

Second-Party Opinion

SpareBank 1 Boligkreditt Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the SpareBank 1 Boligkreditt 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 is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that the Eligible Green Loan Portfolio will lead to positive environmental impacts and advance the UN Sustainable Development Goals, Goal 7 and 11.



PROJECT EVALUATION / SELECTION SpareBank 1 Boligkreditt has established a Green Bond Committee which consists of members from SpareBank 1 Boligkreditt's board and management. The committee is responsible for managing the Framework, including the definition of eligible mortgages and any future updates to the document. All selected assets must follow national and regional regulations.



MANAGEMENT OF PROCEEDS SpareBank 1 Boligkreditt intends to manage green bond proceeds using a portfolio approach by allocating eligible loans to an Eligible Green Loan Portfolio. SpareBank 1 Boligkreditt expects full allocation upon issuance. However, if there should be any unallocated proceeds, these will be invested in the company's liquidated portfolio in money market instrument. This is in line with market practice.



REPORTING SpareBank 1 Boligkreditt intends to report both on the allocation and the impacts of the proceeds in an annual report, a quarterly statistical report, and on the SpareBank 1 Boligkreditt website. In addition, SpareBank 1 Boligkreditt is committed to reporting on the size and composition, as well as the energy use and CO₂ emission of the whole portfolio. Sustainalytics views SpareBank 1 Boligkreditt's allocation and impact reporting as aligned with market practice.

Evaluation date	16 September, 2019
Issuer Location	Stavanger, Norway

Report Sections

Introduction.....	2
Sustainalytics' Opinion	3
Appendices	7

For inquiries, contact the Sustainable Finance Solutions project team:

Lili Hocke (Amsterdam)
Project Manager
lili.hocke@sustainalytics.com
(+31) 20 205 00 40

Phoebe Wang (Amsterdam)
Project Manager
phoebe.wang@sustainalytics.com
(+31) 20 205 00 44

Mina Jang (Amsterdam)
Project Support
mina.jang@sustainalytics.com
(+31) 20 205 02 09

Jean-Claude Berthelot (Amsterdam)
Client Relations
Jean-claude.berthelot@sustainalytics.com
(+31) 20 205 00 15

Introduction

SpareBank 1 Boligkreditt AS (the “issuer” or the “company”) refinances residential mortgages as a Norwegian law licensed issuer of covered bonds. The company engages in acquiring first lien residential mortgages originated by its owner banks and finances those properties by issuing covered bonds. SpareBank 1 Boligkreditt is a directly held Norwegian subsidiary of the 14 banks under the SpareBank 1 brand. The SpareBank 1 banks’ lending business is restricted to Norway.

SpareBank 1 Boligkreditt has developed the SpareBank 1 Boligkreditt Green Bond Framework (the “Framework”) under which it intends to issue green bonds and use the proceeds to finance and refinance, in whole or in part, existing and future mortgages for energy efficient residential buildings. The Framework defines eligibility criteria in one area:

1. Green Buildings

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

As part of this engagement, Sustainalytics held conversations with various members of SpareBank 1 Boligkreditt’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 SpareBank 1 Boligkreditt’s green bond. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the SpareBank 1 Boligkreditt Green Bond Framework and should be read in conjunction with that Framework.

¹ 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/>

² The SpareBank 1 Boligkreditt Green Bond Framework is available on SpareBank 1 Boligkreditt’s website at: www.spabol.sparebank1.no/green-bonds

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Green Bond Framework

Summary

Sustainalytics is of the opinion that the SpareBank 1 Boligkreditt Green Bond Framework 2019 is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018. Sustainalytics highlights the following elements of SpareBank 1 Boligkreditt's Framework:

- Use of Proceeds:
 - The use of proceeds category – namely Green Buildings – is recognized as impactful by the GBP 2018. The eligible projects in this category provide meaningful environmental contributions. Sustainalytics views SpareBank 1 Boligkreditt's eligible projects to promote energy efficiency and energy savings in residential buildings in Norway.
 - The proceeds will be allocated to support new and existing mortgages for energy efficient residential apartment buildings or other dwellings located in Norway, defined as:
 - (i) Residential buildings belonging to the top 15% most energy-efficient buildings of the local building stock OR
 - (ii) Refurbished residential buildings which achieved energy savings of at least 30% in comparison to the baseline performance of the building before the renovation
 - For the selection of eligible buildings, SpareBank 1 Boligkreditt relied on a third-party consultant, Multiconsult, which identified suitable buildings based on building codes, energy label and energy efficiency improvements. The methodology used is disclosed on SpareBank 1 Boligkreditt's website. Sustainalytics considers the methodology to rely on credible data sources and proxies. In addition, Sustainalytics positively notes that SpareBank 1 Boligkreditt's green bonds are certified according to the Low Carbon Buildings criteria of the Climate Bonds Standard, which is regarded as a market best practice. The following criteria were developed by Multiconsult:
 - New residential apartment buildings that have been completed since 2012, or other dwellings that have been completed since 2009 are required to comply with Norwegian building codes of 2007 (TEK07), 2010 (TEK10), or 2017 (TEK17).
 - Residential apartment buildings completed before 2012, or other dwellings completed before 2009 must have Norwegian EPC³ label A, B, or C, which is aligned with the new building code TEK07.
 - Refurbished residential buildings shall either be improved in its energy label by two levels or increase their energy efficiency by 30% compared to before the refurbishment.
- Project Evaluation and Selection:
 - SpareBank 1 Boligkreditt has established a dedicated Green Bond Committee that consists of members from both SpareBank 1 Boligkreditt's board and management. The Green Bond Committee is responsible for the definition of the Framework and will manage future updates to the Framework, including expansions to the list of Eligible Categories and changes in market developments.
 - Based on a formal establishment of a dedicated committee formed by cross-department and management members, Sustainalytics considers the project evaluation and selection process to be in line with market practice.
- Management of Proceeds:
 - SpareBank 1 Boligkreditt will manage the green bond proceeds using a portfolio approach. All proceeds will refinance mortgages in the Eligible Green Loan Portfolio based on the eligibility criteria stated above.
 - Unallocated proceeds will be invested in SpareBank 1 Boligkreditt's liquidity portfolio in money market instruments. Sustainalytics considers this as aligned with market practice. However, SpareBank 1 Boligkreditt expects full allocation of proceeds upon issuance.

³ EPC: Energy Performance Certificate

- Reporting:
 - SpareBank 1 Boligkreditt commits to disclose allocation and impact reporting on its website annually.⁴ The reporting will be issued within one year from the date of a green bond transaction, and annually thereafter. The overall report will cover the energy use and CO₂ emissions of the whole portfolio at the time of reporting. SpareBank 1 intends to refresh reporting at the point of each new issuance and should there be any changes to the underlying calculations.
 - A quarterly report covering the size and composition of the Eligible Green Loan Portfolio will also be made available on SpareBank 1 Boligkreditt website.⁵
 - Based on the commitment to regular reporting, Sustainalytics considers the reporting to be in line with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that SpareBank 1 Boligkreditt's Framework aligns to the four core components of the Green Bond Principles 2018. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of the Issuer

Contribution of the Framework to issuer's sustainability performance

As a financial institution committing to reducing GHG emissions and meeting the growing demand of investments on sustainable projects,⁶ SpareBank 1 Boligkreditt considers sustainability to be a critical part of its business model.⁷ Accordingly, SpareBank 1 Boligkreditt's owner banks are members of the UN Global Compact,⁸ demonstrating their commitment to promote environmental responsibility, encourage the development of environmentally friendly technologies and support a precautionary approach to environmental challenges. Moreover, the SpareBank 1 banks (company's owner banks and originators of SpareBank 1 Boligkreditt mortgages) commit to provide climate reporting and disclose information on the bank's environmental performance. For instance, its owner banks, SpareBank 1 SMN and SpareBank 1 Østlandet, provide carbon account reports which disclose data on direct and indirect GHG emissions.

In addition, in January 2018, SpareBank 1 Boligkreditt issued its first green bond to promote environmental initiatives and encourages the SpareBank 1 banks ESG disclosure and initiatives.⁹ Following up on the issuance, the company reported on the impact of the use of proceeds which includes 168,655 MWh of energy savings and 21,251 CO₂ emissions avoided.¹⁰

Based on SpareBank 1 Boligkreditt's sustainability strategy and initiatives, Sustainalytics considers SpareBank 1 Boligkreditt's to be well positioned to issue green financing.

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

While Sustainalytics recognizes the positive impact of Green Buildings, Sustainalytics also acknowledges that buildings and mortgages may have potential environmental and social risks. Risks associated with mortgages include the social impact of lending practices on the lender. In order to mitigate these risks, SpareBank 1 Boligkreditt follows internal, national and international regulations.

In particular, Sustainalytics highlights the following risk mitigation processes of SpareBank 1 Boligkreditt:

⁴ SpareBank 1 Boligkreditt company website, "Green Bond" section: <https://spabol.sparebank1.no/green-bonds>

⁵ SpareBank 1 Boligkreditt company website, "Cover Pool Statistics" section: <https://spabol.sparebank1.no/coverpool>

⁶ SpareBank 1 Boligkreditt Green Bond Framework (2019): https://spabol.sparebank1.no/uploads/20190813_-_SpaBol_-_Green_Bond_Framework_Aug_2019.pdf

⁷ Environmental, Social, Governance (ESG) policy in SpareBank 1 Boligkreditt: https://spabol.sparebank1.no/uploads/20181031_ESG_Policy_Document_SpareBank_1_Boligkreditt.pdf

⁸ SpareBank 1 Boligkreditt Green Bond Framework (2019): https://spabol.sparebank1.no/uploads/20190813_-_SpaBol_-_Green_Bond_Framework_Aug_2019.pdf

⁹ SpareBank 1 Boligkreditt Annual Report 2018 available at: <https://spabol.sparebank1.no/2018/>

¹⁰ Green Bond Reporting 2019 available at: https://spabol.sparebank1.no/uploads/SpareBank_1_Boligkreditt_use_of_proceeds_reporting.pdf

- Given the high debt-to-income (DTI) ratio in Norway, the Norwegian government extended its tightened restrictions on mortgage lending until the end of 2019 to lower household debt growth and vulnerability.¹¹ SpareBank 1 Boligkreditt complies with the Norwegian law and regulations by setting maximum ratios for DTI and loan-to-value (LTV). While complying with Norwegian law and regulations, SpareBank 1 Boligkreditt or its owner banks do not disclose related policies or programmes that go beyond regulatory compliance.
- To ensure that mortgages are selected using a credible methodology, SpareBank 1 Boligkreditt engaged Multiconsult, an external independent consultant, to develop green bond criteria and methodologies to select eligible energy efficient buildings in Norway.¹² Multiconsult also reviewed whether the green bond post-issuance requirements were met under the Low Carbon Buildings criteria of the Climate Bonds Standard. The mortgage pool of SpareBank 1 Boligkreditt consists of the top 15% most energy-efficient buildings in Norway.
- 75% of the owner banks (all larger owner banks in the SpareBank 1 Alliance) are participants in the United Nations Global Compact, which is the world's largest corporate sustainability initiative. It implies that SpareBank 1 Boligkreditt, through its owner banks, has committed to complying with principles related to environmental practices, human rights, labor and anti-corruptions.¹³
- Although SpareBank 1 Boligkreditt, as a specialist mortgage refinancing company, does not engage in corporate lending, lending for the following types of companies is excluded by the banks in the SpareBank 1 Alliance: production of tobacco, pornography, weapons, violation of human/workers' rights, coal production, and power production based on fossil fuel.¹⁴

Considering the above, Sustainalytics is of the opinion that SpareBank 1 Boligkreditt applies credible selection methodology helping the bank to mitigate environmental risks related to the mortgages. Sustainalytics also considers current Norwegian regulations to help mitigate social risks related to mortgage lending but encourages SpareBank 1 Boligkreditt to implement further measures to reduce associated risks.

Section 3: Impact of Use of Proceeds

The use of proceeds category is recognized as impactful by the GBP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

Importance and impact of energy-efficient residential buildings for sustainable cities and communities in Norway

SpareBank 1 Boligkreditt intends to use the bond's proceeds to refinance mortgages for energy efficient residential buildings in Norway in accordance with the criteria outlined above.

In 2017, 22% of final energy consumption in Norway came from households.¹⁵ While electricity in Norway is mainly derived from hydropower, reducing energy consumption from households can make energy available for other purposes, including the export of clean electricity to other European countries, helping to increase the EU's overall renewable electricity mix, which stood at 29% in the EU in 2016.^{16, 17} In addition, the Norwegian

¹¹ UPDATE 1-Norway extends mortgage restrictions until end-2019: <https://www.reuters.com/article/norway-finmin-housing/update-1-norway-extends-mortgage-restrictions-until-end-2019-idUSL8N1TL2DB>

¹² Multiconsult assurance report: https://spabol.sparebank1.no/uploads/Spabol_CBI_Verification_Post-Issuance_Multiconsult_2018_05_25.pdf

¹³ What is the UN Global Compact: UN Global Compact: <https://www.unglobalcompact.org/what-is-gc>

¹⁴ Environmental, Social, Governance (ESG) policy in SpareBank 1 Boligkreditt: https://spabol.sparebank1.no/uploads/20181031_ESG_Policy_Document_SpareBank_1_Boligkreditt.pdf

¹⁵ Norwegian Energy Use by Sector by Energy Facts Norway, retrieved from <https://energifaktanorge.no/en/norsk-energibruk/energibruken-i-ulike-sektorer/>

¹⁶ European Environmental Agency, Overview of electricity production and use in Europe, April 2019: <https://www.eea.europa.eu/data-and-maps/indicators/overview-of-the-electricity-production-2/assessment-4>

¹⁷ The Norwegian American, Hydropower should be Norway's next great export, October 2016: <https://www.norwegianamerican.com/opinion/hydropower-should-be-norways-next-great-export/>

government set the goal to improve energy intensity¹⁸ by 30% from 2015 to 2030.¹⁹ Norway also set an ambitious climate strategy which targets a 30% GHG reduction by 2020, climate neutrality by 2030 and the development of a low-emission society by 2050.²⁰

Regarding buildings, Norwegian regulations outline restrictions including minimum requirements for building elements, prohibition of fossil fuel boilers, and the use of mixed-renewable energy sources for buildings with a heated area larger than 1000 m²,²¹ including quantitative indicators. SpareBank 1 Boligkreditt's criteria are compliant with the Low Carbon Buildings criteria of the Climate Bonds Standard and thus with a low-carbon economy trajectory compliant with a 2-degree global warming scenario.²² Sustainalytics is of the opinion that the financing of energy efficient buildings can support Norwegian national energy efficiency targets.

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 Buildings	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	11. Sustainable Cities and Communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries

Conclusion

SpareBank 1 Boligkreditt has developed SpareBank 1 Boligkreditt Green Bond Framework, under which it intends to issue green bonds that finance mortgages for energy efficient residential buildings in Norway. The proceeds will be managed using a portfolio approach. SpareBank 1 Boligkreditt has engaged independent real estate consultant Multiconsult to develop the methodology and criteria identifying Eligible Green Projects from the residential building sector. Sustainalytics is of the opinion that the targets under the Framework will contribute to the UN Sustainable Development Goals, in particular SDG 7 and 11, which focuses on sustainable cities and communities. Furthermore, the Framework's approach to project selection, management of proceeds, and reporting are aligned with the Green Bond Principles.

Based on the above, Sustainalytics considers that the SpareBank 1 Boligkreditt Green Bond Framework 2019 to be credible, transparent and impactful and aligned with the four pillars of the Green Bonds Principles 2018.

¹⁸ "Energy intensity is the ratio between gross inland energy consumption (GIEC) and gross domestic product (GDP), calculated for a calendar year. GIEC is calculated as the sum of the gross inland consumption of the five sources of energy: solid fuels, oil, gas, nuclear and renewable sources. To monitor trends, GDP is in constant prices to avoid the impact of inflation, with a base year of 2010." <https://www.eea.europa.eu/data-and-maps/indicators/total-primary-energy-intensity-3>

¹⁹ <https://www.odyssee-mure.eu/publications/efficiency-trends-policies-profiles/norway.html>

²⁰ Norway's Seventh National Communication – Under the Framework Convention on Climate Change. Retrieved from <https://www.regjeringen.no/contentassets/52d65a62e2474bafa21f4476380cfd/t-1563e.pdf>

²¹ State-of-the-Art Analysis of Nearly Zero Energy Buildings. Country report IEA – NORWAY. Retrieved from https://www.sintefbok.no/book/index/1188/state-of-the-art_analysis_of_nearly_zero_energy_buildings_country_report_iea_hpt_annex_49_task_1_norway

²² Climate Bonds Standard Certified Regional Standards, retrieved from <https://www.climatebonds.net/standard/buildings/residential/calculator>

Appendices

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	SpareBank 1 Boligkreditt
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	SpareBank 1 Boligkreditt Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	16 September 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 nd 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 use of proceeds category – namely Green Buildings – is recognized as impactful by the GBP 2018. The eligible projects in this category provide meaningful environmental contributions. Sustainalytics views SpareBank 1 Boligkreditt's eligible projects to promote energy efficiency and energy savings in residential buildings in Norway.

The proceeds will be allocated to support new and existing mortgages for energy efficient residential apartment buildings or other dwellings located in Norway, defined as: New Buildings belonging to the top 15% most energy-efficient buildings of the local building stock OR Refurbished buildings which achieved energy savings of at least 30% in comparison to the baseline performance of the building before the renovation

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input type="checkbox"/> Renewable energy | <input 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)*:

SpareBank 1 Boligkreditt has established a dedicated Green Bond Committee that consists of members from both SpareBank 1 Boligkreditt's board and management. The Green Bond Committee is responsible for the definition of the Framework and will manage future updates to the Framework, including expansions to the list of Eligible Categories and changes in market developments.

Based on a formal establishment of a dedicated committee formed by cross-department and management members, Sustainalytics considers the project evaluation and selection process to be 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 type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" 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)*:

SpareBank 1 Boligkreditt will manage the green bond proceeds in a portfolio approach. All proceeds will refinance mortgages in the Eligible Green Loan Portfolio based on eligibility criteria stated above. SpareBank 1 Boligkreditt expects full allocation upon issuance. However, if there should be any unallocated proceeds, these will be invested in the company's liquidated portfolio in money market instrument. 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 checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input 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 Boligkreditt commits to disclose allocation and impact reporting on an annual basis which will be made available on SpareBank 1 Boligkreditt's website. The reporting will be issued within one year from the date of a Green Bond transaction, and annually thereafter. The overall report will cover the energy use and CO₂ emissions of the whole portfolio at the time of reporting. SpareBank 1 Boligkreditt intends to refresh reporting at the point of each new issuance and should there be any changes to the underlying calculations. A quarterly report covering the size and composition of the Eligible Green Loan Portfolio will also be made available on SpareBank 1 Boligkreditt website. Based on the commitment to regular reporting, Sustainalytics considers the reporting to be 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 type="checkbox"/> Other (<i>please specify</i>): | |

Frequency:

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

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 (please specify): |

Frequency:

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

Information reported (expected or ex-post):

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

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 checked="" type="checkbox"/> Other (please specify): website |

- ☐ 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://spabol.sparebank1.no/>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd 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.

Disclaimer

© Sustainalytics 2019. All rights reserved.

The intellectual property rights to the information contained herein is vested exclusively in Sustainalytics. No part of this deliverable may be reproduced, disseminated, comingled, used to create derivative works, furnished in any manner, made available to third parties or published, parts hereof or the information contained herein in any form or in any manner, be it electronically, mechanically, through photocopies or recordings without the express written consent of Sustainalytics.

As the information herein is based on information made available by the issuer, the information is provided “as is” and, therefore Sustainalytics does not warrant that the information presented in this deliverable is complete, accurate or up to date, nor assumes any responsibility for errors or omissions and Sustainalytics will not accept any form of liability for the substance of the deliverable and/or any liability for damage arising from the use of this deliverable and/or the information provided in it. Any reference to third party names is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner.

Nothing contained in this deliverable shall be construed as to make a representation or warranty on the part of Sustainalytics, express or implied, regarding the advisability to invest in companies, selection of projects or make any kind of business transactions. It shall not be construed as an investment advice (as defined in the applicable jurisdiction), nor be interpreted and construed as an assessment of the issuer’s economic performance, financial obligations nor its creditworthiness.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider". The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan and the Minister of the Environment Award in the Japan Green Contributor category of the Japan Green Bond Awards in 2019.

For more information, visit www.sustainalytics.com

Or contact us info@sustainalytics.com

