

# Second-Party Opinion

## Sparebanken Vest Green Bond

### Evaluation Summary

Sustainalytics is of the opinion that the Sparebanken Vest Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



**USE OF PROCEEDS** The eligible category for the use of proceeds – green buildings and renewable energy – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that offering mortgages for energy efficiency residential buildings, as well as lending to green buildings and hydroelectric projects, will lead to positive environmental impacts and advance the UN Sustainable Development Goals, in particular Goals 7, 9, and 11.



**PROJECT EVALUATION / SELECTION** Sparebanken Vest has established a green bond committee, led by the Head of Sustainability and consisting of representatives from relevant departments, to select eligible loans for inclusion in its green portfolio. This is in line with market practice.



**MANAGEMENT OF PROCEEDS** Sparebanken Vest will manage the proceeds of its green bond using a portfolio approach, with distinct portfolios for covered and senior bonds, and ensure over time that the value of its portfolio matches the outstanding balance of green bonds. Unallocated proceeds may be held in the Bank's treasury liquidity portfolio. This is in line with market practice.



**REPORTING** Sparebanken Vest will report annually on allocation and impact, on a portfolio basis. Allocation reporting will include information on the total amount allocated and the number of loans financed, while impact reporting will include relevant quantitative metrics, calculated using a methodology developed by a specialist third-party consultant. This is in line with market practice.

<b>Evaluation date</b>	July 16, 2019
<b>Issuer Location</b>	Bergen, Norway

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**For inquiries, contact the Sustainable Finance Solutions project team:**

#### Zach Margolis (Toronto)

Project Manager  
zach.margolis@sustainalytics.com  
(+1) 647 695 4341

#### Jean-Claude Berthelot (Amsterdam)

Client Relations  
susfinance.emea@sustainalytics.com  
+44 20 3880 0193

## Introduction

Sparebanken Vest (the “Issuer” or the “Bank”) is a Norwegian financial institution, providing services to individuals and businesses in Western Norway, in particular the counties of Hordaland, Rogaland and Sogn & Fjordane. Based in Bergen, Sparebanken Vest has been in operation since 1823. Growing out of its background of a local bank serving the community, Sparebanken Vest considers Sustainability to be an inherent part of its business model, with the aim of supporting the creation of a better world, through the projects it chooses to finance and through the manner in which the bank conducts itself in relation to clients and the environment.

Sparebanken Vest has developed the Sparebanken Vest Green Bond Framework (the “Framework”) under which it intends to issue green covered bonds and use the proceeds to finance or refinance, in whole or in part, a portfolio of mortgages on energy efficient homes in Norway and green senior bonds and use the proceeds to finance or refinance, in whole or in part, loans to green buildings and renewable energy projects. The Framework defines eligibility criteria in three areas:

1. Residential Green Buildings
2. Commercial Green Buildings
3. Renewable Energy

Sparebanken Vest engaged Sustainalytics to review the Sparebanken Vest Green Bond Framework, dated June 2019, and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).<sup>1</sup> This Framework has been published in a separate document.<sup>2</sup>

As part of this engagement, Sustainalytics held conversations with various members of Sparebanken Vest’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 Sparebanken Vest’s green bond. Sustainalytics also reviewed relevant public documents and non-public information.

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

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<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 Sparebanken Vest Green Bond Framework is available on Sparebanken Vest’s website at: <https://www.spv.no/english/investor-relations>

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Sparebanken Vest Green Bond Framework

#### Summary

Sustainalytics is of the opinion that the Sparebanken Vest Green Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018. Sustainalytics highlights the following elements of Sparebanken Vest's green bond framework:

- Use of Proceeds:
  - The eligible use of proceeds categories – green buildings and renewable energy - are recognized as impactful by the GBP.
  - Sparebanken Vest has selected residential energy efficiency residential buildings which fall within the top 15% of homes in Norway or that have been refurbished to improve energy efficiency by 30%. These thresholds are aligned with market practice, and in conformance with the Climate Bond Initiative's Low Carbon Buildings Criteria.<sup>3</sup> Sustainalytics views positively that a third-party consultant, Multiconsult ASA, was engaged to define eligibility criteria in line with the thresholds:<sup>4</sup>
    - Apartments built after 2012 (compliant with building codes TEK10 and TEK17) and homes built after 2009 (compliant with building codes TEK07, TEK10, and TEK17) are eligible.
    - Pre-2009 dwellings are eligible if they have an EPC of C or better, which Multiconsult concludes represent the top 12% of current residential buildings, are eligible.
    - Refurbished buildings can demonstrate a 30% improvement based on either a two-step improvement in energy label or a 30% improvement in measured energy performance, based on a value derived from year of construction.
  - The Framework includes as eligible commercial buildings:
    - That are within the top 15% most energy efficient in Norway, based on a report from Multiconsult. These have been defined as hotels and restaurant buildings constructed after 2011, and office, retail, and industrial buildings built after 2010.<sup>5</sup>
    - That have received reputable third-party green building certifications, such as LEED Gold, BREEAM/BREEAM-NOR Excellent, or Nordic Swan. Refer to Appendix 1 for further discussion of these certifications.
    - Refurbished commercial buildings that have improved their energy performance by at least 30%, compared to the energy efficiency derived from the building code in effect at the time of certification. Multiconsult has advised upon this methodology.
  - Within the category of renewable energy, Sparebanken Vest intends to provide loans to hydroelectric facilities in Norway with emissions intensities of less than 100gCO<sub>2</sub>/kWh.<sup>6</sup>
    - This category includes both small-scale run-of-river facilities with installed capacities of less than 20MW as well as the refurbishment or refinancing of existing larger facilities.
    - Sustainalytics considers that by selecting only projects located in Norway and therefore subject to rigorous regulatory oversight, limiting inclusion to projects with lower emissions, and limiting new projects to small-scale plants with limited water impoundment that risks will be mitigated and that these loans will result in net-positive environmental impacts.<sup>7</sup>

<sup>3</sup> <https://www.climatebonds.net/standard/buildings>

<sup>4</sup> Sustainalytics has been provided with and has reviewed Multiconsult ASA's report.

<sup>5</sup> Multiconsult has established that buildings compliant with codes TEK07, TEK10, and TEK17 meet this criterion, and established the construction dates based on conservative assumptions for time of completion.

<sup>6</sup> This emissions threshold is aligned with that proposed in the EU Technical Expert Group's June 2019 Taxonomy Technical Report, as well as the Climate Bonds Initiative's Draft Hydropower Criteria.

<sup>7</sup> Sparebanken Vest has commissioned the independent consultancy Multiconsult to assess its portfolio of hydroelectric loans. This report, provided to Sustainalytics for review, concludes that all loans within the portfolio comply with the criteria of the Framework.

- **Project Evaluation and Selection:**
  - Sparebanken Vest has formed a dedicated green bond committee to oversee its green bond programme, including the selection of eligible assets. This committee includes the Bank's Head of Sustainability, as well as senior representatives from the credit, funding, risk management and corporate lending teams.
  - Based on the establishment of a formal committee with cross-departmental representation, Sustainalytics considers the project evaluation and selection process to be in line with market practice.
- **Management of Proceeds:**
  - Sparebanken Vest will use a portfolio approach to manage the proceeds of its bonds, segregating the covered bond portfolio and the senior bond portfolio. The Bank will strive to ensure that the balance of its portfolio matches or exceeds the balance of outstanding bonds, and will add or remove loans from the portfolio as needed. Temporarily unallocated proceeds will be held or invested in the Bank's treasury liquidity portfolio
  - Sustainalytics considers this to be in line with market practice, noting that no lookback period is defined, which is considered to reflect market practice for financial assets, noting also that as loans are repaid over time, the portfolio will naturally be weighted towards more recent assets.
- **Reporting:**
  - Sparebanken Vest has committed to allocation and impact reporting on a portfolio basis, made available annually on the Bank's website. Allocation reporting will include, on a portfolio basis, the total allocated amount, the number of eligible loans, the balance of unallocated proceeds, and the shares of financing and refinancing. Multiconsult, a real estate consultant, has been appointed to develop a methodology for impact quantification.
  - Based on the commitment to annual reporting, and the use of a third-party specialist to develop impact metrics, Sustainalytics considers the reporting to be in line with market practice.

### Alignment with Green Bond Principles 2018

Sustainalytics has determined that the Sparebanken Vest's green bond aligns to the four core components of the Green Bond Principles 2018. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

## Section 2: Sustainability Performance of the Issuer

### Contribution of framework to Sparebanken Vest's sustainability strategy

Sparebanken Vest considers Sustainability to be an inherent part of its business model, with the aim of supporting the creation of a better world, through the projects it chooses to finance and through the manner in which the bank conducts itself in relation to clients and the environment.<sup>8</sup> Sparebanken Vest's responsible business involves integrating corporate social responsibility in all its business processes and parts of the value chain.<sup>9</sup> Moreover, through its Code of Ethics,<sup>10</sup> Sparebanken Vest commits to reducing its direct and indirect impact on the environment, tackling environmental challenges, promoting accountability for the environment and encourages the development and diffusion of environmentally friendly technologies. The Bank also commits to actively contribute towards sustainable development through making sustainable investments that take into account environmental issues.<sup>11</sup> In terms of financing, Sparebanken Vest excludes activities such as coal-fired power production, coal mining, extraction of oil from oil sand and shale gas, large-scale development of areas of peat or vegetation with a high CO<sub>2</sub> content for agricultural purposes and

<sup>8</sup> Sparebanken Vest Corporate Website, "Sustainability in Sparebanken Vest", at: <https://www.spv.no/english/about-sparebanken-vest/csr>.

<sup>9</sup> Sparebanken Vest Corporate Website, "Our Customers", at: <https://www.spv.no/english/about-sparebanken-vest/csr/our-customers>.

<sup>10</sup> Sparebanken Vest, "Code of Ethics", at: <https://www.spv.no/english/about-sparebanken-vest/csr/business-culture-and-working-environment>.

<sup>11</sup> Sparebanken Vest, "Principles for Corporate Social Responsibility", (2019), at: <https://www.spv.no/english/investor-relations/risk-and-capital-management>.

production and maintenance of weapons of mass destruction that target people.<sup>12</sup> The bank also only financing energy production that originates fully from renewable sources.<sup>13</sup>

Furthermore, Sparebanken Vest commitments are based upon on several internationally recognized principles such as: the UN Global Compact, OECD Guidelines for Multinational Enterprises, UNEP FI Statement, UN Principles for Responsible Investment (PRI) and UN Guiding Principles on Business and Human Rights,<sup>14</sup> which provide guidelines on responsible business and sustainability.

Sustainalytics views positively the stances and commitments of Sparebanken Vest, and is of the opinion that the eligible projects in the Framework align with these objects, while encouraging the Bank to continue in adopting quantitative targets and specific time-bound goals and increasing levels of disclosure. Overall, Sustainalytics considers Sparebanken Vest 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**

Sparebanken Vest's use of proceeds categories are anticipated to have overall positive environmental impacts. Nevertheless, the eligible projects may still be associated with potential environmental and social risks. The main risks associated with green buildings involve workers' health and safety and construction waste while renewable energy facilities face additional issues related to managing biodiversity impacts. Sustainalytics notes that as a bank, Sparebanken Vest has limited involvement in the construction of the projects for which it provides financing, and has relevant and sufficient processes in place in order to ensure that the recipients of loans mitigate and prevent environmental and social risks associated with the use of proceeds.

Sparebanken Vest has a comprehensive HSE (health, safety and environment) management system which governs issues related to occupational health and safety and environmental protection. Within its Risk and Capital Management 2018 policy,<sup>15</sup> Sparebanken Vest commits to acting responsibly in accordance with internationally recognized principles for corporate social responsibility and sustainability when conducting its lending business. Moreover, the bank will analyze consequences resulting from climate change and risk relating to pollution of the environment in connection with credit assessments towards clients. Furthermore, Sparebanken Vest's Principles for Corporate Social Responsibility provides a comprehensive set of guidelines for the bank's sustainable investments, assessing the ethics, environmental policies, corporate social responsibility and sustainability of customers in relation to potential investments.<sup>16</sup> The bank also obliges itself to manage societal and environmental risk and to ensure that its financed companies are taking steps to reduce the negative impact of their business activities in a responsible manner.<sup>17</sup>

Additionally, Sparebanken Vest excludes from financing any company that is excluded from Norges Bank's investment universe,<sup>18</sup> which Sustainalytics considers to provide additional reassurance that loans granted by Sparebanken Vest will not be directed towards environmentally or socially deleterious activities.

Given its internal processes, as well as being a signatory to international agreements such as the UN PRI, Sustainalytics is of the opinion that Sparebanken Vest is well positioned in mitigating the environmental and social risks linked to the use of proceeds categories.

<sup>12</sup> Sparebanken Vest Corporate Website, "Our Customers", at: <https://www.spv.no/english/about-sparebanken-vest/csr/our-customers>.

<sup>13</sup> Sparebanken Vest, "Principles for Corporate Social Responsibility", (2019), at: <https://www.spv.no/english/investor-relations/risk-and-capital-management>.

<sup>14</sup> Sparebanken Vest, "Principles for Corporate Social Responsibility", (2019), at: <https://www.spv.no/english/investor-relations/risk-and-capital-management>.

<sup>15</sup> Sparebanken Vest, "Risk and Capital Management 2018", (2019), at: <https://www.spv.no/english/investor-relations/risk-and-capital-management>.

<sup>16</sup> Sparebanken Vest, "Principles for Corporate Social Responsibility", (2019), at: <https://www.spv.no/english/investor-relations/risk-and-capital-management>.

Sparebanken Vest, "Customer Requirements", at: <https://www.spv.no/english/about-sparebanken-vest/csr/our-customers>.

<sup>17</sup> Sparebanken Vest, "Annual Report 2018", (2018), at: <https://www.spv.no/english/investor-relations/annual-and-interim-reports>.

<sup>18</sup> Norges Bank, "Observation and exclusion of companies" <https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/>

## Section 3: Impact of Use of Proceeds

All three use of proceeds categories are recognized as impactful by GBP. Sustainalytics has focused below on how the impact is specifically relevant in the local context.

### Importance of energy-efficient buildings in Norway

In 2015, households accounted for 21% of Norway's final energy consumption.<sup>19</sup> Considering this substantial share, improvements in this area will be required in order for Norway to meet its commitment to the Paris Agreement, namely a target of 40% greenhouse gas (GHG) emissions reductions by 2030, compared to the 1990 baseline,<sup>20</sup> as well as its broader climate strategy which seeks to achieve a 30% interim reduction in GHGs by 2020, climate neutrality by 2030, and the development of a low-emission society by 2050.<sup>21</sup>

The Framework allows for Sparebanken Vest to provide mortgage and commercial lending to energy efficient properties which it has identified in a variety of ways. One such method is to use Energy Performance Certificates (EPCs), while another is to rely upon voluntary third-party green building certifications, such as BREEAM and Nordic Swan; Sustainalytics considers these to be reputable schemes, refer to Appendix 1 for further assessment and comparison. Additionally, the Bank intends to use Norwegian building codes to determine if residential buildings, including both apartments and other dwellings, are top energy performers. In particular, the Framework states that apartment buildings compliant with the two most recent building codes (TEK10 and TEK 17) and other dwellings compliant with the three most recent codes (including also TEK07) will be eligible for inclusion in the green bond. Sustainalytics considers these building codes to be demonstrative of positive environmental impact based on several factors. The Norwegian codes are considered to be some of the strictest mandatory building regulations in the world;<sup>22</sup> the regulations themselves specify both mandatory standards for individual components, as well as overall quantitative performance.<sup>23</sup> Furthermore, work from the third-party consultant Multiconsultant ASA has defined that the two most recent codes covered buildings which made up, collectively, the top 7% of buildings in Norway by energy efficiency. Finally, it should be noted that the Climate Bond Initiative has determined that TEK07 for houses and TEK10 for apartments are compliant with its trajectory methodology as part of a transition to a low-carbon economy.<sup>24</sup>

Sustainalytics is of the opinion that Sparebanken Vest's green bonds will deliver environmental benefits and contribute to meeting Norway's climate targets by financing and refinancing buildings with high energy efficiency standards as well as providing lending for commercial green buildings.

### Role of hydropower in Norway's energy mix

Renewable energy generation in Norway accounts for approximately 98% of all electricity production. While this figure suggests that growth in renewable energy will not have significant additional effects, the power system in Norway is closely interconnected to other Nordic countries, as well as to other countries such as the Netherlands, Germany, the Baltic states, Poland and Russia.<sup>25</sup> In this context the growth of renewable energy in Norway supports clean electricity and the achievement of climate objectives throughout Europe.

The Framework allows for Sparebanken Vest to provide loans to small-scale run-of-river hydroelectric facilities in Norway, which are defined as those that have an installed capacity of less than 20 MW. In this context of relatively small facilities, constructed in a location with a robust regulatory regime, adverse environmental and social impacts are mitigated. Additionally, it is noted that hydroelectric facilities in temperate climates generally have lower life-cycle emissions than those in a more equatorial setting. Considering these factors, Sustainalytics views positively Sparebanken Vest's investment in Norwegian small hydro projects.

<sup>19</sup> Note that this figure excludes energy use in the country's offshore oil and gas sector, which contributed to almost a third of all carbon emissions.

<sup>20</sup> <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Norway%20First/NorwayINDC.pdf>

<sup>21</sup> <https://www.regjeringen.no/contentassets/52d65a62e2474bafa21f4476380cffda/t-1563e.pdf>

<sup>22</sup> <https://qhaus.eu/articles/151-tek10-tek15-husbanken-ns3700-passivhaus-standard-how-norway-is-leading-the-energy-efficiency-revolution/>

<sup>23</sup> <https://dibk.no/globalassets/byggeregler/regulation-on-technical-requirements-for-construction-works-technical-regulations.pdf>

<sup>24</sup> <https://www.climatebonds.net/standard/buildings/residential/calculator>

<sup>25</sup> 25

### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Green Residential 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
Green Commercial Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

### Conclusion

Sparebanken Vest has developed a Green Bond Framework, under which it intends to issue green senior bonds and, through its wholly-owned subsidiary Sparebanken Vest Boligkreditt AS, green covered bonds use the proceeds to finance mortgages for energy efficient residential buildings, loans to energy efficient commercial buildings, and loans to hydro projects with emissions intensities of less than 100gCO<sub>2</sub>/kWh. Sustainalytics highlights that Sparebanken Vest has commissioned the independent real estate consultant Multiconsult ASA to develop a methodology for identifying eligible residential and commercial buildings. Sustainalytics is further of the opinion that the initiatives described by the Framework will advance the UN Sustainable Development Goals, in particular Goals 7, 9, and 11.




Sustainalytics anticipates that the financing of green residential and commercial buildings and hydro facilities as per the Framework will provide environmental benefits and support the achievement of climate goals in Norway. In addition, Sparebanken Vest's processes for project evaluation and selection as well as management of proceeds and reporting are aligned with market practice.

Based on the above, Sustainalytics considers the Sparebanken Vest Green Bond Framework to be robust, credible and transparent, and in alignment with the four core components of the ICMA's Green Bond Principles 2018.



## Appendices

### Appendix 1: Overview of Green Building schemes reference by the Framework

	<b>BREEAM BEEAM-NOR</b>	<b>LEED</b>	<b>Nordic Swan</b>
<b>Background</b>	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. BREEAM-NOR is tailored to the Norwegian market.	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).	The Nordic Swan Ecolabel was first released in 1989 by the Nordic Council of Ministers. The scheme is applicable to more than 200 product types, including various classes of buildings.
<b>Certification levels</b>	<ul style="list-style-type: none"> <li>• Pass</li> <li>• Good</li> <li>• Very Good</li> <li>• Excellent</li> <li>• Outstanding</li> </ul>	<ul style="list-style-type: none"> <li>• Certified</li> <li>• Silver</li> <li>• Gold</li> <li>• Platinum</li> </ul>	<ul style="list-style-type: none"> <li>• Certified</li> </ul>
<b>Areas of Assessment</b>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Land Use and Ecology</li> <li>• Pollution</li> <li>• Transport</li> <li>• Materials</li> <li>• Water</li> <li>• Waste</li> <li>• Health and Wellbeing</li> <li>• Innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Energy and atmosphere</li> <li>• Sustainable Sites</li> <li>• Location and Transportation</li> <li>• Materials and resources</li> <li>• Water efficiency</li> <li>• Indoor environmental quality</li> <li>• Innovation in Design</li> <li>• Regional Priority</li> </ul>	<ul style="list-style-type: none"> <li>• General requirements</li> <li>• Resource efficiency</li> <li>• Indoor environment</li> <li>• Chemicals and materials</li> <li>• Construction Management</li> <li>• Regulatory requirements</li> <li>• Point-score requirements (including energy)</li> </ul>
<b>Requirements</b>	<p>Prerequisites depending on the levels of certification, and credits with associated points.</p> <p>This number of points is then weighted by item to determine an overall score, upon which the overall rating is based.</p> <p>Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.</p>	<p>Prerequisites independent of level of certification, and 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>Points-based assessment.</p> <p>For apartment buildings at least 17 out of 44 possible points must be achieved.</p> <p>For small houses at least 16 out of 42 possible points must be achieved.</p> <p>For pre-school and school buildings at least 15 out of 39 possible points must be achieved.</p>
<b>Performance display</b>			
<b>Qualitative Considerations</b>	Widely recognized internationally, with version adapted to local conditions	Widely recognized internationally, and strong assurance of overall quality.	Widely recognized within the region, strong assurance of quality.



## Appendix 2: Green Bond / Green Bond Programme - External Review Form

### Section 1. Basic Information

Issuer name:	Sparebanken Vest
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	Sparebanken Vest Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	July 16, 2019
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	

### 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 GBPs:

- |  |  |
|--|--|
| <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 category for the use of proceeds – green buildings and renewable energy – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that offering mortgages for energy efficiency residential buildings, as well as lending to green buildings and hydro projects, will lead to positive environmental impacts and advance the UN Sustainable Development Goals, in particular Goals 7, 9, and 11.

### Use of proceeds categories as per GBP:

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

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

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Sparebanken Vest has established a green bond committee, led by the Head of Sustainability and consisting of representatives from relevant departments, to select eligible loans for inclusion in its green portfolio. This is 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 |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available                  | <input type="checkbox"/> Other ( <i>please specify</i> ):   |

#### Information on Responsibilities and Accountability

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other ( <i>please specify</i> ):  |  |

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Sparebanken Vest will manage the proceeds of its green bond using a portfolio approach, with distinct portfolios for covered and senior bonds, and ensure over time that the value of its portfolio matches the outstanding balance of green bonds. Unallocated proceeds may be held in the Bank's treasury liquidity portfolio. This is in line with market practice.

#### Tracking of proceeds:

- |   |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner          |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other ( <i>please specify</i> ):   |

#### Additional disclosure:

- |   |  |
|---|--|
| <input type="checkbox"/> Allocations to future investments only                             | <input 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*):

Sparebanken Vest will report annually on allocation and impact, on a portfolio basis. Allocation reporting will include information on the total amount allocated and the number of loans financed, while impact reporting will include relevant quantitative metrics, calculated using a methodology developed by a specialist third-party consultant. This is in line 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> ): number of eligible loans |  |

**Frequency:**

- |   |                                      |
|---|--------------------------------------|
| <input 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> ):        |

**Frequency:**

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

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

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings   |
| <input type="checkbox"/> Decrease in water use              | <input type="checkbox"/> Other ESG indicators ( <i>please specify</i> ): others as practicable |

**Means of Disclosure**

- |   |   |
|---|---|
| <input type="checkbox"/> Information published in financial report  | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents  | <input type="checkbox"/> Other ( <i>please specify</i> ):               |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): |   |

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.)

<https://www.spv.no/english/investor-relations>

**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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