its green bonds will help further the Bank’s sustainability strategy.

#### **Well-positioned to address common environmental and social risks associated with the projects**

While Sustainalytics recognizes that the net proceeds from the bond(s) issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include workers’ health and safety and construction waste. Sustainalytics recognizes that as a bank, SBH has limited control over the risks associated with the projects for which it provides financing. Nevertheless, Sustainalytics believes that SBH is able to mitigate and prevent environmental and social risks associated with the use of proceeds activities through its processes as well as the regulatory landscape in which it operates, as outlined below:

- Sustainalytics notes that the Bank’s sustainability strategy is currently under development, and intends to target the integration of environmental and climate risk considerations into its existing loan management systems through sector-specific tracking and risk assessment of environmental data.<sup>12</sup> In addition, SBH is updating its lending policy for commercial clients to include sustainability risk assessments for companies linked with the oil and gas industry, as well as exclusion criteria, prohibiting lending to companies that are associated with the production of energy from coal, tar sands or nuclear power, illegal deforestation, controversial weapons, new projects in water stressed areas, and production of tobacco products or pornographic material.<sup>2</sup>
- SBH is committed to aligning with internationally recognized UN Principles of Responsible Banking and is seeking to be certified under Norway’s national certification scheme, Eco-Lighthouse. In order to achieve the Eco-Lighthouse certification, the Bank is currently developing environmental and climate-related policies, management systems and reporting frameworks for business areas such as lending, financing, bonds, saving products, and allocation of client deposits, and management of SBH’s assets.<sup>8</sup> This will also include implementing recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).<sup>10</sup>

<sup>8</sup> SBH, “Annual Report 2020”, at: <https://www.sparebank1.no/content/dam/SB1/bank/helgeland/rapporter/AnnualreportSBH2020.pdf>

<sup>9</sup> UNEPFI, “Principles for Responsible Banking”, at: <https://www.unepfi.org/banking/bankingprinciples/>

<sup>10</sup> The Eco-Lighthouse Foundation is a Norwegian national certification scheme, recognised by the European Commission. The recognition verifies that the scheme holds the standard and quality on a par with international eco-labelling schemes (EMAS and ISO 14001). The purpose of banking and financing sector criteria is to obtain proof that enterprises take climate and environmental aspects of their core activities into account. Further information on certification criteria for the banking sector is available at: <http://www.miljofortarn.no/wp-content/uploads/2017/06/Banking-and-Finance-criteria-v4.pdf>

<sup>11</sup> For example, SBH allocated about NOK 200 million (USD 23.5 million) of the green loan to a sustainable aquaculture company, and another company that developed and operated hydropower plants.

<sup>12</sup> SBH has in confidentiality shared with us the following documents: SBH Sustainability Strategy (Bærekraftsprofil), Climate Module (to track environmental aspects in loans) and Sustainable lending policy (Kreditthefte-bm-2021)

- Projects financed by SBH must comply with the Norwegian Working Environment Act,<sup>13</sup> which is intended to implement and ensure a safe working environment, prevent work-related accidents and harm to physical and mental health. Similarly, projects must also comply with the Planning and Building Act,<sup>14</sup> which emphasizes the inclusion of environmental and social impact assessments during project planning.
- In addition, Norway is considered to be a Designated Country under the Equator principles, indicating robust environmental and social governance and legislative systems, and institutional capacity.<sup>15</sup> Sustainalytics considers that financing activities in countries with designated status will be subject to relatively strong regulations aimed at mitigating environmental and social risks.

Based on these policies, standards, and assessment of the regulatory context of Norway, Sustainalytics is of the opinion that SBH is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

### Section 3: Impact of Use of Proceeds

All two use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on the importance of green buildings in Norway below.

#### Contribution of green buildings towards Norway's climate goals

In the cool Norwegian climate, there is a substantial need for heating of buildings, as the heating season could last up to an average of 240 days a year.<sup>16</sup> In 2019, emissions from heating in industries and households accounted for approximately 2% of Norway's GHG emissions.<sup>17</sup> While total energy consumption from buildings and the construction sector is responsible for 22.6% of the final energy consumption of Norway.<sup>16</sup>

The most recent Norwegian building code (TEK17) requires dwellings to become 26% more energy-efficient and office buildings 38% more energy efficient compared to previous building code requirements.<sup>18</sup> The installation of fossil fuel heating systems is no longer permitted.<sup>18</sup> SBH's Framework states that buildings compliant with the two most recent building codes (TEK10 and TEK 17) will be eligible for inclusion in the green bond. Sustainalytics considers the financing of buildings that comply with the building codes as impactful based on several factors, including the strict energy consumption requirements set by the regulation.<sup>19</sup>

In 2017, the Government of Norway introduced the Climate Change Act to promote the implementation of Norway's climate targets with a long-term goal of transitioning to a low-carbon society by 2050.<sup>20</sup> Under the Act, Norway commits to reduce at least 40% of GHG emissions by 2030, and by 80-95% by 2050 compared to 1990 levels.<sup>21</sup> This target was further strengthened in 2020 to reduce emissions by at least 50 %, and towards 55 % by 2030 compared to 1990 levels.

Given the above, Sustainalytics is of the opinion that the financing or refinancing of buildings with high energy efficiency standards under the Framework, will increase the environmental sustainability of Norway's building stock and contribute to achieving Norway's long-term goal of becoming a low-carbon society by 2050.

#### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the SpareBank 1 Helgeland Green Bond Framework advances the following SDGs and targets:

<sup>13</sup> Lovdata, "Norwegian Working Environment Act", at: <https://lovdata.no/dokument/NLE/lov/2005-06-17-62>

<sup>14</sup> Government of Norway, "Planning and Building Act (2008)", at: <https://www.regjeringen.no/en/dokumenter/planning-building-act/id570450/>

<sup>15</sup> Equator Principles, "Designated Countries", at: <https://equator-principles.com/designated-countries/>

<sup>16</sup> Norwegian Ministry of Climate Environment, "Norway's Seventh National Communication Under the Framework Convention on Climate Change", (2018), at: [https://unfccc.int/files/national\\_reports/annex\\_i\\_natcom/submitted\\_natcom/application/pdf/529371\\_norway-nc7-br3-1-nc7\\_-\\_br3\\_-\\_final.pdf](https://unfccc.int/files/national_reports/annex_i_natcom/submitted_natcom/application/pdf/529371_norway-nc7-br3-1-nc7_-_br3_-_final.pdf)

<sup>17</sup> NMCE, "Status report as of January 2020. Norway's Fourth Biennial Report Under the Framework Convention on Climate Change", (2020), at: [https://www4.unfccc.int/sites/SubmissionsStaging/NationalReports/Documents/58167\\_Norway-BR4-1-Norway\\_BR4%20\(2\).pdf](https://www4.unfccc.int/sites/SubmissionsStaging/NationalReports/Documents/58167_Norway-BR4-1-Norway_BR4%20(2).pdf)

<sup>18</sup> NMCE, "Status report as of January 2020. Norway's Fourth Biennial Report Under the Framework Convention on Climate Change", (2020), at: [https://www4.unfccc.int/sites/SubmissionsStaging/NationalReports/Documents/58167\\_Norway-BR4-1-Norway\\_BR4%20\(2\).pdf](https://www4.unfccc.int/sites/SubmissionsStaging/NationalReports/Documents/58167_Norway-BR4-1-Norway_BR4%20(2).pdf)

<sup>19</sup> Norway Climate Action Tracker, at: <https://climateactiontracker.org/countries/norway/current-policy-projections/>

<sup>20</sup> Government of Norway, "Climate Change Act", (2017), at: <https://www.regjeringen.no/en/dokumenter/climate-change-act/id2593351/>

<sup>21</sup> Lovdata, "Act relating to Norway's climate targets (Climate Change Act)", (2017), at: <https://lovdata.no/dokument/NLE/lov/2017-06-16-60>



Use of Proceeds Category	SDG	SDG target
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Green Buildings	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

## Conclusion



SBH has developed the SpareBank 1 Helgeland Green Bond Framework under which it may issue green bonds and use the proceeds to finance and/or refinance energy efficiency projects and green residential and commercial buildings. Sustainalytics considers that the projects funded by the green bond proceeds are expected to increase the energy efficiency of Helgeland's building stock.

The Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7 and 11. Additionally, Sustainalytics is of the opinion that SBH has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

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

## Appendices

### Appendix 1: Sustainalytics Assessment of Green Building Certifications

	LEED <sup>22</sup>	BREEAM <sup>23</sup>
<b>Background</b>	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	Building Research Establishment Environmental Assessment Method (BREEAM) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK, BREEAM is used for new, refurbished and extension of existing buildings.
<b>Certification levels/rating</b>	Certified Silver Gold Platinum	Pass Good Very Good Excellent Outstanding
<b>Areas of Assessment: Environmental Performance of the Building</b>	Energy and Atmosphere Sustainable Sites Location and Transportation Materials and Resources Water efficiency Indoor Environmental Quality Innovation in Design Regional Priority	Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation
<b>Requirements</b>	<p>Prerequisites (independent of level of certification) + Credits with associated points</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>Prerequisites depending on the levels of certification + Credits with associated points</p> <p>This number of points is then weighted by item<sup>24</sup> and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.</p> <p>BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>
<b>Performance display</b>		

<sup>22</sup> USGBC, LEED, at: [www.usgbc.org/LEED](http://www.usgbc.org/LEED)

<sup>23</sup> BREEAM, Building Research Establishment LTD, at: <https://breeam.com/>

<sup>24</sup> BREEAM weighting: Management 12%, Health, and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item



<b>Accreditation</b>	LEED AP BD+C LEED AP O+M	BREEAM International Assessor BREEAM AP BREEAM In Use Assessor
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## Appendix 2: Green Bond / Green Bond Programme - External Review Form

### Section 1. Basic Information

<b>Issuer name:</b>	SpareBank 1 Helgeland
<b>Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:</b>	SpareBank 1 Helgeland Green Bond Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	June 09, 2021
<b>Publication date of review publication:</b>	

### Section 2. Review overview

#### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

#### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other <i>(please specify)</i> :                        |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

#### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

## Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

### 1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds –Energy Efficiency and Green Buildings – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to increase the energy efficiency of Helgeland’s building stock and advance the UN Sustainable Development Goals, specifically SDG 7 and 9.

#### Use of proceeds categories as per GBP:

- |   |  |
|---|--|
| <input type="checkbox"/> Renewable energy   | <input checked="" type="checkbox"/> Energy efficiency  |
| <input type="checkbox"/> Pollution prevention and control   | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation  | <input type="checkbox"/> Clean transportation  |
| <input type="checkbox"/> Sustainable water and wastewater management  | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                            | <input checked="" type="checkbox"/> Green buildings  |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other <i>(please specify)</i> :   |

If applicable please specify the environmental taxonomy, if other than GBP:

### 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)*:

SpareBank 1 Helgeland’s internal process in evaluating and selecting projects is overseen by the Green Bond Committee, comprised of representatives from the Bank’s Treasury and Sustainability groups. The Green Bond Committee will be responsible to ensure selected projects are in line with the Framework’s eligibility criteria. Sustainalytics considers the project selection process in line with market practice.

#### Evaluation and selection

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer’s environmental sustainability objectives            | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

- ☒ Summary criteria for project evaluation and selection publicly available
 ☐ Other *(please specify)*:

#### Information on Responsibilities and Accountability

- ☒ Evaluation / Selection criteria subject to external advice or verification
 ☐ In-house assessment
- ☐ Other *(please specify)*:

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

SpareBank 1 Helgeland's processes for the management of proceeds is overseen by the Head of Treasury. The Bank will establish a Green Bond Register to track and monitor the allocation of proceeds. SBH intends to reach full allocation 24 months after issuance. Pending allocation, unallocated proceeds will be held in accordance with the Bank's normal liquidity management policy. This is in line with market practice.

#### Tracking of proceeds:

- ☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- ☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds
- ☐ Other *(please specify)*:

#### Additional disclosure:

- |   |   |
|---|---|
| <input type="checkbox"/> Allocations to future investments only                             | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements                             | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements          |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other <i>(please specify)</i> :                                |

### 4. REPORTING

Overall comment on section *(if applicable)*:

SpareBank 1 Helgeland intends to report on the allocation of proceeds on its website, on an annual basis, until full allocation. Allocation reporting will include a list of eligible assets and projects funded divided by sub-group including amounts allocated, description and case studies of eligible assets and projects, the amount allocated in each category, and the share of financing vs refinancing. In addition, SpareBank 1 Helgeland is committed to reporting on relevant impact metrics. Sustainalytics views SpareBank 1 Helgeland's allocation and impact reporting as aligned with market practice.

**Use of proceeds reporting:**

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other ( <i>please specify</i> ):        |

**Information reported:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Allocated amounts  | <input type="checkbox"/> Green Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other ( <i>please specify</i> ): <i>share of new financing vs refinancing, breakdown of category</i> |  |

**Frequency:**

- |   |                                      |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual                | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |                                      |

**Impact reporting:**

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other ( <i>please specify</i> ):        |

**Information reported (expected or ex-post):**

- |  |  |
|--|--|
| <input type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings   |
| <input type="checkbox"/> Decrease in water use   | <input checked="" type="checkbox"/> Other ESG indicators ( <i>please specify</i> ): estimated amount of fossil fuels saved/year, number of green buildings, share of proceeds to commercial and residential buildings, share of proceeds to buildings with TEK standard, number of buildings with EPC A or B |

**Frequency**

- |   |                                      |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual                | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |                                      |

**Means of Disclosure**

- |  |   |
|--|---|
| <input type="checkbox"/> Information published in financial report   | <input type="checkbox"/> Information published in sustainability report |
| <input checked="" type="checkbox"/> Information published in ad hoc documents  | <input checked="" type="checkbox"/> Other ( <i>please specify</i> ):    |
| <input checked="" type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): A third-party audit will also be made available on the website. |   |

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):            |  |

**Review provider(s):**

**Date of publication:**

**ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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## About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).



**Named**

2015: Best SRI or Green Bond Research or Rating Firm  
 2017, 2018, 2019: Most Impressive Second Opinion Provider

