Green Finance Framework

February 2024

SpareBank 1 NORD-NORGE

Content


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CLIMATE
ACTION

1. Sustainability at SNN

As the largest financial actor in North Norway, SpareBank 1 Nord-Norge aspires to be a driver for a sustainable future in the North.

About SNN

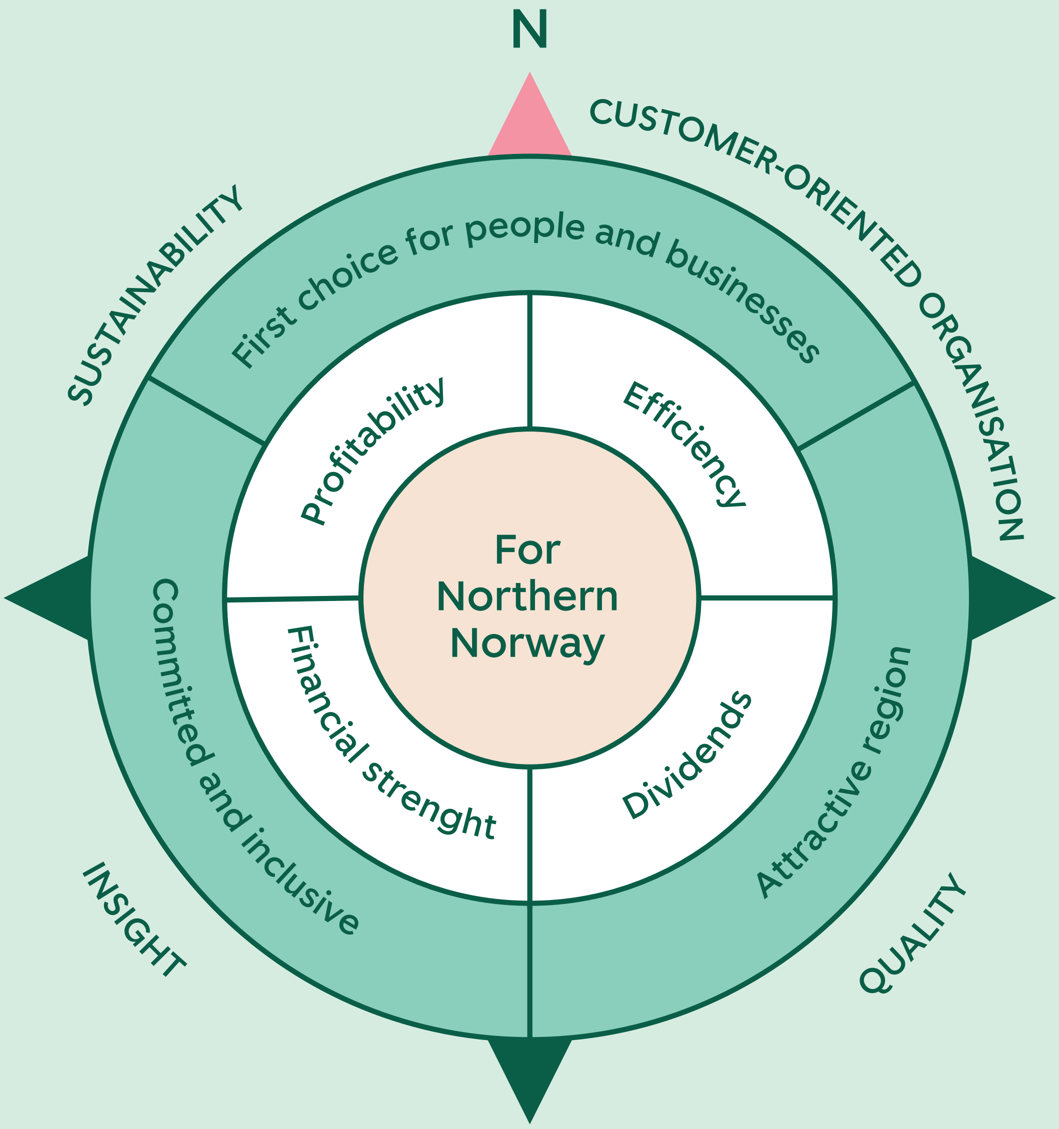
SpareBank 1 Nord-Norge ("SNN" or the "Group") is the leading financial house in Northern Norway. It is part of the SpareBank 1 Alliance, which consists of 14 independent savings banks across the country. The alliance was created in 1996 to strengthen each local bank's competitiveness, profitability and solvency, as well as to ensure each bank's future independence and regional ties.

SNN has a strong physical preseence in Norway. It has

15

financial centers in Troms, Finnmark and Nordland

Central to the overall management of SpareBank 1 Nord-Norge is the Group's strategic compass. This enables us to make good decisions even though market conditions and customer expectations are continuously changing. SpareBank 1 Nord-Norge's strategic compass is geared to the Group's business strategy. The compass ensures direction, it ensures focus and it keeps internal and external parameters in balance throughout. By basing our management on the strategic compass, we create value for our customers, equity certificate holders, employees and for North-Norway. At the centre of the compass is the Group's vision: For North Norway. It indicates both what we are and for whom we exist.



Our fourth principle is that our advice and our choices shall be sustainable. The practical approach to this principle is further outlined in the framework. The compass points north, where you find the Group's mission, often referred to as our "North Star". This lends substance to our vision, and reads: We shall, better than anyone, understand and achieve what is important for people and businesses in North Norway.

SNN's Sustainability Approach

The sustainability effort is built up with a basis in initiatives and principles

GLOBAL COMPACT:

SpareBank 1 Nord-Norge has signed the UN initiative Global Compact, the world's largest initiative for social responsibility in business and industry.

CLIMATE PARTNER:

SpareBank 1 Nord-Norge is a member of Klimapartner (Climate Partner). This is a joint initiative between 16 companies in Northern Norway, determined to put climate concerns on the agenda for all businesses in the region.

SNN is the region's bank, and its vision is: For Northern Norway. As the world's northernmost financial group, SNN is particularly concerned with matters that affect Arctic areas. An important precept for the Group is to encourage sustainable development and economic growth by contributing to the transition to a low-emission society in North Norwegian business and industry. As a financial services group, SpareBank 1 Nord-Norge has a wide-ranging impact on the environment and society. The Group has both a direct and indirect impact on stakeholders, the climate and the natural environment. This brings with it a responsibility to preserve and strengthen the positive and minimise the negative impact.

ECO-LIGHTHOUSE:

SpareBank 1 Nord-Norge is certified under the Eco-Lighthouse scheme under the head office model, including all finance centres.

KVINNER I FINANS CHARTER:

SpareBank 1 Nord-Norge has signed this initiative as a funding partner.

PCAF:

Joined PCAF – the Partnership for Carbon Accounting Financials as from 2022

Sustainability and climate risk are anchored in the Group's business strategy and risk strategy. Both are regularly reviewed by board of directors and the group management. All directors are responsible for integrating sustainability into their specialist units. This is enshrined in the Group's governance system, steering documents and core processes.

The Group set new sustainability goals and ambitions in 2022 as a part of a process with renewing the double materiality analyses: *As the largest financial actor in North Norway, SpareBank 1 Nord Norge aspires to be a driver for a sustainable future in the North.*

THE GROUP HAS SELECTED THREE SUSTAINABILITY GOALS FOR PARTICULAR ATTENTION:

13 CLIMATE ACTION	14 LIFE BELOW WATER	8 DECENT WORK AND ECONOMIC GROWTH
"Take urgent action to combat climate change and its impacts"	"Conserve and sustainably use oceans and marine resources in a way that promotes sustainable development"	"Promote lasting, inclusive and sustainable economic growth, full employment and decent work for all"
TARGET 13.2	TARGETS 14.1 AND 14.3	TARGET 8.6
SNN's objective: Green transition of North Norway aiming for net zero in the loan portfolio by 2040.	**SNN's objective:** The ocean in Arctic regions with the aim that 70 per cent of the maritime industry portfoilo for green financing by 2030.	**SNN's Objective:** To be an attractive and inclusive region aiming to contribute to a positive migration flow by 2030.

HOW THE SUSTAINABILITY EFFORT IS EMBODIED IN THE GROUP'S STEERING DOCUMENTS:

ESG AT SNN

Business strategy

Risk strategy

Central policies addressing ESG

- Policy on sustainability and social responsibility
- Policy on lending (corporate market and personal market)
- Policy on portfolio management in the credit area
- Policy on liquidity risk
- Policy on market risk

Central standards and procedures which operationalise ESG in various areas

- Credit area
- Liquidity management
- Our staff
- Procurements
- "Samfunnsløftet"

Green financial framework

Green product framework

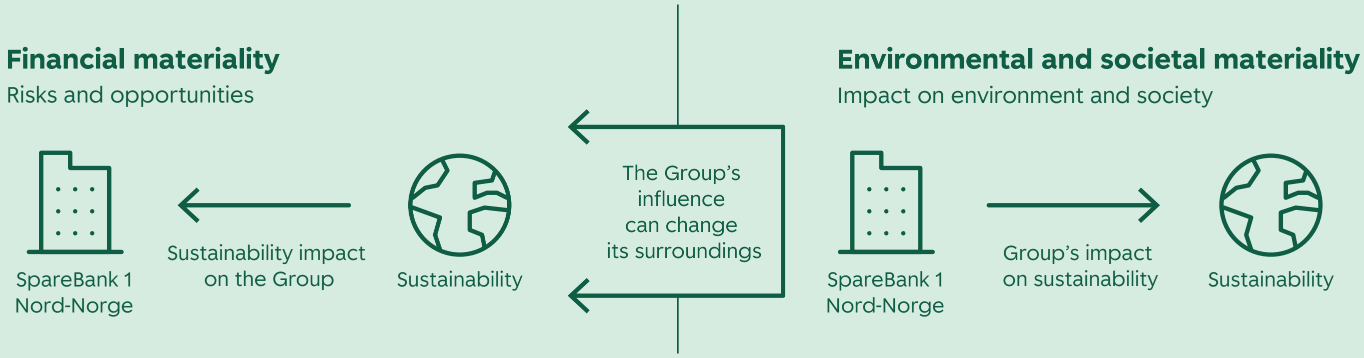
PCAF

SpareBank 1 Nord-Norge has joined the Partnership for Carbon Accounting Financials (PCAF) to better assess and disclose greenhouse gas emissions associated with our financial activities. Measuring emissions associated with financial activities is the starting point for our work towards fulfilling our net-zero 2040 ambition.

Materiality analysis

The materiality analysis aims to help businesses to identify sustainability themes that are of particular interest and makes it easier for stakeholders to compare information between companies. The principle of materiality is at centre stage here, i.e. that an element can be assigned higher priority than other elements in the work done on sustainability.

Double materiality



E	S	G
Climate Change Green transition of Northern Norway	Own workforce Affected communities	Business conduct

Corporate Governance

The Board of Directors' knowledge of climate-related risks and opportunities

The Board of Directors is well acquainted with climate-related risks and opportunities through its activities, including strategic discussions, review and approval of steering documents, and reviews of various reports from the Administration. Moreover, the Board adopts policies in a number of risk areas, including credit risk and market risk in which ESG risk feature. The Board of Directors receives regular reports, in addition to ad hoc reports, which include assessments of the Group's climate risk exposure. Through these reports the Board is kept informed on climate-related issues. The reports are central tools in the Board of Directors' monitoring and follow-up of the area.

Strategy

Climate-related risks and opportunities identified by the Group in the short, medium and long term

The Group regards ESG risk as a risk area in its own right, but recognises that various aspects of ESG, particularly climate risk and natural risk, are also risk drivers for other risk areas. Both risks and opportunities are therefore linked in the short, medium and long term to lending, funding and capital market placements etc.

Description of the impact of climate-related risks and opportunities on business operations, strategy and financial planning

The Group's strategy, financial planning and operations are impacted by external and internal factors alike. Climate risk is a central external factor which is taken into account both in the preparation of strategy and in operational activities.

The Group's impact on its surroundings, and the surroundings' impact on the Group, have given direction to the preparation of the Group's strategic sustainability ambitions for the coming year. Operationalisation of the sustainability ambitions through concrete measures further impacts the Group's financial planning, its priorities as regards strategic and tactical goals and targets, its product and service portfolio, staff, requirements and expectations on suppliers, operational activities etc. Further, a high pace of change in the regulatory framework is anticipated along with increased insight into and data on climate risk and natural risk in the period ahead. The Group's strategy, and thereby the Group's operations, will adapt to the changes in requirements, expectations and insights.

Various scenarios' potential impact on the business's operations, strategy and Financial planning, including a 2°C scenario

The annual overall assessment of the Group's risk exposure and capital needs (Internal Capital Adequacy Assessment Process, ICAAP) takes climate risk into account. In 2022 overarching assessments were made of climate risk in the Group's loan portfolio, both for individual segments and in relation to various scenario projections of sea level rise and storm surges. As previously mentioned, the analyses show the risk to be relatively low in the short and medium term, but of greater significance in a long-term perspective.

The Group has not performed independent analyses linked to 2°C scenarios, but has relied on conclusions from 2°C scenario analyses conducted by UNEP FI1 in 2019. These analyses estimate value losses on commercial properties resulting from transition risk and physical risk. On that basis, calculations have been carried out of the financial costs for the bank in the event of a corresponding fall in value of the bank's commercial property portfolio. The calculations show that impacts on the Group's financial position are very limited in a 15-year perspective. It should be pointed out that much uncertainty attends these assessments, both in terms of the representativity of the assumptions underlying the scenario analyses, and the representativity of any assumptions related to the commercial property market.

The issues to be considered include:

- Which segments the Group is to finance or not
- Which objects the Group is to finance or not
- Which products the Group is to offer or not
- Which markets and type of securities the Group is to be exposed to or not

Loan portfolio:

- The Group does not finance business or purposes posing a high risk of serious environmental damage
- The Group does not provide finance to fossil energy production
- The Group is reporting on financed emissions using the PCAF's methodology

Risk management

The business's processes for identifying, assessing and handling climate-related risk, and how these processes are integrated into the business's overall risk management regime.

Like other risks to which the Group is exposed, climate risk is an integral part of the Group's overall risk management and internal control processes. Climate risk is accordingly an integral aspect of all elements of the Group's business, including central steering documents, processes and systems. Climate risk is identified, assessed, handled, monitored and reported in accordance with the Group's internal guidelines on risk management and internal control. The business strategy and risk strategy constitute the normative steering documents in the Group's management system. The Group's business strategy determines the Group's business-strategy objectives, and the Group's risk strategy determines the risk appetite that the Group is willing to accept in order to achieve the business-strategy goals. The Group has established the following goals and risk appetite in relation to climate risk:

Management:

- The Board of Directors is well acquainted with climate-related risks and opportunities through its activities, including strategic discussions, review and approval of steering documents, and reviews of various reports from the Administration
- The Board adopts policies in a number of risk areas, including credit risk and market risk
- The Board of Directors receives regular reports, in addition to ad hoc reports, which include assessments of the Group's climate risk exposure

Business strategy:

- "Sustainable" is one of the four strategic principles of the Group's business strategy.
- "Sustainable business" is one of the three strategic initiatives for 2022/2023.
- "We shall carry through the green transition in practice" and "We shall strengthen our position in maritime industries" are two of the four tactical objectives for 2023.

Risk strategy

The Board of Directors has defined the Group's risk appetite in the ESG area as low to moderate. The risk appetite is operationalised through a number of quantitative targets related to climate risk, governance risk and corporate social responsibility risk. In the 2023 risk strategy, the ESG area is further developed with a particular focus on parameters related to climate risk.

Target

Describe the methods used by the business to assess climate-related threats and opportunities in light of its strategy and processes for risk management.

Climate-related threats and opportunities are assessed on different levels, and through different processes across the Group.

Businesses should report on Scope1, Scope 2, and if appropriate, Scope 3 - greenhouse gas emissions, and the related risk factors.

In the climate accounting, the group reports on greenhouse gas emissions according to Scope 1, Scope 2 and Scope 3 for its own operations. The group reports on emissions according to the GHG protocol.

Describe the targets employed by the undertaking to manage climate-related threats and opportunities and results in relation to the targets.

As mentioned in above, the Group has identified a number of climate-related risks and opportunities, and adjusted its business strategy to accommodate them. This is operationalised through the sustainability ambitions and through concrete targets related to the most materially significant areas.

2. SNN Green Finance Framework

SNN's rationale for Green Financing

SNN believes that green finance instruments are an effective tool to channel investments to projects that have demonstrated climate benefits and thereby contribute to the **achievement of the SDGs set out by the United Nations**[1]. SNN sees the commitment to **decarbonisation of the economy** as a sustainability priority. By issuing green finance instruments, **SNN intends to align its funding strategy with its mission, sustainability and climate strategy and targets.**

In addition, following the development of the **Green Product Framework**, SNN was already looking into how to greenify the asset base. With this Green Finance Framework, we want to leverage on that experience and enhance transparency and accountability through the liability side.

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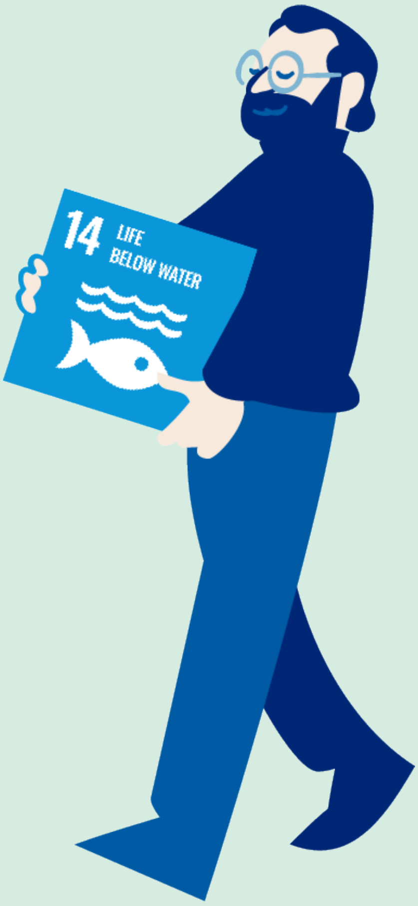
1 To be found here



Alignment with Green Bond and Loan Principles

SSNN has established this Green Finance Framework based on the International Capital Markets Association ("ICMA") Green Bond Principles ("GBP") 2021 version (with June 2022 Appendix I)[2] and Loan Market Association ("LMA") Green Loan Principles ("GLP") 2023 version[3]. These are sets of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of green finance Instruments. In conjunction with the Principles, the Framework follows ICMA's guidance on Bonds to Finance the Sustainable Blue Economy released in 2023[4]

The SNN Green Finance Framework has four core components:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

For each green finance instrument issued, SNN asserts that it will adopt (i) Use of Proceeds (ii) Process for Project Evaluation and Selection (iii) Management of Proceeds and (iv) Reporting, as set out in this Framework. The SNN Green Finance Framework also follows the recommendations of the Green Bond Principles regarding External Review[5].

The Green Finance Framework defines the loans, credits, and investments (hereinafter defined as the "Eligible Green Loan Portfolio") eligible to be funded by the proceeds of Green Finance Instruments issued by SNN. The documentation for any Green Finance Instruments issued shall provide a reference to this Framework under the use of proceeds section. The terms and conditions contained in the underlying documentation for each issued Green Finance Instruments will specify the actual terms of the instruments. Under the Framework, SNN can issue Green Finance Instruments in various forms, including, but not limited to bonds (including private placements), commercial paper, loans, promissory notes (Schuldscheindarlehen) and any other green finance instruments to finance and refinance eligible green loans which contribute to the UN Sustainable Development Goals and the sustainability strategy of SNN.

This Framework may, from time to time, be updated to reflect evolving market standards, regulations, technological developments or SNN's strategy. For the avoidance of doubt, any future changes to the Eligibility Criteria may not apply to Green Finance Instruments issued under this or previous versions of the Framework. Any future update of this Green Finance Framework that may exist will either keep or improve the current levels of transparency and reporting disclosure.

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2 To be found here

3 To be found here

4 To be found here

5 To be found here

3. Use of Proceeds

SNN, at its discretion, however in accordance with the Green Bond and Loan Principles, will allocate an amount equal to the net proceeds of the green finance instruments issued by SNN under this framework to finance and/or re-finance an eligible loan portfolio ("Eligible Green Loan Portfolio") as defined by the eligibility criteria in this Framework (see below "Eligible Criteria"). The eligible loans are to be funded in whole or in part by an allocation of an amount equal to the proceeds from the green finance instruments.

Under this Framework, loans may be for individual projects or at the corporate level. As far as corporate financing is concerned, any loans to companies that generate over 90% of revenues from activities aligned with the Eligibility Criteria would qualify for general corporate purpose ("GCP") lending under this Framework, meaning that the entire loan by SNN to such a borrower is 100% eligible. All Pure-play companies must undergo ESG-screening on additional ESG-related risks using our internal ESG Due Diligence model and only companies scoring favourably would qualify.

Contribution to the EU Environmental Objectives, the EU Taxonomy Regulation and the EU Taxonomy Climate Delegated Act

The definition of the Eligibility Criteria takes into account the EU Environmental Objectives[1], the EU Taxonomy Regulation10 and the EU Taxonomy Climate Delegated Act11 substantial contribution criteria. Due to a combination of factors, including but not limited to the uncertainty in the market surrounding how to implement the do no significant harm criteria and the minimum safeguards criteria and the lack of availability of certain data relating to the Eligible Green Loans, SNN does not consider "do no significant harm" in its application of the Eligibility Criteria.

Contribution to the UN SDGs

In alignment with SNN's broader sustainability strategy and support of the UN SDG 2030 agenda, the Eligibility Criteria in this Framework contribute to the achievement of specific UN SDGs and related sub-targets[2].

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1 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending regulation (EU) 2019/2088, see here

2 Mapping between ICMA Eligible Categories and UN SDGs based on ICMA High Level Mapping to the Sustainable Development Goals, see here and the 17 United Nations SDG Targets and Indicators, see here

GPB/GLP Category	Description Eligible Green Loans: Eligibility Criteria	Contri-bution to UN SDGs	Contribution to EU Environmen-tal Objective [1]	EU Economic Activity [2]
Green Residential and Commercial Buildings	Loans, credits and investments to finance and refinance new or existing residential or commercial buildings. Eligible Green Buildings must meet one or more of the following eligibility criteria: **1. Residential buildings in Norway** • Buildings built ≥2021: NZEB-10% [3,4,5] - Buildings complying with the relevant NZEB-10% threshold [6] • Buildings built <2021: EPC A label or within the top 15% low carbon buildings in Norway [7] **2. Commercial buildings in Norway** • Buildings built ≥2021: NZEB-10% [3,4,5] - Buildings complying with the relevant NZEB-10% threshold [6] • Buildings built <2021: EPC A label or within the top 15% low carbon buildings in Norway [7] • Buildings which received at least one or more of the following classifications - LEED “Gold“ - BREEAM or BREEAM-NOR “Excellent”, or equivalent or higher level of certification	  	Substantial contri-bution to Climate Change Mitigation (Article 10), including but not limited to: 1.b) Improving energy efficiency, except for power generation activities as referred to in Article 19(3)	EU Economic Activity 7.2. Renovation of existing buildings 7.7. Acquisition and ownership of buildings

1 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending regulation (EU) 2019/2088, see here

2 Supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives, see here

3 In accordance with the EU Taxonomy Climate Delegated Act, buildings built from 1 January 2021 onwards should meet the ‘NZEB -10%’ criterion. In Norway, NZEB definitions were announced on 31 January 2023

4 TEK17 buildings eligible under the previous framework that were originated between 01/01/2021 - 31/01/2023 have been grandfathered in the portfolio as of 31/01/2023 following the publication of the official Norwegian NZEB definitions.

5 For buildings larger than 5 000 m2, upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative; where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing. In addition, the life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand. SNN requires evidence to demonstrate that buildings are efficiently operated through energy performance monitoring and assessment. This can be demonstrated, for example, through an Energy Performance Contract or a building automation and control system in accordance with Article 14 (4) and Article 15 (4), of Directive 2010/31/EU

6 Compliant buildings are assessed against the respective NZEB threshold published by the Norwegian Ministry, expressed as specific energy demand in kWh/m2. At the time of writing all Norwegian buildings with EPC labels of A and some EPC B labels are in scope. The full methodology and selection approach used for NZEB-10% compliant buildings will be published in Multiconsult’s technical report.

7 Qualifying building codes and/or EPC labels will be determined with the support of a specialised external consultant and may take into account guidance from the Norwegian Ministry and may use model estimates from Eiendomsverdi for PED where EPCs are missing. The Norwegian residential and commercial buildings under building codes TEK10 and TEK17 and EPC label A or B are within the top 15% as of FY23 statistics.

GPB/GLP Category	Description Eligible Green Loans: Eligibility Criteria	Contri-bution to UN SDGs	Contribution to EU Envi-ronmental Objective	EU Economic Activity
Green Residential and Commercial Buildings	**3. Refurbished Residential and Commercial buildings in Norway with an improved energy efficiency of 30%**[1] Refurbished Norwegian residential and commercial buildings with at least a 30% improvement in energy efficiency, measured in kWh/m² Buildings directly being used for the exploration, extraction, refining and distribution of fossil fuels are excluded.			
Renewable Energy	Loans, credits and investments to finance and refinance operation, construction, installation, maintenance or repair of renewable energy power plants of renewable energy power plants and generation and trans-mission of energy from such renewable sources. **1. Solar power:** Photovoltaics (PV), concentrated solar power (CSP) and solar thermal facilities **2. Wind power:** Onshore and offshore wind energy generation facilities and other emerging technologies, such as wind tunnels and cubes **3. Geothermal power:** Geothermal energy projects with life cycle emissions of less than 100g CO2e/kWh **4. Hydropower (in Norway, boreal regions)** • the electricity generation facility is a run of river plant and does not have an artificial reservoir • the power density of the electricity generation facility is above 5W/m² • the lifecycle emissions from the generation of the electricity from hydropower are lower than 100g CO2e/Kw	 	**Substantial contribution to Climate Change Mitigation (Article 10), including but not limited to:** 1.a) Generating, transmitting, storing, distri-buting or using renewable energy in line with Directive (EU) 2018/2001, including through using innovative technology with a potential for significant future savings or through necessary reinforcement or extension of the grid	Electricity generation using solar photovoltaic technology Electricity generation from wind power Electricity generation from geo-thermal energy Electricity generation from hydro-power Transmission and distribu-tion of electricity Storage of electricity

1 Qualifying buildings will be determined with the support of a specialised external consultant.

GPB/GLP Category	Description Eligible Green Loans: Eligibility Criteria	Contribution to UN SDGs	Contribution to EU Environmental Objective	EU Economic Activity
	5. Transmission and storage systems: construction, operation and maintenance of transmissions and storage systems (or other infrastructure, including storage) to facilitate the integration of electricity from renewable energy sources into the grid • Transmission and distribution infrastructure in an electricity system that complies with at least one of the following criteria: - The system is the interconnected European system, and its subordinate systems, or - more than 67 % of newly enabled generation assets comply with the 100gCO2 e/kWh threshold (over a rolling 5-year period), or - the grid's average emissions factor is less than 100gCO2 e/kWh (over a rolling 5-year period) • Direct connections, or expansion of existing direct connections of renewable energy sources • Facilities that store electricity and return it at a later time in the form of electricity	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION		
Clean Transportation	Loans, credit and investmentsto finance or refinance production, establishment, acquisition, expansion, upgrades, maintenance and operation of low carbon vehicles and related infrastructures[1] • Land Vehicles - Zero carbon vehicles: Fully Electric, hydrogen or other wise zero-emission passenger vehicles or freight • Maritime Vessels - The vessels have zero direct (tailpipe) carbon emissions • Zero Carbon Transportation Infrastructure - infrastructure to support zero emissions passenger, freight vehicle, vessels and public transportation, such as charg ing stations for electric vehi cles, urban and intercity transit infrastructure, port operation and transhipment infrastructure	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	**Substantial contribution to Climate Change Mitigation (Article 10), including but not limited to:** **1.c)** Increasing clean or climate-neutral mobility	Urban and suburban transport, road passenger transport Infrastructure enabling low-carbon road transport and public transport Sea and coastal passenger water transport Sea and coastal freight water transport, vessels for port operations and auxiliary activities

1 No transport activities that are dedicated for the transport of fossil fuels.

GPB/GLP Category	Description Eligible Green Loans: Eligibility Criteria	Contribution to UN SDGs	Contribution to EU Environmental Objective	EU Economic Activity
Environmentally Sustainable Management Of Living Natural Resources And Land Use	Loans, credit and investments to finance or refinance environmentally sustainable fishery and aquaculture • **Aquaculture** - Aquaculture and supporting intragroup activities certified by [1,2] - Aquaculture Stewardship Council (ASC) - Best Aquaculture Practices (BAP) Global G.A.P. Aquaculture Standard - The Worldwide Standard for Good Agricultural Practices • **Fisheries** - Fishery activities certified by - Marine Stewardship Council (MSC) - Friend of the Sea	 	**Substantial contribution to the Sustainable Use and Protection of Water and Marine Resources (Article 12), including but not limited to:** 1.d) Ensuring the sustainable use of marine ecosystem services or contributing to the good environmental status of marine waters, including by protecting, preserving or restoring the marine environment and by preventing or reducing inputs in the marine environment	Not covered in EU Taxonomy Climate Delegated Act[3]

1 ASC, BAP or Friend of the Sea certified activities for which a variance from the standard has been approved are excluded.
2 Feed used at the fish farm must only use soy protein concentrate that is certified either by the Round Table for Responsible Soy's (RTRS) Segregation certificate or by ProTerra.
3 Covered by other four remaining environmental objectives of the EU taxonomy. See annex to the Platform on Sustainable Finance's report with recommendations on technical screening criteria for the four remaining environmental objectives of the EU taxonomy

4. Process for Project Evaluation and Selection

A dedicated Green Finance Committee has been established to create this Green Finance Framework. Eligible Loans financed and/or refinanced through the Green Finance proceeds are evaluated and selected based on compliance with the Eligibility Criteria. The committee consists of members of the Corporate and Retail Banking, Credit, Treasury and Sustainability departments.

The Green Finance Committee is responsible for:

- Reviewing the content of SNN's Framework and updating it to reflect changes in corporate strategy, technology, market, or regulatory developments on a best effort basis;
- Updating external documents such as Second Party Opinion (SPO) and related documents from external consultants and accountants.
- Evaluating and defining the Eligible Green Loans Portfolio in line with the Eligibility Criteria as set out in the Framework, excluding loans that no longer comply with the Eligibility Criteria or have been disposed of and replacing them on a best effort basis;
- Overseeing, approving and publishing the allocation and impact reporting, including external assurance statements. SNN may rely on external consultants and their data sources, in addition to its own assessment;
- Monitoring internal processes to identify known material risks of negative social and/or environmental impacts associated with the eligible Green Loans Portfolio and appropriate mitigation measures where possible;
- Contributing to the mitigation of the environmental and social risks potentially associated with the eligible Green Loans Portfolio via the due-diligence processes conducted by SNN's at group level;
- Liasing with relevant business finance segments and other stakeholders on the above

SNN takes the EU Taxonomy into due consideration. Under the EU Taxonomy eligible loans should substantially contribute to at least one of the EU Environmental Objectives, by meeting the relevant Technical Screening Criteria, while not significantly harming ('DNSH') any other EU Environmental Objectives and also meet the requirements of the Minimum Social Safeguards. ISS Corporate Solutions has performed a detailed EU Taxonomy assessment as part of the Second Party Opinion. The EU Taxonomy's Do No Significant Harm criteria, Minimum Safeguards as well as Principle Adverse Impact Indicators are taken into account in the evaluation process on a best-efforts basis when practically feasible. SNN will evaluate and be open to include new categories of eligible assets within the EU Taxonomy Regulation when needed to reflect corporate strategy, technology, market developments, or regulatory developments.

In accordance with the recommendations above, SNN takes care that the Eligible Green Loan Portfolio complies with official international, national and local laws and regulations on a best-effort basis. The terms and conditions that govern SNN's business lending require borrowers to comply with all applicable laws, regulations and practices and that they will comply with all authorisations, consents, approvals, waivers, resolutions, licences, permits, exemptions or registrations related to the project financed.

The Eligible Green Loan Portfolio is required to align with SNN's related internal sustainability codes and policies, including the General guidelines for corporate social responsibility and sustainability and the Code of Conduct. SNN recognises the need to align frameworks, policies and practices to environmental, social and governance (ESG) principles, and this continues to be an ongoing focus. Set out below are some examples of relevant codes and policies:

- Policy for sustainability and corporate social responsibility – see here
- Guidelines for sustainable financing (credit) – see here
- General guidelines for corporate social responsibility and sustainability – see here
- Green Product Framework – see here

SNN's codes and policies can be found on the sustainability section of the Group.

5. Management of Proceeds

The net proceeds of the green finance instruments issued under this Framework will be managed by SNN in a portfolio approach.

SNN intends to allocate the proceeds from the green finance instruments to an Eligible Green Loan Portfolio, selected in accordance with the Eligibility Criteria set out in Use of Proceeds and Process for Project Evaluation and Selection above.

SNN will strive, over time, to achieve a level of allocation for the Eligible Green Loan Portfolio which matches or exceeds the balance of net proceeds from its outstanding green finance instruments. Additional Eligible Green Loans will be added to the Eligible Green Loans Portfolio to the extent required to ensure that an amount equal to the net proceeds from outstanding green finance instruments will be allocated to Eligible Green Loans.

During the life of the green finance instruments, if a loan ceases to fulfil the eligibility criteria, SNN will remove the loan from the Eligible Green Loan Portfolio and replace it when necessary for the balance as soon as reasonably practicable.

Pending the full allocation to the Eligible Loans Portfolio, SNN will temporarily hold and/or invest the balance of net proceeds not yet allocated in its treasury liquidity portfolio (in cash or cash equivalents, money market funds, etc.) In the rare case where proceeds are unallocated, SNN intends to at least assign a portion of an amount equal to the net proceeds to ESG-orientate assets (e.g. green or social bonds) within SNN's treasury liquidity portfolio.

6. Reporting

SNN intends to make and keep readily available green finance reporting after a year from the issuance, to be renewed annually until full allocation.

SNN intends to show the allocation and impact of the green finance proceeds to the eligible green loan portfolio at least at the category level and on an aggregated basis for SNN's green finance instruments.

SNN will align, on a best effort basis, the impact reporting with the portfolio approach described in "Handbook – Harmonized Framework for Impact Reporting (June 2022).[1]

1 See here

Allocation Reporting

The allocation report will provide, on a portfolio basis, reporting on indicators such as:

- The geographic location of the assets, at country level
- The size of the identified Eligible Green Loan Portfolio, per investment category
- The total amount of SNN green finance instruments outstanding
- The amount of net proceeds allocated to Eligible Green Loans, per Green Eligible Category
- The balance of unallocated proceeds
- The amount or the percentage of new financing and refinancing
- The proportion of loans that are aligned with the EU Taxonomy Climate Delegated Act

Impact Reporting

Where feasible, SNN intends to report on the environmental impacts of the loans funded with proceeds from green finance instruments. Where relevant, information may be provided on data reporting and impact assessment methodologies to increase transparency. The Impact report may provide:

- A description of relevant Eligible Green Loans
- The breakdown of the Eligible Green Loan Portfolio by nature of what is being financed (financial assets)
- Metrics regarding Eligible Green Loans' environmental impacts as described below:

GPB/GLP Category	Potential impact indicators
Green Residential/ Commercial Buildings	• Estimated annual energy consumption in KWh/m2 or savings in MWh • Estimated annual reduced and/or avoided GHG emissions in tonnes of CO2 equivalent
Renewable Energy	• Renewable energy generation in MWh per year • Total installed capacity in MW • Estimated annual reduced and/or avoided GHG emissions in tonnes of CO2 equivalent
Clean Transportation	• Estimated annual reduced and/or avoided GHG emissions in tonnes of CO2 equivalent • Number of low carbon vehicles (units per year) • Low carbon infrastructure: Number of charging stations
Environmentally Sustainable Management Of Living Natural Resources And Land Use	• % of certified fishery measured in number of certification schemes • % of fishery stocks with biomass at or above sustainable levels • Avoided bycatch in tons • Production of sustainable aquaculture, algaculture, and/or mariculture in tons • Estimated annual reduced and/or avoided GHG emissions in tonnes of CO2 equivalent • % of certified sustainably-sourced and produced feed • Energy used (in kWh) per ton of production

Both allocation report and impact report will be made available via SNN's website[1]

1 https://www.sparebank1.no/en/nord-norge/about-us/about-us/sustainability/green-finance-framework.html

7. External review

Second party Opinion

SNN has obtained an independent verification assessment from ISS Corporate Solutions to assess the alignment of the framework with the ICMA Green Bond Principles 2021 (including the updated Appendix I of June 2022). SNN has also obtained an EU Taxonomy alignment assessment from ISS Corporate Solutions to assess the alignment of the framework with the EU Taxonomy. The second party opinion report and the Taxonomy alignment assessment will be published on the SNN website.

SNN will, on an ongoing basis, review the Framework and reserves the right to update the Framework if improvements are identified, or to include further categories as Eligible Green Assets, provided that the Second Party Opinion is updated by ISS Corporate Solutions.

Annual Audit/Limited Assurance on the Allocation Reporting

SNN may request on an annual basis, starting one year after issuance and until maturity (or until full allocation), a limited assurance report of the allocation of the bond proceeds to eligible assets, provided by its external auditor).

Annex

SUSTAINABILITY CERTIFICATION SCHEMES THAT ARE ELIGIBLE:

Certification	Description
	LEED (Leadership in Energy and Environmental Design) is a green building rating system for the design, construction, operation, and maintenance of green buildings, homes, and neighborhoods, which aims to help building owners and operators be environmentally responsible and use resources efficiently. Available for virtually all building types, LEED provides a framework for healthy, efficient, and cost-saving green buildings.
	BREEAM (Building Research Establishment Environmental Assessment Method), first published by the Building Research Establishment (BRE) in 1990, is the world's longest-established method of assessing, rating, and certifying the sustainability of buildings. It is an assessment undertaken by independent licensed assessors using scientifically-based sustainability metrics and indices which cover a range of environmental issues. With this method, projects can be assessed on integral sustainability. BREEAM also has a tool which focuses on neighbourhood development. Its categories evaluate energy and water use, health and well-being, pollution, transport, materials, waste, ecology and management processes. Buildings are rated and certified on a scale of 'Pass', 'Good', 'Very Good', 'Excellent' and 'Outstanding'. The BREEAM certification mark provides an internationally recognised badge of assurance that the assessment of a project conforms to the requirements of the scheme. The certification mark can be showcased to demonstrate the quality, performance and sustainable credentials of the asset.
	The Marine Stewardship Council (MSC) is an international, independent and accredited certification for sustainably caught fish. Certification demonstrates that fish has been caught sustainably, without overfishing or damage to nature.
	Aquaculture Stewardship Council (ASC) is an international, independent and accredited certification for fish farming. Certification confirms that the fish has been farmed in a responsible manner. The certification applies key requirements to protect the ecosystem and reduce greenhouse gases.
	The Global Aquaculture Alliance (GAA) coordinates the development of the Best Aquaculture Practices (BAP) certification standards. More than 150 retail and foodservice brands worldwide are publicly committed to sourcing seafood responsibly from BAP-certified aquaculture processing plants, farms, hatcheries and feed mills.
	GLOBAL G.A.P. is an internationally recognised standard for farm production with the standard demanding, among other things, greater efficiency in production across 3 scopes of production: Crops, Livestock, Aquaculture. It improves business performance and reduces waste of vital resources. It also requires a general approach to farming that builds in best practices for generations to come. The certification is audited and issued by reputable certification bodies.

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