

## SECOND PARTY OPINION (SPO)

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Sustainability Quality of the Issuer and Green Finance Framework

SpareBank 1 Nord-Norge (SNN)

11 August 2021

### VERIFICATION PARAMETERS

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Type(s) of instruments contemplated	<ul style="list-style-type: none"><li>• Green Finance Instruments, including Green Bonds</li></ul>
Relevant standards	<ul style="list-style-type: none"><li>• ICMA Green Bond Principles (June 2021), LMA Green Loan Principles (February 2021), and the EU Taxonomy Climate Delegated Act (June 2021)</li></ul>
Scope of verification	<ul style="list-style-type: none"><li>• SNN Green Finance Framework (as of August 2021)</li></ul>
Lifecycle	<ul style="list-style-type: none"><li>• Pre-issuance verification</li></ul>
Validity	<ul style="list-style-type: none"><li>• As long as the Green Finance Framework remains unchanged</li></ul>

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## Scope of work

SpareBank 1 Nord-Norge (“SNN” or “the issuer”) commissioned ISS ESG to assist with its Green Finance Instruments by assessing three core elements to determine the sustainability quality of the instrument:

1. Green Finance Instruments’ link to SNN’s sustainability strategy – drawing on SNN’s overall sustainability profile and issuance-specific Use of Proceeds categories.
2. SNN’s Green Finance Framework (August 2021 version) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBPs), and the Loan Market Association (LMA) Green Loan Principles (GLPs).
3. The eligible project categories – whether the projects contribute positively to the UN SDGs and align with the Technical Screening Criteria (including the Climate Change Mitigation and Do No Significant Harm Criteria), and Minimum Social Safeguards requirements of the Final Report on EU Taxonomy and associated Technical Annex<sup>1</sup> (EU Taxonomy – Climate Delegated Act 2021) on a best effort basis.

<sup>1</sup> Delegated Acts: Technical Annex

[https://eur-lex.europa.eu/resource.html?uri=cellar:d84ec73c-c773-11eb-a925-01aa75ed71a1.0021.02/DOC\\_2&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:d84ec73c-c773-11eb-a925-01aa75ed71a1.0021.02/DOC_2&format=PDF)

ISS ESG reviewed the alignment of the due diligence processes of SNN for each project category to be (re-)financed under this instrument against the Delegated Act (June 2021) version of the Taxonomy Report.

The EU Commission released an official version of the EU Taxonomy - Climate Delegated Act in June 2021. The first company report and investor disclosures using the EU Taxonomy are due at the start of 2022, covering the 2021 financial year.

## ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION <sup>2</sup>
<p><b>Part 1:</b></p> <p><b>Green Finance Instruments' link to issuer's sustainability strategy</b></p>	<p>SpareBank 1 Nord-Norge provides financial products to retail and corporate customers in Northern Norway. The company offers various savings, lending, and insurance products as well as corporate finance and investment services.</p> <p>The Use of Proceeds financed through Green Finance Instruments are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Green Finance Instruments is clearly described by the issuer.</p>	<p><b>Consistent with issuer's sustainability strategy</b></p>
<p><b>Part 2:</b></p> <p><b>Alignment with GBPs and GLPs</b></p>	<p>The issuer has defined a formal concept for its Green Finance Instruments regarding the Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting. This concept is in line with the ICMA GBPs, and the LMA GLPs.</p>	<p><b>Aligned</b></p>
<p><b>Part 3:</b></p> <p><b>Alignment of the Green Finance Framework with the EU Taxonomy</b></p>	<p>The Green Bonds will (re-)finance eligible projects under the categories Green Residential and Commercial Buildings, Renewable Energy, Clean Transportation and Sustainable Management of living natural resources and land use.</p> <p>Those use of proceeds categories have a positive contribution to SDGs 7 'Affordable and clean energy', 11 'Sustainable Cities and communities', 13 'Climate action' and 14 'Life below water'.</p> <p>ISS ESG assessed the alignment of SNN's due diligence processes against the requirements of the EU Taxonomy (Climate Delegated Act version of June 2021), on a best effort basis. Based on robust processes for selection, the green eligible projects are considered to be aligned with the EU Taxonomy and the relevant activity-specific Technical Screening Criteria, Do No Significant Harm Criteria and Minimum Social Safeguards requirements.</p>	<p><b>Positive</b></p> <p><b>Alignment on a best-efforts basis for Maritime Vessels and Renovation of Existing Buildings<sup>3</sup></b></p>

<sup>2</sup> ISS ESG's evaluation is based on SNN's Green Finance Framework (August 2021 version), on the eligible green project pool and on the ISS ESG Indicative Assessment available at the SPO delivery date.

<sup>3</sup> SNN's green loans align with the Climate Delegated Act of the EU Taxonomy (June 2021). The loans align on a best-efforts basis in case of Maritime Vessels and Renovation of Existing Buildings. This is due to the fact that Norway is not a member of the European Union and does not incorporate internally all EU Regulations and Directives. Read more on page 35.

## ISS ESG SPO ASSESSMENT

### PART I: GREEN FINANCE INSTRUMENTS' LINK TO SNN'S SUSTAINABILITY STRATEGY

#### A. SNN'S INDICATIVE SUSTAINABILITY PROFILE

**Methodological note: Please note that SNN is not part of the ISS ESG Corporate Rating Universe. Thus, the below sustainability profile is an assessment conducted by the analyst in charge of the Public & Regional Banks sector based on publicly available information exclusively. No direct communication between the issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research's methodology.**

**Industry classification:** Public & Regional Banks<sup>4</sup>

**Key Issues of the industry:**

1. Sustainability impacts of lending and other financial services/products
2. Customer and product responsibility
3. Sustainable investment criteria
4. Labor standards and working conditions
5. Business ethics

**Indicative ESG risk and performance assessment:**

SpareBank 1 Nord-Norge provides financial products to retail and corporate customers in Northern Norway. The company offers various savings, lending, and insurance products as well as corporate finance and investment services.

The company incorporates ESG considerations into its business activities, i.e. lending to corporate clients, and investments. Guidelines are in place to outline eligibility and exclusion criteria for their financing activities. SpareBank 1 Nord-Norge also offers green financial products to retail clients through financing of eco-efficient housing and electric cars. The company offers further products with social or environmental benefits<sup>5</sup>.

In the area of customer and product responsibility, SpareBank 1 Nord-Norge faces risks regarding marketing, sales practices, and the treatment of clients with debt repayment problems. The company has made commitments to responsible marketing, including provision of balanced and accurate product information. Responsible sales practices and policies on the treatment of clients with debt repayment problems are not available.

Staff related risks are considered to be mitigated to some extent by high labor standards applicable in Norway. In addition, SpareBank 1 Nord-Norge has policies on non-discrimination and freedom of

<sup>4</sup> As per ISS ESG industry classification.

<sup>5</sup> For more information, take a look at the [Green Product Framework](#)

association. The company also fosters work-life balance by providing flexible working schedules for their employees. Policies on mental health management are not available.

In terms of business ethics, the company published ethical guidelines for their employees covering several relevant topics such as corruption, insider trading, and conflicts of interest. The company provides mandatory e-learning courses on an annual basis and requires its employees to sign the code of conduct. In addition, compliance risk assessment, anonymous whistleblowing channel, and procedures to ensure whistleblower protection are also available. A third-party anti-corruption due diligence is not available.

#### *Indicative product portfolio assessment:*

- **Social impact of the product portfolio:**

SpareBank 1 Nord-Norge offers accessible banking services to clients in remote regions<sup>6</sup>. This constitutes a small part of the company's total business.

- **Environmental impact of the product portfolio:**

SpareBank 1 Nord-Norge offers green financing, providing net positive environmental impact<sup>7</sup>. SpareBank 1 Nord-Norge has a Green Product Framework in place, which is based on its sustainability strategy and commitment to sustainable development. The Green Product Framework guides its green lending actions by defining activities that increase positive environmental impact and/or reduce negative environmental impact, which can in turn help its customers mitigate and adapt to the effects of climate change. As of 2020, establishment of the Green Product Framework qualified green corporate banking portfolio assets totaling NOK 720 million. In addition, through the set-up of its Green Finance Framework, SpareBank 1 Nord-Norge identified NOK 12,770 million in green assets. These activities constitute approximately the 10% of the bank's total lending base.

#### *Key controversy risks*

##### **1. Company level:**

The analyst in charge of producing the report conducted a high-level controversy assessment. There is no indication of SNN being involved in any of the below mentioned controversies.

##### **2. Industry level:**

Based on a review of controversies in the period of 1 January 2019 – 24 May 2021, the greatest risk reported against companies operating in the Regional Bank industry relate to activities that may have adverse impacts on the business malpractice and human rights. This is closely followed by activities related to environment. The top three issues that have been reported against companies within the industry are as follows: alleged failure to prevent money laundering, failure to respect consumers' rights and failure to mitigate climate change impacts. This is closely followed by the alleged failure to assess environmental impacts, accounting fraud and poor stakeholder consultation.

<sup>6</sup> SNN is supporting access to financial services for Sami people through a specific approach to personal and business banking in those areas. SNN is expected to increase the amount of financing dedicated to banking services in remote regions.

<sup>7</sup> Besides the "green financing" labelled products, SNN might also have other products without a label generating positive environmental impact. On top of this, the green financing is expected to grow in the following years.

## B. CONSISTENCY OF GREEN FINANCE INSTRUMENTS WITH SNN'S SUSTAINABILITY STRATEGY

### *Key sustainability objectives and priorities defined by the issuer*

The UN 17 Sustainable Development Goals (SDGs) are the world's shared working plan to eradicate poverty, combat inequalities and halt climate change. SNN intends, together with its largest owner, the Northern Norwegian community, to play its part in achieving all 17 UN SDGs.

The Group has selected three sustainability goals for particular attention, as described below:

1. Climate action, SDG 13 (Target 13.2):
  - Contributing to a greener securities market (liquidity management)
  - Making it simpler for the customer to make sustainable choices (products)
  - Working for a more sustainable loan portfolio (credit)
  - Reducing the Group's greenhouse gas emissions<sup>8</sup> by 40% from 2016 to 2026, with a minimum 5% reduction per year
  
2. Life below water, SDG 14 (Target 14.1 and 14.3):
  - Contributing to a greener securities market (liquidity management)
  - Making it simpler for the customer to make sustainable choices
  - Working for a more sustainable loan portfolio (credit)
  - Ensuring training in climate risk and sustainability standards for the Group's advisers in the aquaculture and fishery industries (training)
  
3. Decent work and Economic Growth, SDG 8 (Target 8.6):
  - Making available factual, unbiased knowledge that helps the region to see the same picture
  - Maximising the effect of knowledge-based, sustainable value creation for the region
  - Strengthening business and industry, the public sector, education sector and decision-makers through relevant knowledge and facts

In 2020, the Group achieved a 54% reduction in emissions<sup>9</sup>. This is mainly due to reduced business travel as a result of Covid-19. Business travel is also expected to be considerably reduced through 2021. As a general policy, all employees of the Group are expected to maintain a conscious awareness of consumption, travel, waste management and energy consumption in general. A focus on sustainability is also a personal responsibility at work.

<sup>8</sup> The target includes scope 1, 2 and 3 emissions.

<sup>9</sup> Including scope 1, 2 and 3 emissions.

### *Rationale for establishing the Green Finance Framework*

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. SNN sees the commitment to decarbonization of the economy as a sustainability priority. By issuing Green Finance Instruments, SNN intends to align its funding strategy with its mission, corporate strategy, and objectives.

### *Contribution of Use of Proceeds categories to sustainability objectives and priorities*

ISS ESG mapped the Use of Proceeds categories financed under this Green Finance Framework with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for Public & Regional Banks sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. electricity generation through wind power. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds category.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
<b>Green Residential Buildings</b> (New, existing or refurbished buildings)	✓	✓	Contribution to a material objective
<b>Green Commercial Buildings</b> (New, existing or refurbished buildings)	✓	✓	Contribution to a material objective
<b>Renewable Energy</b> (Solar power, wind power, geothermal power, and transmission systems)	✓	✓	Contribution to a material objective
<b>Clean Transportation</b> (Land Vehicles and Maritime Vessels)	✓	✓	Contribution to a material objective
<b>Sustainable management of living natural resources and land use</b> (Aquaculture and fisheries)	✓	✓	Contribution to a material objective

**Opinion:** ISS ESG finds that the Use of Proceeds financed through SNN's Green Finance Instruments are consistent with SNN's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Green Finance Instruments is clearly described. Moreover, SNN has set clear quantitative environmental targets for the future decades.



## PART II: ALIGNMENT WITH THE GBPs AND GLPs

### 1. 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 to an eligible loan portfolio of new and existing green loans (“Eligible Green Loan Portfolio”). 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.

SNN’s green finance instruments will finance and/or refinance, in whole or in part, Eligible Green Loans (“Eligible Loans”). Eligible Green Loans are defined as loans that meet, respectively, the Green Eligibility Criteria defined below in the table, which has been prepared in accordance with the ICMA and LMA Green Loan Principles.

The definition of the Eligibility Criteria below takes into account the EU Taxonomy Regulation<sup>10</sup> and the EU Taxonomy Climate Delegated Act<sup>11</sup> with the intention to implement them, on a best effort basis.

As long as there are clear EU Taxonomy Technical Screening Criteria (TSC) and feasible practical applications in the geographies where the Group’s assets are located (in terms of local regulation), SNN will take the EU Taxonomy into due consideration, on a best effort basis.

Under this Framework, loans may be for both companies and individual projects for the purpose of contributing to activities that already align with a low-carbon future and activities that are on an appropriate trajectory to facilitating a low-carbon society. As far as corporate financing is concerned, only “pure-play companies” with over 90% of revenues coming from green activities 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 as a use of proceeds for a green finance instrument.

ELIGIBLE CATEGORY	ELIGIBILITY CRITERIA	EU ACTIVITIES AND ENVIRONMENTAL OBJECTIVES
<b>Green residential buildings</b>	Loans, credits and investments to finance and refinance new or existing residential buildings: <ul style="list-style-type: none"> <li><b>New or existing Green Residential Buildings<sup>12,13</sup></b> <ul style="list-style-type: none"> <li><i>Residential buildings in Norway (built from 2012)</i></li> </ul> </li> </ul>	<p><b>EU Environmental Objective:</b> Climate Change Mitigation (sub-goal 1.b)</p> <p><b>EU Economic Activities:</b></p> <ul style="list-style-type: none"> <li>- Renovation of existing buildings</li> <li>- Acquisition and ownership of buildings</li> </ul>

<sup>10</sup> See [here](#).

<sup>11</sup> See [here](#).

<sup>12</sup> This complies with the criteria set by the Climate Bonds Initiative Standard and Guidance on Low Carbon Residential Buildings, see [here](#).

<sup>13</sup> In accordance with the EU Delegated Acts, buildings built from the 1<sup>st</sup> January 2021 should meet the ‘NZEB – 10%’ criterion, meaning that the net primary energy demand of the buildings must be at least 10% lower than the primary energy demand resulting from the relevant NZEB requirements. In Norway, a definition for what constitutes a ‘NZEB’ has not yet been implemented.

	<ul style="list-style-type: none"> <li>• New or existing Norwegian apartments and other residential dwellings that comply with the Norwegian building codes of 2010 (TEK10) or 2017 (TEK17). Hence, built after 2012<sup>14</sup>.</li> <li>- <i>Residential buildings in Norway (built before 2012):</i> <ul style="list-style-type: none"> <li>• New or Existing Norwegian residential buildings (built before 2012) using older building codes than TEK10 for apartments and other residential dwellings with EPC-labels A and B. These buildings may be identified in data from the Energy Performance Certificate (EPC) database.</li> </ul> </li> <li>▪ <b>Refurbished Green Residential Buildings</b> <ul style="list-style-type: none"> <li>- <i>One of two criteria below must be met:</i> <ul style="list-style-type: none"> <li>• Refurbished Norwegian residential buildings with at least two steps of improvement in energy label compared to the calculated label based on building code in the year of construction.</li> <li>• Refurbished Norwegian residential buildings with at least a 30% improvement in energy efficiency measured in specific energy, kWh/m<sup>2</sup>, compared to the calculated label based on building code in the year of construction.</li> </ul> </li> </ul> </li> </ul>	
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<sup>14</sup> Two-year lag between implementation of a new building code and the buildings built under that code must be taken into account. This means that all residential buildings finished in 2012 and later are all eligible for finance instruments under this criterion.

	Buildings directly being used for the exploration, extraction, refining and distribution of fossil fuels are excluded.	
<b>Green commercial buildings</b>	<p>Loans, credits and investments to finance and refinance new or existing commercial buildings:</p> <ul style="list-style-type: none"> <li>▪ <b>New or existing Green Commercial Buildings<sup>15</sup></b> <ul style="list-style-type: none"> <li>- <i>Commercial buildings belonging to top 15% low carbon buildings in Norway<sup>16</sup></i> <ul style="list-style-type: none"> <li>• New or existing Norwegian hotel and restaurant buildings that comply with the Norwegian building codes of TEK07, TEK10, TEK17 and later. Hence, built after 2011<sup>17</sup>.</li> <li>• New or existing Norwegian office, retail and industrial buildings and warehouses that comply with the Norwegian building codes of TEK07, TEK10, TEK17 and later. Hence, built after 2010<sup>18</sup>.</li> </ul> </li> <li>- <i>Commercial buildings achieving one of the following certifications/standards:</i> <ul style="list-style-type: none"> <li>• The top two levels of BREEAM, LEED</li> <li>• Nordic Swan Ecolabel or equivalent certification</li> <li>• Net Zero Emissions</li> </ul> </li> </ul> </li> </ul>	<p><b>EU Environmental Objective:</b> Climate Change Mitigation (sub-goal 1.b)</p> <p><b>EU Economic Activities:</b></p> <ul style="list-style-type: none"> <li>- Renovation of existing buildings</li> <li>- Acquisition and ownership of buildings</li> </ul>

<sup>15</sup> In accordance with the EU Delegated Acts, buildings built from the 1st January 2021 should meet the 'NZEB – 10%' criterion, meaning that the net primary energy demand of the buildings must be at least 10% lower than the primary energy demand resulting from the relevant NZEB requirements. In Norway, a definition for what constitutes a 'NZEB' has not yet been implemented.

<sup>16</sup> Commercial buildings with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW, it is efficiently operated through energy performance monitoring and assessment. This can be demonstrated, for example, through the presence of 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.

<sup>17</sup> A conservative time lag between implementation of a new building code and the hotel and restaurant buildings built under that code is taken into account in Multiconsult's technical report, hence all buildings finished in 2011 and later (3 year lag) are all eligible under this criterion.

<sup>18</sup> A conservative time lag between implementation of a new building code and the office, retail and industrial buildings built under that code is taken into account in Multiconsult's technical report, hence all buildings finished in 2010 and later (2 year lag) are all eligible under this criterion.

	<ul style="list-style-type: none"> <li>• EDGE</li> <li>▪ <b>Refurbished Green Commercial Buildings</b> <ul style="list-style-type: none"> <li>- <i>One of two criteria below must be met:</i> <ul style="list-style-type: none"> <li>• Refurbished Norwegian commercial buildings with at least two steps of improvement in energy label compared to the calculated label based on building code in the year of construction.</li> <li>• Refurbished Norwegian commercial buildings with at least a 30% improvement in energy efficiency measured in specific energy, kWh/m<sup>2</sup>, compared to the calculated label based on building code in the year of construction.</li> </ul> </li> </ul> </li> </ul> <p>Buildings directly being used for the exploration, extraction, refining and distribution of fossil fuels are excluded.</p>	
<p><b>Renewable Energy</b></p>	<p>Loans, credits and investments to finance and refinance the acquisition, development, operation and maintenance of renewable energy power plants, generation and transmission of energy from such renewable sources, and manufacturing of related technologies and equipment.</p> <p>Electricity generation from (with life cycle emissions of less than 100g CO<sub>2</sub>e/kWh):</p> <ul style="list-style-type: none"> <li>▪ <b>Solar power:</b> Photovoltaics (PV), concentrated solar power (CSP) and solar thermal facilities.</li> <li>▪ <b>Wind power:</b> Onshore and offshore wind energy generation facilities and other emerging</li> </ul>	<p><b>EU Environmental Objective:</b> Climate Change Mitigation (sub-goal 1.a)</p> <p><b>EU Economic Activities:</b></p> <ul style="list-style-type: none"> <li>- Electricity generation using solar photovoltaic technology</li> <li>- Electricity generation from wind power</li> <li>- Electricity generation from geothermal energy</li> <li>- Electricity generation from hydropower</li> <li>- Transmission and distribution of electricity</li> </ul>

	<p>technologies, such as wind tunnels and cubes.</p> <ul style="list-style-type: none"> <li>▪ <b>Geothermal power:</b> Geothermal energy projects with life cycle emissions of less than 100g CO<sub>2</sub>e/kWh.</li> <li>▪ <b>Hydropower</b> (in Norway, boreal regions): Small-scale hydropower projects (less than 25MW), and large-scale projects (more than 25MW) with either:             <ul style="list-style-type: none"> <li>- (i) Life cycle emissions of less than 100g CO<sub>2</sub>/kWh or</li> <li>- (ii) Power density greater than 5W/m<sup>2</sup>.</li> </ul> </li> <li>▪ <b>Transmission systems:</b> Development of new, or improvement of existing, transmissions systems (or other infrastructure) to facilitate the integration of electricity from renewable energy sources into the grid.</li> </ul>	
<p><b>Clean Transportation</b></p>	<p>Loans to finance or refinance, establishment, acquisition, expansion, upgrades, maintenance and operation of low carbon vehicles and related infrastructures.</p> <ul style="list-style-type: none"> <li>▪ <b>Land Vehicles</b> <ul style="list-style-type: none"> <li>- Low-carbon vehicles: Fully Electric, Hydrogen or otherwise zero-emission passenger vehicles</li> <li>- Infrastructure to support electric vehicles including (but not limited to) charging stations</li> </ul> </li> <li>▪ <b>Maritime Vessels</b> <ul style="list-style-type: none"> <li>- Zero-emission vessels</li> <li>- Until 31 December 2025, hybrid and dual fuel vessels derive at least 25% of their energy from zero direct (tailpipe) CO<sub>2</sub> emission fuels or plug-in power</li> </ul> </li> </ul>	<p><b>EU Environmental Objective:</b> Climate Change Mitigation (sub-goal 1.c)</p> <p><b>EU Economic Activities:</b></p> <ul style="list-style-type: none"> <li>- Urban and sub-urban transport, road passenger transport</li> <li>- Infrastructure enabling low-carbon road transport and public transport</li> <li>- Sea and coastal passenger water transport</li> </ul>

	<ul style="list-style-type: none"> <li>- Until 31 December 2025, the vessels have an attained Energy Efficiency Design Index (EEDI) value 10% below the EEDI requirements applicable on 1 April 2022, if the vessels are able to run on zero direct (tailpipe) emission fuels or on fuels from renewable sources</li> <li>- Vessels with emissions intensity below the thresholds per vehicle size (GT) for the Annual Efficiency Ratio (AER) and Energy Efficiency Operational Index (EEOI) as outlined by the Climate Bond Initiative</li> </ul>	
<p><b>Environmentally Sustainable Management of Living Natural Resources and Land Use</b></p>	<p>Loans to companies that benefit from selected sustainability certifications on products, services or processes.</p> <ul style="list-style-type: none"> <li>▪ <b>Aquaculture</b> <ul style="list-style-type: none"> <li>- Aquaculture and supporting intragroup activities certified by<sup>1920</sup> <ul style="list-style-type: none"> <li>• Aquaculture Stewardship Council (ASC)</li> <li>• Best Aquaculture Practices (BAP)</li> <li>• Global G.A.P. Aquaculture Standard</li> <li>• The Worldwide Standard for Good Agricultural Practices</li> <li>• Friend of the Sea</li> </ul> </li> </ul> </li> <li>▪ <b>Fisheries</b> <ul style="list-style-type: none"> <li>- Fishery activities certified by the Marine Stewardship Council (MSC)</li> </ul> </li> </ul>	<p><b>EU Environmental Objective:</b> Sustainable Use and Protection of Water and Marine Resources (sub-goals 1.d)</p> <p><b>EU Economic Activities:</b>  Not yet covered in the EU Taxonomy Climate Delegated Act</p>

**Opinion:** ISS ESG finds that this section aligns with the requirements outlined in the GBPs and GLPs regarding the Use of Proceeds. Environmental benefits are clearly defined. Moreover, SNN has

<sup>19</sup> ASC, BAP or Friend of the Sea certified activities for which a variance from the standard has been approved are excluded.

<sup>20</sup> 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.

*described its overall strategy and environmental targets of the company as well as the rationale for issuing Green Finance Instruments.*

## **2. 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. The committee will manage any future updates to the Framework, including expansions to the list of Eligible Categories and changes in the market standards on a best effort basis, and oversee its implementation. When assessing prospective Eligible Green Loans and their non-financial impacts, SNN may rely on analysis provided by external parties, in addition to its own assessment.

The Green Finance Committee monitors the Eligible Green Loan Portfolio after each reporting period and is also responsible for:

- Reviewing the content of SNN's Green Finance Framework and updating it to reflect changes in sustainability strategy, market and regulatory developments on a best effort basis
- Excluding loans that no longer comply with the Eligibility Criteria and replacing them on a best-efforts basis

Following the EU Taxonomy Climate Delegated Act on EU Taxonomy Regulation, Eligible Loans should not only contribute to at least one of the EU Environmental Objectives, however should also not significantly harm ('DNSH') any other EU Environmental Objectives. In addition, Eligible Loans should be complying with Minimum Social Safeguards that should be in place at company level.

**Opinion:** *ISS ESG finds that this section is aligned with the requirements outlined in the GBPs and GLPs regarding processes for project evaluation and selection. SNN has described the criteria for project evaluation and selection. Moreover, SNN has a documented process to identify and manage potential ESG risks associated with the loans.*

## **3. 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. The proceeds will be allocated within 24 months. 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

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.).

**Opinion:** ISS ESG finds that this section aligns with the requirements outlined in the GBPs and GLPs regarding processes for management of proceeds. An amount at least equal to the Green Bond Proceeds will be allocated to green projects. Furthermore, the issuer has committed to remove and replace the loan in case the eligibility criteria cease to be fulfilled. SNN has selected an initial Eligible Green Loan Portfolio.

#### 4. Reporting

The Green Bond Principles require Green Bond issuers to provide information on the allocation of proceeds. In addition to information relating to the assets to which an amount equal to the net proceeds from the issue of Green Bonds have been allocated, the Green Bond Principles recommend communicating on the expected impact of the Eligible Green Loans.

SNN will make and keep readily available reporting on the allocation of an amount equal to the net proceeds to the Eligible Green Loan Portfolio and wherever feasible reporting on the impact of the Eligible Green Loan Portfolio, at least at the category level, to be renewed annually until full allocation. SNN intends to provide aggregated reporting for all green finance instruments outstanding.

SNN will align, on a best effort basis, the impact reporting with the portfolio approach described in “Handbook – Harmonized Framework for Impact Reporting (HFIR, June 2021).”<sup>21</sup>

##### Allocation Reporting

The allocation report may provide indicators such as:

- The total amount of SNN green finance instruments outstanding
- The amount of net proceeds allocated to Eligible Green Loans
- 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)

<sup>21</sup> See [here](#).



- Metrics regarding Eligible Green Loans' environmental impacts as described below:

ELIGIBLE CATEGORY	POTENTIAL IMPACT INDICATORS
<b>Green Residential/Commercial Buildings</b>	<ul style="list-style-type: none"> <li>• Estimated annual energy consumption in KWh/m2 or savings in MWh</li> <li>• Estimated annual reduced and/or avoided GHG emissions in tonnes of CO2 equivalent</li> <li>• % of buildings with Energy Performance Certificate (EPC) with energy class A or B</li> <li>• Estimated annual energy consumption in KWh/m2 or savings in MWh</li> <li>• Estimated annual reduced and/or avoided GHG emissions in tonnes of CO2 equivalent</li> <li>• % of buildings with Energy Performance Certificate (EPC) with energy class A or B</li> <li>• Estimated annual energy consumption in KWh/m2 or savings in MWh</li> <li>• Estimated annual reduced and/or avoided GHG emissions in tonnes of CO2 equivalent</li> </ul>
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>• Renewable energy generation in MWh per year</li> <li>• Total installed capacity in MW</li> <li>• Estimated annual reduced and/or avoided GHG emissions in tonnes of CO2 equivalent</li> </ul>
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>• Estimated annual reduced and/or avoided GHG emissions in tonnes of CO2 equivalent</li> <li>• Number of vehicles (units per year)</li> </ul>
<b>Environmentally Sustainable Management of Living Natural Resources and Land Use</b>	<ul style="list-style-type: none"> <li>• % of certified fishery measured in number of certification schemes</li> <li>• % of fishery stocks with biomass at or above sustainable levels</li> <li>• Estimated annual reduced and/or avoided GHG emissions in tonnes of CO2 equivalent</li> <li>• % of certified sustainably sourced and produced feed</li> <li>• Energy used (in kWh) per ton of production</li> </ul>

**Opinion:** ISS ESG finds that this section aligns with the requirements outlined in the GBPs and GLPs regarding reporting. SNN shows transparency on the type, scope and frequency of information that it will report on, as well as on the duration. Moreover, SNN includes information on the level of impact reporting and indicators, following best market practices. SNN will also align the impact reporting with the HFIR on a best-efforts basis, in line with best market practices.

### External Review

SNN may request a limited assurance report of the allocation of the bond proceeds to eligible assets, provided by its external auditor.

## PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE









### A. CONTRIBUTION OF THE ELIGIBLE PROJECT CATEGORIES TO THE UN SDGs

Based on the assessment of the sustainability quality of the Green Finance Framework and using a proprietary methodology<sup>22</sup>, ISS ESG assessed the contribution of SNN’s Green Finance Framework to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale (see Annex 1 for methodology):

<b>Significant Obstruction</b>	<b>Limited Obstruction</b>	<b>No Net Impact</b>	<b>Limited Contribution</b>	<b>Significant Contribution</b>
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Each of the Green Finance Instrument’s Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<b>Green Residential Buildings</b> New, Existing or Refurbished Residential Buildings	<b>Significant contribution<sup>23</sup></b>	
	<b>Limited contribution</b>	
<b>Green Commercial Buildings</b> New, Existing or Refurbished Commercial Buildings	<b>Significant contribution<sup>24</sup></b>	
	<b>Limited contribution</b>	
<b>Renewable Energy</b> Solar Power	<b>Significant contribution</b>	 
	<b>Significant contribution</b>	 

<sup>22</sup> ISS ESG proprietary methodology differs from the one used by SNN in its Framework.

<sup>23</sup> This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer’s product and service portfolio on the SDGs. For the projects to be financed under Use of Proceeds categories that comply with the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation is attested.

<sup>24</sup> See footnote 25.

Geothermal Power

Significant contribution



Hydropower (<10MW)

Significant contribution



Hydropower (>10MW)

Significant contribution<sup>25</sup>



Limited contribution



Electricity transmission systems

Significant contribution



**Clean Transportation**

Land Vehicles (Fully Electric, Hydrogen or otherwise zero-emission passenger vehicles and related infrastructures)

Significant contribution<sup>26</sup>



Maritime Vehicles (Zero-emission vessels, Hybrid and dual fuel vessels, and vessels with zero direct (tailpipe) emission fuels or on fuels from renewable sources)

Limited contribution



Significant contribution<sup>27</sup>



Limited contribution



Aquaculture

Limited contribution<sup>28</sup>



Fisheries

Limited contribution<sup>29</sup>



<sup>25</sup> See footnote 25.

<sup>26</sup> See footnote 25.

<sup>27</sup> See footnote 25.

<sup>28</sup> This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs.

<sup>29</sup> This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs.

## B. ALIGNMENT OF THE ASSET POOL WITH THE EU TAXONOMY

ISS ESG analyzed in this section the alignment of SNN’s Green Finance Framework with the Technical Screening Criteria (including the Climate Change Mitigation and Do No Significant Harm Criteria), and the Minimum Social Safeguards requirements of the EU Taxonomy. The Framework includes the following assets: solar, wind, geothermal and hydro power, electricity distribution infrastructure, land and maritime vehicles and the construction, renovation and acquisition of green commercial and residential buildings.

Green Loans are solely located in Norway. ISS ESG assessed the alignment of the Eligible Green Loans (“Green Loans”) included in the Eligible Green Loan Portfolio and the due diligence and selection processes in place with the EU Taxonomy.

As the EU Taxonomy does not yet cover certain activities, aquaculture and fisheries were not included in the assessment. Yet, SNN identified the contribution of these categories to the EU objective “Sustainable Use and Protection of Water and Marine Resources”, and more specifically to sub-goal 1d (*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*).

The results of the assessment related to the various categories are displayed below:

### B.1 Production of Electricity from Solar Power (4.1.)

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES	ISS ESG ANALYSIS AGAINST REQUIREMENTS
<b>1. CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA</b>		
The activity generates electricity using solar PV technology.	Solar power activities are currently deemed to be Taxonomy eligible.	✓
<b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b>		
Reducing material physical climate risks	<p>SNN’s solar loans are aligned with international standards. All corporate clients must comply with internationally recognised conventions and agreements in the field of human rights, indigenous peoples’ rights, climate, environment, and economy. Moreover, SNN complies with the Norwegian Regulations on Environmental Impact Assessment for plans pursuant to the Norwegian Planning and Building Act.</p> <p>Climate risk is covered by the Group’s risk strategy, and SNN is integrating sustainability into other core processes and strategies,</p>	✓

	including through a specific policy for sustainability and corporate social responsibility. In this regard, SNN has put in place operational procedures for: financing (credit), liquidity, corporate governance, its employees, procurement, securities funds and its <i>Samfunnsloftet</i> (Corporate Social Responsibility Strategy).	
Supporting system adaptation	SNN's solar loans do not increase the risks of adverse climate impact on other stakeholders (or on nature) and align with national adaptation efforts.	✓
Monitoring adaptation results	Adaptation results can be monitored and measured against defined indicators and are reviewed by the issuer.	✓
<b>3. WATER – DO NO SIGNIFICANT HARM CRITERIA</b>		
Not applicable		-
<b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b>		
High durability, easy dismantling, refurbishment, and recycling ensured by PV panels design and manufacture	When providing project finance loans including solar panels, there is a rigorous due diligence in place that covers relevant circular elements. The criteria are aligned with ENOVA's technical assessment <sup>30</sup> .	✓
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>		
Not applicable		-
<b>6. ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b>		
Environmental Impact Assessment or Strategic Environmental Assessment has been conducted and required mitigation measures implemented.	SNN complies with the Norwegian Regulations on Environmental Impact Assessment for plans pursuant to the Norwegian Planning and Building Act. The present EIA provisions implement the EU Directive on Environmental Impact Assessment.	✓
<b>CONTROVERSY ASSESSMENT AND MITIGATION ACTION PLAN</b>		
SNN has mitigation action plans in place in case of potential controversies that can ultimately lead to the removal of the assets from the Green Loan Pool.		

<sup>30</sup>[https://www.enova.no/download?objectPath=upload\\_images/6A0B0C33046A44E8B30FB78FFE0EA474.pdf&filename=Enova%20Annual%20Report%202020.pdf](https://www.enova.no/download?objectPath=upload_images/6A0B0C33046A44E8B30FB78FFE0EA474.pdf&filename=Enova%20Annual%20Report%202020.pdf)

## B.2 Production of Electricity from Wind Power (4.3.)

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES	ISS ESG ANALYSIS AGAINST REQUIREMENTS
<b>1. CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA</b>		
The activity generates electricity from wind power.	Wind Power activities are currently deemed to be Taxonomy eligible.	✓
<b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b>		
Reducing material physical climate risks	<p>SNN’s wind loans are aligned with international standards. All corporate clients must comply with internationally recognised conventions and agreements in the field of human rights, indigenous peoples’ rights, climate, environment, and economy. Moreover, SNN complies with the Norwegian Regulations on Environmental Impact Assessment for plans pursuant to the Norwegian Planning and Building Act.</p> <p>Climate risk is covered by the Group’s risk strategy, and SNN is integrating sustainability into other core processes and strategies, including through a specific policy for sustainability and corporate social responsibility. In this regard, SNN has put in place operational procedures for: financing (credit), liquidity, corporate governance, its employees, procurement, securities funds and its <i>Samfunnsloftet</i> (Corporate Social Responsibility Strategy).</p>	✓
Supporting system adaptation	SNN’s wind loans do not increase the risks of adverse climate impact on other stakeholders (or on nature) and align with national adaptation efforts.	✓
Monitoring adaptation results	Adaptation results can be monitored and measured against defined indicators and are reviewed by the issuer.	✓
<b>3. WATER – DO NO SIGNIFICANT HARM CRITERIA</b>		
Managing water quality risks	The Environmental Impact Assessment conducted at the planning stage of green loans includes water considerations, as per conformity with European legislation.	✓

	<p>Moreover, SNN complies with the Norwegian Water Regulation (Vannforskriften). The EU Water Framework Directive (WFD) entered into force in Norway in 2008. The directive's main objective is to ensure a good status of surface and ground water. Norwegian authorities issued a corresponding water regulation (Vannforskriften) that ensures the national implementation of the directive.</p>	
<p><b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b></p>		
<p>High durability, easy dismantling, refurbishment, and recycling ensured by design and manufacture</p>	<p>When providing project finance loans to wind farms, there is a rigorous due diligence in place that covers relevant circular elements. All Norwegian wind assets conform to very high standards regarding environmental and social impact. Power production development in Norway is strictly regulated and subject to licensing and is overseen by Norwegian Water Resources and Energy Directorate (NVE), a directorate under the Ministry of Petroleum and Energy. Licenses grant rights to build and run power production installations under explicit conditions and rules of operation. NVE puts particular emphasis on preserving the environment.</p>	<p>✓</p>
<p><b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b></p>		
<p>Not applicable</p>		<p>-</p>
<p><b>6. ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b></p>		
<p>Environmental Impact Assessment or Strategic Environmental Assessment has been conducted and required mitigation measures implemented.</p>	<p>SNN complies with the Norwegian Regulations on Environmental Impact Assessment for plans pursuant to the Norwegian Planning and Building Act. The present EIA provisions implement the EU Directive on Environmental Impact Assessment.</p>	<p>✓</p>
<p><b>CONTROVERSY ASSESSMENT AND MITIGATION ACTION PLAN</b></p>		
<p>EWE has mitigation action plans in place in case of potential controversies that can ultimately lead to the removal of the assets from the Green Loan pool.</p>		

**B.3 Production of Electricity from Hydro Power (4.5.)**

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES	ISS ESG ANALYSIS AGAINST REQUIREMENTS
<b>1. CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA</b>		
<p>The activity complies with either of the following criteria:</p> <p>(a) the electricity generation facility is a run-of-river plant and does not have an artificial reservoir</p> <p>(b) the power density of the electricity generation facility is above 5 W/m<sup>2</sup></p> <p>(c) the life cycle GHG emissions from the generation of electricity from hydropower, are lower than 100gCO<sub>2</sub>e/kWh.</p> <p>The life cycle GHG emissions are calculated using Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018, ISO 14064-1:2018 or the G-res tool.</p> <p>Quantified life cycle GHG emissions are verified by an independent third party.</p>	<p>Production of electricity from Hydro power is developed in accordance with the EU Taxonomy threshold.</p>	<p style="text-align: center;">✓</p>
<b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b>		
<p>Reducing material physical climate risks</p>	<p>SNN’s hydro loans are aligned with international standards. All corporate clients must comply with internationally recognised conventions and agreements in the field of human rights, indigenous peoples’ rights, climate, environment, and economy. Moreover, SNN complies with the Norwegian Regulations on Environmental Impact</p>	<p style="text-align: center;">✓</p>



	<p>Assessment for plans pursuant to the Norwegian Planning and Building Act.</p> <p>Climate risk is covered by the Group’s risk strategy, and SNN is integrating sustainability into other core processes and strategies, including through a specific policy for sustainability and corporate social responsibility. In this regard, SNN has put in place operational procedures for: financing (credit), liquidity, corporate governance, its employees, procurement, securities funds and its Samfunnsløftet (Corporate Social Responsibility Strategy).</p>	
Supporting system adaptation	SNN’s hydro loans do not increase the risks of adverse climate impact on other stakeholders (or on nature) and align with national adaptation efforts.	✓
Monitoring adaptation results	Adaptation results can be monitored and measured against defined indicators and are reviewed by the issuer.	✓
<b>3. WATER – DO NO SIGNIFICANT HARM CRITERIA</b>		
Managing water quality risks	<p>SNN complies with the all applicable national regulations. Through the European Economic Area (EEA) Agreement, Norway adheres to a large part of the EU legislation i.e.:</p> <ul style="list-style-type: none"> <li>- Water Framework Directive 2000/60/EC (WFD)</li> <li>- Drinking water Directive 98/83/EC (and successor)</li> <li>- Council Directive 91/271/EEC concerning urban waste-water treatment</li> <li>- Council Directive 91/676/EEC concerning nitrate pollution from agricultural sources</li> </ul>	✓
<b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b>		
Not applicable		-
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>		
Not applicable		-

**6. ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA**

Protection and restoration of biodiversity and ecosystems

SNN complies with the Norwegian Regulations on Environmental Impact Assessment for plans pursuant to the Norwegian Planning and Building Act. The present EIA provisions implement the EU Directive on Environmental Impact Assessment.

The construction of energy production facilities larger than 1 MW needs a license from the Norwegian Water Resources and Energy Directorate (NVE) according to the “Energy Act” and the “Water Resources Act”. Mitigation of negative environmental impacts as well as impacts on biodiversity, surrounding areas, and cultural heritages are important elements in attaining necessary licenses from NVE


Companies need to complete an EIA and to demonstrate alignment with the EU Water Framework Directive (WFD). Minimum requirements include minimum water flows, functional fish migration pathways as well as safeguards for biodiversity and local ecosystems.



**CONTROVERSY ASSESSMENT AND MITIGATION ACTION PLAN**

EWE has mitigation action plans in place in case of potential controversies that can ultimately lead to the removal of the assets from the Green Loan pool.

**B.4 Production of Electricity from Geothermal Energy (4.6.)**

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES	ISS ESG ANALYSIS AGAINST REQUIREMENTS
<b>1. CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA</b>		
Lifecycle GHG emissions from the generation of electricity from geothermal energy are lower than 100gCO <sub>2</sub> e/kWh. Lifecycle GHG emission savings are calculated using	The activity complies is developed in accordance with the EU Taxonomy threshold.	

<p>Commission Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018 or ISO 14064-1:2018. Quantified life cycle GHG emissions are verified by an independent third party.</p>		
<p><b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b></p>		
<p>Reducing material physical climate risks</p>	<p>SNN’s geothermal loans are aligned with international standards. All corporate clients must comply with internationally recognised conventions and agreements in the field of human rights, indigenous peoples’ rights, climate, environment, and economy. Moreover, SNN complies with the Norwegian Regulations on Environmental Impact Assessment for plans pursuant to the Norwegian Planning and Building Act.</p> <p>Climate risk is covered by the Group’s risk strategy, and SNN is integrating sustainability into other core processes and strategies, including through a specific policy for sustainability and corporate social responsibility. In this regard, SNN has put in place operational procedures for: financing (credit), liquidity, corporate governance, its employees, procurement, securities funds and its Samfunnsløftet (Corporate Social Responsibility Strategy).</p>	<p>✓</p>
<p>Supporting system adaptation</p>	<p>SNN’s geothermal loans do not increase the risks of adverse climate impact on other stakeholders (or on nature) and align with national adaptation efforts.</p>	<p>✓</p>
<p>Monitoring adaptation results</p>	<p>Adaptation results can be monitored and measured against defined indicators and are reviewed by the issuer.</p>	<p>✓</p>
<p><b>3. WATER – DO NO SIGNIFICANT HARM CRITERIA</b></p>		
<p>Managing water quality risks</p>	<p>The Environmental Impact Assessment conducted at the planning stage of green loans includes water considerations, as per conformity with European legislation. Moreover, SNN complies with the Norwegian</p>	<p>✓</p>

	Water Regulation (Vannforskriften). The EU Water Framework Directive (WFD) entered into force in Norway in 2008. The directive's main objective is to ensure a good status of surface and ground water. Norwegian authorities issued a corresponding water regulation (Vannforskriften) that ensures the national implementation of the directive.	
<b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b>		
Not applicable		-
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>		
<p>Pollution prevention and control</p> <p>For the operation of high-enthalpy geothermal energy systems, adequate abatement systems are in place to reduce emission levels in order not to hamper the achievement of air quality limit values set out in Directive 2004/107/EC of the European Parliament and of the Council and Directive 2008/50/EC of the European Parliament and of the Council.</p>	<p>SNN complies with the all applicable national regulations. Through the European Economic Area (EEA) Agreement, Norway adheres to a large part of the EU legislation. Generation of electricity is regulated under the Energy Act.</p> <p>If larger than a certain size, such facilities need a license from the Norwegian Water Resources and Energy Directorate (NVE) according to the “Energy Act” and the “Water Resources Act”. Norway complies with the Directives 2004/107/EC and 2008/50/EC through the EEA.</p>	✓
<b>6. ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b>		
Protection and restoration of biodiversity and ecosystems	<p>SNN complies with the Norwegian Regulations on Environmental Impact Assessment for plans pursuant to the Norwegian Planning and Building Act. The present EIA provisions implement the EU Directive on Environmental Impact Assessment.</p> <p>Generation of electricity is regulated under the Energy Act. If larger than a certain size, such facilities need a license from the Norwegian Water Resources and Energy Directorate (NVE) according to the “Energy Act” and the “Water Resources Act”. To receive a license the company needs to complete an EIA if needed under the Planning and Building Act, and to demonstrate alignment with the EU Water</p>	✓

	Framework Directive (WFD) Companies need to complete an EIA and to demonstrate alignment with the EU Water Framework Directive (WFD).	
<b>CONTROVERSY ASSESSMENT AND MITIGATION ACTION PLAN</b>		
EWE has mitigation action plans in place in case of potential controversies that can ultimately lead to the removal of the assets from the Green Loan pool.		

**B.5 Transmission and distribution of electricity (4.9.)**

<b>EU TAXONOMY REQUIREMENT</b>	<b>GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES</b>	<b>ISS ESG ANALYSIS AGAINST REQUIREMENTS</b>
<b>1. CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA</b>		
A System is deemed to be on a trajectory to full decarbonization if either: <ul style="list-style-type: none"> <li>• more than 67% of newly connected generation capacity in the System is below the generation threshold value of 100 gCO<sub>2</sub>e/kWh measured on a PCF basis, over a rolling five-year period; or</li> <li>• the average System grid emissions factor is below the threshold value of 100 gCO<sub>2</sub>e/kWh measured on a PCF basis, over a rolling five-year average period.</li> </ul>	Electricity distribution infrastructure and electric vehicles charging stations are developed in accordance with the EU Taxonomy threshold.	✓
<b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b>		
Reducing material physical climate risks	SNN’s loans are aligned with international standards. All corporate clients must comply with internationally recognised conventions and agreements in the field of human rights, indigenous peoples’ rights, climate, environment, and economy. Moreover, SNN complies with the Norwegian Regulations on Environmental Impact Assessment for plans	✓

	<p>pursuant to the Norwegian Planning and Building Act.</p> <p>Climate risk is covered by the Group’s risk strategy, and SNN is integrating sustainability into other core processes and strategies, including through a specific policy for sustainability and corporate social responsibility. In this regard, SNN has put in place operational procedures for: financing (credit), liquidity, corporate governance, its employees, procurement, securities funds and its Samfunnsløftet (Corporate Social Responsibility Strategy).</p>	
Supporting system adaptation	SNN’s loans do not increase the risks of adverse climate impact on other stakeholders (or on nature) and align with national adaptation efforts.	✓
Monitoring adaptation results	Adaptation results can be monitored and measured against defined indicators and are reviewed by the issuer.	✓
<b>3. WATER – DO NO SIGNIFICANT HARM CRITERIA</b>		
Not applicable		-
<b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b>		
Transition to a circular economy	As part of the due diligence process, it is verified whether the equipment meets the necessary contractual and regulatory requirements based on national and European legislation. Requirements include relevant information on the dismantling, refurbishment and recycling of the equipment.	✓
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>		
Pollution prevention and control	The Recommendation of the Council of the European Union is not implemented. However, Norway has its own legal regulations based on the actual guidelines of ICNIRP: the Norwegian Water Resources and Energy Directorate (NVE). For bigger transmission lines, NVE requires the development of environment, transport and construction plan, including waste management and HSE issues. Electromagnetic radiation is regulated by the	✓

	Regulations on Radiation Protection and Use of Radiation ( <i>strålevern forskriften</i> ). Printed Circuit Boards are prohibited in transmission lines, and have been phased out since 2010.	
<b>6. ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b>		
Protection and restoration of biodiversity and ecosystems	SNN complies with the Norwegian Regulations on Environmental Impact Assessment for plans pursuant to the Norwegian Planning and Building Act. The present EIA provisions implement the EU Directive on Environmental Impact Assessment.	✓
<b>CONTROVERSY ASSESSMENT AND MITIGATION ACTION PLAN</b>		
SNN has mitigation action plans in place in case of potential controversies that can ultimately lead to the removal of the assets from the Green Loan pool.		

**B.6 Urban and Sub-urban transport, road passenger transport (6.3.)**

<b>EU TAXONOMY REQUIREMENT</b>	<b>GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES</b>	<b>ISS ESG ANALYSIS AGAINST REQUIREMENTS</b>
<b>1. CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA</b>		
The activity complies with the one of following criteria:  (a) the activity provides urban or suburban passenger transport and its direct (tailpipe) CO2 emissions are zero,  (b) until 31 December 2025, the activity provides interurban passenger road transport using vehicles designated as categories M2 and M3 that have a type of bodywork classified as ‘CA’ (single-deck vehicle), ‘CB’ (double-deck vehicle), ‘CC’ (single-deck articulated vehicle) or ‘CD’ (double-deck	Transport vehicles are developed in accordance with the EU Taxonomy criteria.	✓




articulated vehicle), and comply with the latest EURO VI standard.		
<b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b>		
Reducing material physical climate risks	<p>SNN’s loans are aligned with international standards. All corporate clients must comply with internationally recognised conventions and agreements in the field of human rights, indigenous peoples’ rights, climate, environment, and economy. Moreover, SNN complies with the Norwegian Regulations on Environmental Impact Assessment for plans pursuant to the Norwegian Planning and Building Act.</p> <p>Climate risk is covered by the Group’s risk strategy, and SNN is integrating sustainability into other core processes and strategies, including through a specific policy for sustainability and corporate social responsibility. In this regard, SNN has put in place operational procedures for: financing (credit), liquidity, corporate governance, its employees, procurement, securities funds and its <i>Samfunnsloftet</i> (Corporate Social Responsibility Strategy).</p>	✓
Supporting system adaptation	SNN’s loans do not increase the risks of adverse climate impact on other stakeholders (or on nature) and align with national adaptation efforts.	✓
Monitoring adaptation results	Adaptation results can be monitored and measured against defined indicators and are reviewed by the issuer.	✓
<b>3. WATER – DO NO SIGNIFICANT HARM CRITERIA</b>		
Not applicable		-
<b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b>		
Transition to a circular economy	As part of the due diligence process, it is verified whether the equipment meets the necessary contractual and regulatory requirements based on national and European legislation. Requirements include relevant	✓



	<p>information on the dismantling, refurbishment and recycling of the equipment.</p> <p>Moreover, car-producers are obliged to follow EU's End of Life (ELV) directive (EU Directive 2000/53/EC), prohibiting the use of lead, mercury, hexavalent chromium and cadmium, with some exemptions for lead where substitutions are not yet available.</p>	
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>		
Pollution prevention and control	Norwegian regulation is compliant with this requirement as of May 1 <sup>st</sup> , 2021. Regulation (EU) 2020/740 related to tires is implemented in Norway, and tire suppliers and distributors must comply with the requirements laid out in the regulation, i.a. related to labeling and testing of tires.	✓
<b>6. ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b>		
Not applicable		-
<b>CONTROVERSY ASSESSMENT AND MITIGATION ACTION PLAN</b>		
SNN has mitigation action plans in place in case of potential controversies that can ultimately lead to the removal of the assets from the Green Loan pool.		

**B.7 Sea and coastal passenger water transport (6.11.)**

<b>EU TAXONOMY REQUIREMENT</b>	<b>GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES</b>	<b>ISS ESG ANALYSIS AGAINST REQUIREMENTS</b>
<b>1. CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA</b>		
<p>The activity complies with the one of following criteria:</p> <ul style="list-style-type: none"> <li>• Vessels with zero direct (tailpipe) CO2 emissions,</li> <li>• until 31 December 2025, hybrid and dual fuel vessels that derive at least 25% of their energy from zero direct (tailpipe) CO2 emission fuels or plug-in power for their</li> </ul>	Vessels are developed in accordance with the EU Taxonomy threshold.	✓

<p>normal operation at sea and in ports,</p> <ul style="list-style-type: none"> <li>vessels that have an attained Energy Efficiency Design Index (EEDI) value 10% below the EEDI requirements applicable on April 1<sup>st</sup>, 2022.</li> </ul>		
<b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b>		
<p>Reducing material physical climate risks</p>	<p>SNN’s loans are aligned with international standards. All corporate clients must comply with internationally recognised conventions and agreements in the field of human rights, indigenous peoples’ rights, climate, environment, and economy. Moreover, SNN complies with the Norwegian Regulations on Environmental Impact Assessment for plans pursuant to the Norwegian Planning and Building Act.</p> <p>Climate risk is covered by the Group’s risk strategy, and SNN is integrating sustainability into other core processes and strategies, including through a specific policy for sustainability and corporate social responsibility. In this regard, SNN has put in place operational procedures for: financing (credit), liquidity, corporate governance, its employees, procurement, securities funds and its Samfunnsløftet (Corporate Social Responsibility Strategy).</p>	
<p>Supporting system adaptation</p>	<p>SNN’s loans do not increase the risks of adverse climate impact on other stakeholders (or on nature) and align with national adaptation efforts.</p>	
<p>Monitoring adaptation results</p>	<p>Adaptation results can be monitored and measured against defined indicators and are reviewed by the issuer.</p>	
<b>3. WATER – DO NO SIGNIFICANT HARM CRITERIA</b>		
<p>Managing water quality risks</p>	<p>SNN complies with the all applicable national regulations. Through the European Economic Area (EEA) Agreement, Norway adheres to a large part of the EU legislation i.e.:</p>	

	<ul style="list-style-type: none"> <li>- Water Framework Directive 2000/60/EC (WFD)</li> <li>- Drinking water Directive 98/83/EC (and successor)</li> <li>- Council Directive 91/271/EEC concerning urban waste-water treatment</li> <li>- Council Directive 91/676/EEC concerning nitrate pollution from agricultural sources</li> </ul>	
<b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b>		
Transition to a circular economy	Directive (EU) 2019/883 <sup>31</sup> (on the protection of the marine environment against the negative effects from discharges of waste from ships) is currently under scrutiny by Norway (the proposal was positively welcomed during consultations). On the other hand, regulation (EU) No 1257/2013 is currently incorporated into the EEA Agreement and in force. Therefore, SNN partially complies with the requirements listed in the EU Taxonomy.	-
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>		
Pollution prevention and control	Vessels comply with Directive (EU) 2016/802 <sup>32</sup> and the IMO MARPOL Convention, as Norway is one of its signatories. Compliance is also ensured with Regulation (EU) No 528/2012, as it has been incorporated into the EEA Agreement and is currently in force.	✓
<b>6. ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b>		
Protection and restoration of biodiversity and ecosystems	SNN complies with the requirements as Norway is a signatory of the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM).	-

<sup>31</sup> Some requirements in the directive will require changes to the national regulations, hence an equivalent regulation is not in place. Directive (EU) 2019/883 is replacing directive 2000/59, which Norway have implemented. The new Directive should soon be implemented by the EEA as well.

<sup>32</sup> The Directive has been incorporated into the EEA Agreement and is currently in force.

	<p>However, there is no evidence as to whether Norway incorporated the IMO Guidelines internally. Moreover, Directive 2008/56/EC and Decision (EU) 2017/848 were considered by the EEA EFTA States as not relevant<sup>33</sup> for incorporation into the EEA Agreement. However, Norway declared that the country practically fulfils the Directive’s requirements.</p> <p>Therefore, SNN partially complies with the requirements of this section.</p>	
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**CONTROVERSY ASSESSMENT AND MITIGATION ACTION PLAN**

SNN has mitigation action plans in place in case of potential controversies that can ultimately lead to the removal of the assets from the Green Loan pool.

**B.8 Infrastructure enabling low-carbon road transport and public transport (6.15.)**

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES	ISS ESG ANALYSIS AGAINST REQUIREMENTS
<b>1. CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA</b>		
<p>The activity complies with the one of following criteria:</p> <ul style="list-style-type: none"> <li>the infrastructure is dedicated to the operation of vehicles with zero tailpipe CO2 emissions: electric charging points, electricity grid connection upgrades, hydrogen fueling stations or electric road systems (ERS),</li> <li>the infrastructure and installations are dedicated to transshipping freight between the modes: terminal infrastructure and superstructures for loading, unloading and transshipment of goods,</li> </ul>	<p>Transport loans are developed in accordance with the EU Taxonomy criteria.</p>	<p style="text-align: center;">✓</p>

<sup>33</sup> In “Meld. St. 5 (2012-2013) [Report to the Storting White Paper](#)”, the Ministry of Foreign Affairs declared that “in practice, Norway fulfills the Directive’s requirements on the development and implementation of marine strategies”. On top of this, Norway has to coordinate with neighboring countries that are bound by the directive.

<ul style="list-style-type: none"> <li>the infrastructure and installations are dedicated to urban and suburban public passenger transport, including associated signaling systems for metro, tram and rail systems.</li> </ul>		
<b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b>		
<p>Reducing material physical climate risks</p>	<p>SNN’s loans are aligned with international standards. All corporate clients must comply with internationally recognised conventions and agreements in the field of human rights, indigenous peoples’ rights, climate, environment, and economy. Moreover, SNN complies with the Norwegian Regulations on Environmental Impact Assessment for plans pursuant to the Norwegian Planning and Building Act.</p> <p>Climate risk is covered by the Group’s risk strategy, and SNN is integrating sustainability into other core processes and strategies, including through a specific policy for sustainability and corporate social responsibility. In this regard, SNN has put in place operational procedures for: financing (credit), liquidity, corporate governance, its employees, procurement, securities funds and its Samfunnsløftet (Corporate Social Responsibility Strategy).</p>	
<p>Supporting system adaptation</p>	<p>SNN’s loans do not increase the risks of adverse climate impact on other stakeholders (or on nature) and align with national adaptation efforts.</p>	
<p>Monitoring adaptation results</p>	<p>Adaptation results can be monitored and measured against defined indicators and are reviewed by the issuer.</p>	
<b>3. WATER – DO NO SIGNIFICANT HARM CRITERIA</b>		
<p>Managing water quality risks</p>	<p>SNN complies with the all applicable national regulations. Through the European Economic Area (EEA) Agreement, Norway adheres to a large part of the EU legislation i.e.:</p>	

	<ul style="list-style-type: none"> <li>- Water Framework Directive 2000/60/EC (WFD)</li> <li>- Drinking water Directive 98/83/EC (and successor)</li> <li>- Council Directive 91/271/EEC concerning urban waste-water treatment</li> <li>- Council Directive 91/676/EEC concerning nitrate pollution from agricultural sources</li> </ul>	
<b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b>		
Transition to a circular economy	Norwegian regulation complies via implementation of Directive of the European Parliament and of the Council (EU) 2018/851 amending Directive 2008/98/EC on waste.	✓
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>		
Pollution prevention and control	SNN complies with the all applicable national regulations. Through the European Economic Area (EEA) Agreement, Norway adheres to a large part of the EU legislation, such as the Directive 2002/49/EC of the European Parliament.	✓
<b>6. ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b>		
Protection and restoration of biodiversity and ecosystems	SNN complies with the Norwegian Regulations on Environmental Impact Assessment for plans pursuant to the Norwegian Planning and Building Act. The present EIA provisions implement the EU Directive on Environmental Impact Assessment.	✓
<b>CONTROVERSY ASSESSMENT AND MITIGATION ACTION PLAN</b>		
SNN has mitigation action plans in place in case of potential controversies that can ultimately lead to the removal of the assets from the Green Loan pool.		

**B.9 Renovation of existing buildings (7.2.)**

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES	ISS ESG ANALYSIS AGAINST REQUIREMENTS
<b>1. CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA</b>		

<p>The building renovation complies with the applicable requirements for major renovations.</p> <p>Alternatively, it leads to a reduction of primary energy demand (PED) of at least 30%.</p>	<p>SNN complies with the second criteria. All buildings lead to a reduction of PED of at least 30%.</p>	<p>✓</p>
<p><b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b></p>		
<p>Reducing material physical climate risks</p>	<p>The processes for selection of Green Projects are aligned with Norwegian environmental legislations. Thus, environmental risk assessment is conducted at the planning stage and relevant measures are applied to reduce identified risks.</p>	<p>✓</p>
<p>Supporting system adaptation</p>	<p>The Green Projects do not increase the risks of adverse climate impact on other stakeholders and align with national adaptation efforts.</p>	<p>✓</p>
<p>Monitoring adaptation results</p>	<p>Adaptation results can be monitored and measured against defined indicators and are reviewed by the issuer.</p>	<p>✓</p>
<p><b>3. WATER – DO NO SIGNIFICANT HARM CRITERIA</b></p>		
<p>Managing water quality risks</p>	<p>SNN complies with the all applicable national regulations. It is compliant with the Planning and Building Act, Pollution Act, Nature Diversity Act, and building codes (TEK07, TEK10, TEK 17 and/or other product labels). Through the European Economic Area (EEA) Agreement, Norway adheres to a large part of the EU legislation i.e.:</p> <ul style="list-style-type: none"> <li>- Water Framework Directive 2000/60/EC (WFD)</li> <li>- Drinking water Directive 98/83/EC (and successor)</li> <li>- Council Directive 91/271/EEC concerning urban waste-water treatment</li> <li>- Council Directive 91/676/EEC concerning nitrate pollution from agricultural sources</li> </ul>	<p>-</p>
<p><b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b></p>		

Transition to a circular economy	Norway complies with the Waste Framework Directive 2008/98/EC. However, no information is available as to whether buildings comply with the EU Construction and Demolition Waste Management Protocol.	-
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>		
Pollution prevention and control	<p>SNN complies with the all applicable national regulations. Through the European Economic Area (EEA) Agreement, Norway adheres to a large part of the EU legislation, such as the Directive 2002/49/EC of the European Parliament.</p> <p>Moreover, Norway complies with Regulation No 1907/2006 through the EEA. Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works. However, no information is available as to whether building components and materials are tested in accordance with CEN/EN 16516 or ISO 16000-3:2011 or other equivalent standardized test conditions and determination methods. Building components have to adhere to REACH and the Regulation (EU) N. 305/2011. The Building Code (13.1-7) states that “Products for construction must give no or low pollution to the indoor air”. This must be documented, and easiest through the use of tested and certified materials.</p>	-
<b>6. ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b>		
Not applicable		-
<b>CONTROVERSY ASSESSMENT AND MITIGATION ACTION PLAN</b>		
SNN has mitigation action plans in place in case of potential controversies that can ultimately lead to the removal of the assets from the Green Loan pool.		



**B.10 Acquisition and ownership of buildings (7.7.)**

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES	ISS ESG ANALYSIS AGAINST REQUIREMENTS
<b>1. CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA</b>		
Case A – Acquisition of buildings built before 31 December 2020. The calculated performance of the building must be within the top 15% of the local existing stock in terms of operational Primary Energy Demand, expressed as kWh/m <sup>2</sup> y.	SNN identified the top 15% of the energy efficient buildings in Norway, based on the Norwegian building codes.	✓
<b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b>		
Reducing material physical climate risks	The processes for selection of Green Projects are aligned with Norwegian environmental legislations. Thus, environmental risk assessment is conducted at the planning stage and relevant measures are applied to reduce identified risks.	✓
Supporting system adaptation	The Green Projects do not increase the risks of adverse climate impact on other stakeholders and align with national adaptation efforts.	✓
Monitoring adaptation results	Adaptation results can be monitored and measured against defined indicators and are reviewed by the issuer.	✓
<b>3. WATER – DO NO SIGNIFICANT HARM CRITERIA</b>		
Not applicable		-
<b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b>		
Not applicable		-
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>		
Not applicable		-
<b>6. ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b>		
Not applicable		-
<b>CONTROVERSY ASSESSMENT AND MITIGATION ACTION PLAN</b>		

SNN has mitigation action plans in place in case of potential controversies that can ultimately lead to the removal of the assets from the Green Loan pool.

## Minimum Social Safeguards

ISS ESG assessed the alignment of the due diligence and selection processes in place with the EU Taxonomy Minimum Social Safeguards. The results of this assessment are applicable for every Green Project Category financed under this framework and are displayed below:

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES	ISS ESG ANALYSIS AGAINST REQUIREMENTS
OECD Guidelines on Multinational Enterprises	SNN does conduct a strict due diligence process and the human rights criteria apply to SNN. More specifically, SNN endorses the OECD Guidelines on Multinational Enterprises (MNEs). If SNN becomes aware of a breach or controversy related to the OECD Guidelines on Multinational Enterprises connected with a project included in the Eligible Green Loan Portfolio, the issuer intends to remove such project from the Eligible Green Loan Portfolio, on a best effort basis.	✓
UN Guiding Principles on Business and Human Rights	SNN has multiple policies in place addressing social safeguards (human rights, labour rights, health & safety standards and other social standards). SNN endorses the UN Guiding Principles on Business and Human Rights.	✓
ILO Core Labor Conventions	SNN has multiple policies in place addressing social safeguards (human rights, labour rights, health & safety standards and other social standards). SNN endorses the ILO Core Labour Conventions.	✓

## DISCLAIMER

1. Validity of the SPO: As long as the Green Finance Framework remains unchanged
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
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## ANNEX 1: Methodology

### Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which SNN's Green Finance Instruments contribute to related SDGs.

## ANNEX 2: Quality management processes

### SCOPE

SNN commissioned ISS ESG to compile a Green Finance Framework SPO. The Second Party Opinion process includes verifying whether the Green Finance Framework aligns with the ICMA Green Bond Principles and LMA Green Loan Principles. Moreover, the assessment included whether the green project categories align with the EU Taxonomy and associated technical annex, on a best effort basis.

### CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA GBPs
- LMA GLPs
- EU Taxonomy and associated technical annex

### ISSUER'S RESPONSIBILITY

SNN's responsibility was to provide information and documentation on:

- Framework
- Selection process
- Documentation of ESG risks management at the Framework level for the EU taxonomy

### ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green Finance Framework to be issued by SNN based on ISS ESG methodology and in line with the ICMA GBPs and LMA GLPs.

The engagement with SNN took place in the months of May, June, July and August 2021.

### ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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