



Green Bond Framework

February 2021

1. Introduction

SpareBank 1 Østlandet is Norway's fourth largest savings bank. The administrative headquarters of the bank is in Hamar while the bank has branch offices across the counties of Innlandet, Viken and Oslo.

The combined group has:

- 37 bank branches
- Approximately 365,000 banking customers
- Total adjusted assets of approximately NOK 194 billion (including loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS)
- 1,149 employees

In addition to banking, investment and insurance services, the Bank also offer real estate brokerage, accountancy, leasing and other financial services through subsidiary companies. SpareBank 1 Østlandet is part of the SpareBank 1 Alliance and owns 12.4 % of the jointly owned holding company SpareBank 1 Gruppen AS. The paramount objective of the SpareBank 1 Alliance is to assure the independence and regional identity of the individual banks that make up the SpareBank 1 Alliance through strong competitiveness, profitability and financial soundness.

SpareBank 1 Østlandet's values comprise proficiency, accessibility and dedication. This means that the Bank strive to be:

- Proficient through providing good service, appropriate quality and long-term customer relationships
- Accessible through being down to earth, available and able to take quick decisions
- Dedication through being visible, taking the initiative for the customers and making a positive contribution to the society and the environment

Corporate Social Responsibility and Sustainability is paramount for us. The Bank has a long tradition of returning part of its profits back to the local community. SpareBank 1 Østlandet has a strong focus on how its business affects people, the environment and the community. The Bank's commitment towards the community and the environment is reflected in the vision *Together We Create* and the ambition, *Sustainability in Everything We Do*.

The purpose of this Green Bond Framework is to allow the Bank to align the sustainable vision and ambition with the funding strategy, by (re)financing projects that deliver clear environmental and social benefits.

2. SpareBank 1 Østlandet Sustainability Strategy

SpareBank 1 Østlandet has its roots in many small savings banks with strong local profiles, which have been important social actors in their communities. Hence, the Bank's social role is firmly based on strong values, so for us, much of the sustainability work is a natural continuation of the Bank's profile over nearly 175 years.

At the same time, the ambition in the field of sustainability is reinforced. The Bank want to contribute to a sustainable future, the transformation to a low-emission society by mid-century and achieving the United Nations Sustainability Goals by 2030.

To do so, the Bank intend to significantly enhance positive impact while reducing negative impact on people, climate, the environment and society. In 2017, the Bank conducted a materiality analysis via a comprehensive stakeholder dialogue¹. In 2018, the Group Management adopted the Sustainability Strategy, established a steering committee, working groups and appointed designated persons in all relevant fields. The two main goals are 1, to be a driving force for sustainable development in the Bank’s market area and 2, to incorporate sustainability in major and minor decisions so that it is an integral part of the business model.

The materiality analysis identified where the Bank can reinforce its positive impact and reduce its negative impact. The most material issues from the analysis are:

- Responsible lending.
- Combating economic crime.
- Setting requirements for providers of financial services.
- Work on ethics and anti-corruption.
- Ethical marketing of products and services.

This provides a basis for setting the Bank’s priorities within sustainability. (A section dedicated to each of these relevant themes can be found in the 2019 Annual Report: Chapter 4, Sustainability and society– our material themes)².

The Bank’s materiality analysis was in 2020 supplemented by an Impact analysis, done with the Impact analysis tool from the UNEP FI’s Principles for Responsible Banking Initiative. In this, SpareBank 1 Østlandet’s most material sustainability issue and largest business area “responsible lending” was analysed. This showed the following positive and negative impact for corporate and retail lending:

Corporate Market → Areas affected	
Positive impacts	Negative impacts
1 Climate	1 Resources efficiency/security
2 Resources efficiency/security	2 Climate
3 Inclusive, healthy economies	3 Waste
Retail Market → Areas affected	
Positive impacts	Negative impacts
1 Housing	1 Resources efficiency/security
2 Inclusive, healthy economies	2 Climate
3 Work	3 Inclusive, healthy economies

Please refer to the Sustainability Impact report published in November 2020³

An important prerequisite for good sustainability work is having stringent internal Guidelines in place. In 2018, all major business areas developed their own guidelines for corporate social responsibility

¹ SpareBank 1 Østlandet intends to conduct a new materiality analysis in the course of 2021.

² https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/omoss/investor/rapporter/SB1O_annual_report_2019.pdf

³ <https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/omoss/samfunn/Sustainability-Impact-Analysis-Principles-for-Responsible-Banking.pdf>

and sustainability. Guidelines were also adopted in key areas for the company such as agriculture and nature, as well as labour rights and human rights. The Bank has also published its internal control and communication policies in line with the rules in the Anti-Money Laundering Act.

SpareBank 1 Østlandet also makes sure to comply with external initiatives and standards, and has committed itself to meet the requirements of the following established principles and standards:

1. **UN Sustainable Development Goals⁴**, with specific focus on SDGs 4, 8, 9, 12, 13, 15 and 16. And with goal 17 on cooperation as the guiding method.
2. **UN Global Compact⁵**, SpareBank 1 Østlandet is a signatory and held the position as deputy chair of the Board the first year of the Norwegian network.
3. **UN Environment Programme – Finance Initiative (UNEP FI)⁶**:
 - **Principles for Responsible Banking (PRB)**. SpareBank 1 Østlandet was the first Norwegian bank to sign up to the principles.
 - **Collective Commitment on Climate Action (CCCA)**. The Bank is one of two Norwegian banks who have signed the ambitious commitments.
4. **OECD Guidelines for Multinational Enterprises⁷**, SpareBank 1 Østlandet is actively using the guidance from OECD when it comes to due diligence for responsible business.
5. **UN Guiding Principles for Business and Human Rights⁸ and the Labour Rights⁹**, SpareBank 1 Østlandet has focus on respecting the human- and labour rights, in own operations and supply chains. This includes respecting the ILO Conventions, which establish the minimum of rights to be respected in the workplace. The Bank have also signed **Koalisjonen for ansvarlig næringsliv (KAN)¹⁰** which is a broad association of business, trade unions and NGOs calling for a human rights law for business.
6. **Task Force on Climate-Related Financial Disclosures (TCFD)¹¹**, SpareBank 1 Østlandet has been reporting in accordance with the TCFD since 2018.
7. **Eco lighthouse¹²**, SpareBank 1 Østlandet has used the ecomanagement system, Eco-Lighthouse, since 2008 to reduce and report on its direct (scope 1) and indirect (scopes 2 and 3) greenhouse gas emissions. The reporting to Eco-Lighthouse provides the basis for the Bank's climate and energy accounts.
8. **CDP¹³**, SpareBank 1 Østlandet is an A-listed CDP company as from 2020.
9. **Science Based Target (SBT)¹⁴**, The bank has implemented an SBT for cutting greenhouse gas emissions in line with the goals of the Paris Agreement. For the time being, climate neutrality will be achieved through climate quotas.

⁴ <https://sustainabledevelopment.un.org/?menu=1300>

⁵ <https://www.unglobalcompact.org/engage-locally/europe/norway>

⁶ <https://www.unepfi.org/banking/bankingprinciples/>

⁷ <https://www.responsiblebusiness.no/oecd-retningslinjer/>

⁸ https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

⁹ <https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang-en/index.htm>

¹⁰ "Coalition for Responsible Business" <https://koalisjonenkan.no/om-kan>

¹¹ <https://www.fsb-tcfid.org/>

¹² <https://eco-lighthouse.org/>

¹³ <https://www.cdp.net/en>

¹⁴ <https://sciencebasedtargets.org/>

3. SpareBank 1 Østlandet's commitment to responsible lending

SpareBank 1 Østlandet sees responsible lending as a priority and has established comprehensive Bank-wide Guidelines for Corporate Social Responsibility and Sustainability in Corporate Governance¹⁵ and Guidelines for Lending and Investments in Power and Energy Production¹⁶. These provide a list of activities that are not financed by the Bank because of their controversial nature and harmful impact on the environment and/or the society. See below the list of excluded activities as well as our expectations in terms of sustainable behaviour from customers.

We do not lend to businesses engaged in:

- Fossil energy, including coal, oil and gas, (nor will we invest in fossil energy).
- Nuclear power (nor will we invest in nuclear power).
- The extraction of, or energy production based on, coal or tar sands.
- Mining operations.
- Large-scale dam projects.
- Usage of timber obtained from organisations that perform illegal logging, sell illegally felled timber or engage in deforestation and/or destroy tropical rainforests, remove primary forest or protected forests (High Conservation Value Forests).
- Carry out lobbying activities aimed at weakening the required restructuring to a low-emission society in line with Norway's goals through the Climate Act and the world's goals through the Paris Agreement.
- As a major forestry and agriculture bank with a focus on nature and the environment, we understand the challenges involved in carrying out good enough risk assessments in relation to the natural world for wind power developments. This, in addition to the resistance of local and indigenous communities, means we have chosen to refrain from lending to this industry at the present time.

We expect:

- Our customers to take a conscious approach to climate risk and focus on reducing their negative impact on the climate and environment.
- Companies to prevent negative impacts on local areas registered in the list of UNESCO's World Heritage Sites¹⁷, wetlands registered in the Ramsar Convention¹⁸ and vulnerable habitats/protected areas registered by the International Union for Conservation of Nature (IUCN)¹⁹.
- Companies that operate in areas with endangered plant and animal species, including animal species registered in the IUCN's red list of endangered species²⁰, to take these into account and minimise interventions in the natural world.

In accordance with the Minimum Social Safeguards requirements set out in the EU Taxonomy:

We do not lend to companies that:

¹⁵ <https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/aboutus/SB1O-Guidelines-sustainability-corporate-governance.pdf>

¹⁶ https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/aboutus/Guidelines_Power_and_Energy_Production.pdf

¹⁷ [UNESCO World Heritage Centre - World Heritage List](#)

¹⁸ [Homepage | Ramsar](#)

¹⁹ [International Union for Conservation of Nature - IUCN](#)

²⁰ [IUCN Red List of Threatened Species](#)

- Are involved in any way in the development, testing, production, storage or transportation of controversial weapons, or components intended exclusively for controversial weapons, including cluster bombs, anti-personnel mines, nuclear weapons, chemical weapons and biological weapons.
- Manufacture tobacco products or components explicitly intended for such products.
- Produce pornographic material.

We expect our customers to:

- Respect the UN conventions on human and labour rights and ensure that they do not contribute to breaches of these, including safeguarding individuals' rights in war or conflict situations.
- Actively strive not to contribute to rights violations, for example through due diligence assessments, and seek to remedy breaches when they are identified.
- Respect the ILO's eight fundamental conventions²¹, which establish the minimum rights that must be respected in the workplace. These are divided into the following four main categories: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation. Have good notification systems for reporting breaches of expectations, norms, laws and conventions.

ESG Assessments/due diligence

In 2019, the Bank developed due diligence assessments within all of the relevant industries. Advisers with industry-specific expertise were involved in the work. The Bank bases its work on the industry's roadmap for green competitiveness and maintains a good, close dialogue with customers, industry organisations and special interest groups concerning the development of the assessments.

The following themes are covered in the due diligence assessments (example):

General understanding	General understanding of the risk of human rights violations, environmental challenges or corruption risk in own industry and business.	Social/human rights risk (social)	The company's familiarity with industry risk related to human rights, workplace crime, e.g. social dumping.
	Risk in input factors or suppliers/supply chain.		The extent to which the company has relevant guidelines.
Environmental and climate risk (the environment)	Environmental certification and environmental management system.	Finances/governance risk (governance)	Acts and regulations regarding health, safety and the environment (HSE).
	Measures to cut greenhouse gas emissions.		The company's familiarity with industry risk related to economic crime such as corruption, money laundering and bribery.
	Measures to cut energy consumption.		The extent to which the company has relevant guidelines and/or routines.
	Energy labelling (construction).	Other	Separate form for anti-money laundering due to the anti-money laundering regulations.
	Risk of natural disasters: How the project impacts vulnerable ecosystems.		Other measures that have a positive impact on the environment or social or economic conditions.
	Familiarity with, and any measures implemented from, the industry's roadmap.		Other things that indicate the company is involved in harming/having a negative impact on the environment or social/economic conditions ²¹
	Climate risk: How the project has been adapted for climate change and changing framework conditions. More specific questions here for agriculture.		
	Environmentally certified input factors (e.g. construction materials).		

In addition to this, our advisers are required to maintain a dialogue with customers concerning their approach to sustainability in their business. There were around 3,200 credit cases in CM in 2019 and, following the introduction of the requirement and training, it is estimated that sustainability was part of the dialogue with around 1,600 customers.

²¹ [Conventions and Recommendations \(ilo.org\)](https://www.ilo.org/)

For all new loans over NOK 1 million included as proceeds this ESG due diligence assessment must be conducted.

There is an ongoing project aiming at strengthening this assessment and aligning it even more to the most significant risk areas in relevant sector. We are also aiming at integrating the assessment with our digital loan process, and we will update the assessment with the data needed for reporting on our “green ratio” in accordance with the EU taxonomy.

4. SpareBank 1 Østlandet commitment to Climate Action

The Paris Treaty shall ensure that the world manages to limit global warming to well below 2 degrees²². Norway has set a goal with the EU of reducing emissions by at least 50, and up to 55, per cent by 2030, from the reference year 1990. Furthermore, the target is for Norway to become a low-emission society by 2050, as stated in the Norwegian Climate Change Act²³.

As shown in the Impact Analysis, Climate and Resource Efficiency is material issues for us. SpareBank 1 Østlandet has published Guidelines and action plan for climate and climate risk²⁴, which shows how the bank is working on climate and incorporating climate risk, aligning itself with the Paris Treaty and the Norwegian Climate Act.

In this action plan for climate and climate risk, **SpareBank 1 Østlandet provides goals and action points for the period 2019-2021**. In the document, reference is made to where these goals can be found in the Sustainability Strategy 2019-2021²⁵, the Roadmap for green competitiveness in the finance industry, UNEP FI’s Collective Commitments to Climate Action, guidelines for Corporate Market, Retail Market, Corporate Governance and Liquidity Management. The goals are as follows:

- **Internal climate and environmental work**
 - The Bank shall work to become a climate neutral group and continually reduce the environmental impact from own business;
 - The Bank shall help to raise expertise on climate, so that the Bank’s employees become aware of their impact on climate and the environment, both through their own actions and through their work at the Bank.
- **Sustainable granting of credit and establishment of customer relationships**
 - Work continuously towards a sustainable credit portfolio;
 - Contribute to the Bank’s customers having a conscious relationship with sustainability and climate risk, and expect them to take an active approach to their own practice in this field.
- **Responsible investment and ownership**
 - The Bank will be investing in sustainable companies capable of adapting their operations to a changing world;
 - The Bank set requirements to third-party providers of funds and capital / pension insurance that they must follow internationally recognised principles of sustainability in their investments and document their monitoring and control of companies in relation to this.

²² The Paris Agreement. The United Nations Association of Norway: <https://www.fn.no/Om-FN/Avtaler/Miljoe-og-klima/Parisavtalen>

²³ Act relating to Norway's climate targets (Climate Change Act): <https://lovdata.no/dokument/NL/lov/2017-06-16-60>

²⁴ <https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/aboutus/Guidelines-and-action-plan-for-climate-and-climate-risk.pdf>

²⁵ <https://www.sparebank1.no/en/ostlandet/about-us/sustainability/guidelines-and-policies.html>

- **Sustainability requirements for suppliers and partners**
 - The Bank should demand that suppliers and partners have a conscious attitude to climate.

Group management has adopted the action plan and regularly has diverse issues related to climate and sustainability on the agenda. Each Group Head is independently responsible for the goals associated with his / her area of business in the action plan, and reports on them to the rest of Group Management.

Within SpareBank 1 Østlandet's climate action and sustainability strategy, the bank has developed sustainable products for clients. For retail banking customers, SpareBank 1 Østlandet offers **Green Mortgages** for environmentally friendly and energy-saving measures in new and old homes and holiday homes. The loan has a favourable interest rate for people who choose environmentally friendly solutions, whether they are building new homes, renovating or simply switching to more environmentally friendly energy sources. In particular, green mortgages can be granted for four different loan purposes, which deliver environmental benefits:

- Loans for general energy-saving measures (Green mortgage up to NOK 250,000);
- Upgrading of existing buildings (Green mortgage up to NOK 1,000,000);
- New construction of passive house or plus house standard (Green mortgage up to NOK 1,000,000);
- Purchase of newly built, extremely environmentally friendly home in Zero Emission Neighbourhoods - applies to the residential area Ydalir in Elverum (Green mortgage up to NOK 1,000,000).²⁶

For agricultural customers, the bank wants to contribute to lower emissions and adjustment to a more sustainable society. The Bank offer **Green Agricultural Loans** with favourable terms to customers who want to install photovoltaic systems (Solar Cell Plant) on the farm. s

The Bank's subsidiary, SpareBank 1 Finans Østlandet, provides **Green Car loans** for electrical cars. The loan has a favourable interest rate and thus incentivizes customers who make a climate-friendly choice.

SpareBank 1 Østlandet intend to keep developing sustainable products to actively incentivize customers to make sustainable choices.

²⁶ Detail about our green mortgage product interest and terms can be found at:
<https://www.sparebank1.no/nb/ostlandet/privat/lan/boliglan/gront-boliglan.html>.

5. Green Bond Framework

In line with SpareBank 1 Østlandet's Sustainability Strategy and commitment to sustainable development, the Bank has established this Green Bond Framework ("The Framework"). Under this Framework, SpareBank 1 Østlandet can issue Green Bonds in alignment with the ICMA Green Bond Principles (GBP). The GBP are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market by clarifying the approach for issuing a green bond. The SpareBank 1 Østlandet Green Bond Framework follows the ICMA Green Bond Principles (GBP) 2018 edition²⁷, which have the following key components:

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

For each Green Bond issued, SpareBank 1 Østlandet asserts that it will adopt (1) Use of Proceeds, (2) Process for Project Evaluation and Selection, (3) Management of Proceeds, (4) Reporting, as set out in this Framework. The SpareBank 1 Østlandet Green Bond Framework also follows the recommendations of the Green Bond Principles regarding External Review.

Future changes to the Green Bond Principles may be implemented in future versions of the SpareBank 1 Østlandet Green Bond Framework. Any future version of this framework will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external consultant.

5.1. Use-of-Proceeds

SpareBank 1 Østlandet, at its discretion but in accordance with the Green Bond Principles, will allocate an amount equal to the net proceeds of the Green Bonds 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 bond proceeds.

The Eligibility Criteria used to define the Eligible Green Loan Portfolio for SpareBank 1 Østlandet's Green Bonds are strictly based on the ICMA Green Bond Principles (2018 edition) and on following best market practice.

The definition of the Eligibility Criteria below takes into account the recommendation of the Technical Expert Group (TEG) final report on the EU Taxonomy²⁸ and the EU Green Bond Standards²⁹, 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 Bank's assets are located (in terms of local regulation), any



²⁷ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

²⁸ Link to the Technical Expert Group (TEG) Final Report on the EU Taxonomy and the Technical annex to the TEG final report on the EU Taxonomy, published in March 2020: https://ec.europa.eu/knowledge4policy/publication/sustainable-finance-teg-final-report-eu-taxonomy_en.

²⁹ https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-green-bond-standard_en

Eligible Category to be included in future versions of this Green Bond framework will follow the recommendation of the EU Taxonomy, on a best effort basis.

Use of Proceeds table:



GBP Eligible Category	Description of the Eligible Loans	UN Sustainable Development Goals (SDGs)	EU Environmental Objective (Taxonomy Regulation)
Green Buildings	<p>Loans, credits and investments to finance and refinance new or existing residential, commercial or public buildings.</p> <p><u>Refurbished Residential and Commercial Buildings³⁰</u></p> <ul style="list-style-type: none"> • Refurbished buildings in Norway with an improved energy efficiency of 30%. One of the two following criteria must be met: <ul style="list-style-type: none"> ○ Refurbished Norwegian commercial and residential buildings with at least a 30% improvement in energy efficiency measured in specific energy, kWh/m², compared to the calculated label based on building code in the year of construction ○ Refurbished Norwegian commercial and 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. Where EPC labels are available to select eligible assets under this criterion, only labels of 'D' or better will be considered <p><u>Green Residential Buildings</u></p> <ul style="list-style-type: none"> • Residential buildings in Norway (built between 2012 and 2021)³¹ <ul style="list-style-type: none"> ○ Norwegian apartments that comply with the Norwegian building codes of 2010 (TEK10) or 2017 (TEK17). Hence, built after 2012³² ○ Norwegian other residential dwellings that comply with the Norwegian building codes of 2010 (TEK10) or 2017 (TEK17). Hence, built after 2012 ○ Residential buildings built from the 1st January 2021 should be at least a 20% more energy efficient than regulation at time of construction • Residential buildings in Norway (built before 2012) <ul style="list-style-type: none"> ○ Norwegian residential buildings built using older building codes than TEK10 with EPC-labels A and B. 	 	<p>EU Environmental Objective: <i>Climate Change Mitigation</i></p> <p>Substantial contribution to Climate Change Mitigation (1.b): Improving energy efficiency in all sectors, except energy generation using solid fossil fuels, and at all stages of the energy chain, in order to reduce primary and final energy consumption</p>

³⁰ All buildings directly heated by fossil fuels are excluded

³¹ The Eligibility Criteria apply to buildings built until the 31st of December 2020. In accordance with the EU Taxonomy document, buildings built from the 1 January 2021 should meet the 'NZEB – 20%' criterion, meaning that the net primary energy demand of the new buildings must be at least 20% lower than the primary energy demand resulting from the relevant NZEB requirements. In Norway, NZEB has not yet been established. Therefore, SpareBank 1 Østlandet will apply the current Eligibility Criteria until there will be clear a definition of what NZEB ('Nearly Zero Energy Buildings') corresponds to in terms of regulation, within the Norwegian context. SpareBank 1 Østlandet intends to closely monitor regulatory developments regarding this topic and intends to apply the 'NZEB – 20%' criterion to buildings built from 1st January 2021, when there will be an exact definition of NZEB in Norway. Source: <https://www.epbd-ca.eu/wp-content/uploads/2018/08/CA-EPBD-IV-Norway-2018.pdf>

³²

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 Green Bonds under this criterion. This is in line with the criteria as set by the Climate Bonds Initiative Standard and Guidance on Low Carbon Residential Buildings, <https://www.climatebonds.net/standard/buildings/residential>




	<p>These buildings may be identified in data from the Energy Performance Certificate (EPC) database</p> <p>Green Commercial Buildings³³</p> <ul style="list-style-type: none"> • Commercial buildings belonging to top 15% low carbon buildings in Norway³¹ <ul style="list-style-type: none"> ○ Norwegian hotel and restaurant buildings that comply with the Norwegian building code TEK10, TEK17 and later building codes³⁴ ○ Norwegian office, retail and industrial buildings and warehouses that comply with the Norwegian building TEK10, TEK17 and later building codes³⁵ ○ Commercial buildings which received at least one or more of the following classifications: LEED “Gold”, BREEAM or BREEAM-NOR “Excellent”, or equivalent or higher level of certification and Nordic Swan Ecolabel ○ Commercial buildings built from the 1st January 2021 should be at least a 20% more energy efficient than regulation at time of construction 		
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p>	<p>Sustainable Agriculture³⁶</p> <ul style="list-style-type: none"> • Loans to finance or refinance agricultural projects/activities with a substantial positive climate impact that do not deplete existing carbon pools • Loans to finance or refinance agricultural projects/activities with a farm sustainability plan with a substantial positive climate impact has been established based on yearly record of its climate performance (Landbrukets Klimakalkulator) advisory • All loans included in this category needs to meet KSL-standards, and have to have an ESG due diligence assessment <p>Sustainable Forestry</p> <ul style="list-style-type: none"> • Loans to finance or refinance environmentally responsible forest management: <ul style="list-style-type: none"> ○ Forest land certified in accordance with the Forest Stewardship Council (FSC) standards and/or the Programme for the Endorsement of Forest Certified (PEFC) 	 	<p>EU Environmental Objective: <i>Protection of healthy ecosystems</i></p> <p>Substantial contribution to Protection of healthy ecosystems:</p> <p>(1.a) nature conservation (habitats, species); protecting, restoring and enhancing the condition of ecosystems and their capacity to provide services;</p> <p>(1.b) sustainable land management, including adequate protection of soil biodiversity; land degradation neutrality; and the remediation of contaminated sites;</p> <p>(1.c) sustainable agricultural practices, including those that contribute to halting or preventing deforestation and habitat loss;</p>

³³ The Green Commercial Buildings definition excludes: airport buildings, gas stations, parking and in general heavily emitting industrial buildings. Shopping centers are included as long as they are located in areas that are reachable via public transportation, in order to allow for modal shift.

³⁴ 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 hotel and restaurant buildings finished in 2013 and later (3 year lag) are all eligible under this criterion.

³⁵ 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 office, retail and industrial buildings finished in 2012 and later (2 year lag) are all eligible under this criterion.

³⁶ Financing of fossil-fuel based farm equipment is excluded

			(1.d) sustainable forest management.
Renewable Energy	<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>Loans may be for specific assets and projects or to 'pure play' companies, defined as enterprises which are expected to derive ≥90% of their turnover from assets aligned with defined eligibility criteria. For such enterprises, the entire loan principle is eligible for green bond funding, otherwise not at all.</p> <ul style="list-style-type: none"> • Solar power: Photovoltaic energy projects • Geothermal power: Geothermal energy projects with life cycle emissions of less than 100g CO₂e/kWh • Hydro power: Small-scale hydropower projects (less than 25MW), and large-scale projects (more than 25MW) with either (i) life cycle emissions of less than 100g CO₂/kWh or (ii) power density greater than 5W/m². • Transmission systems: 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 	 	<p>EU Environmental Objective: <i>Climate Change Mitigation</i></p> <p>Substantial contribution to Climate Change Mitigation (1.a): Generating, storing, distributing or using renewable energy in line with the Renewable Energy Directive, including using innovative technology with a potential for significant future savings or through necessary reinforcement of the grid</p>
Clean Transportation	<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"> • Low carbon vehicles: Fully Electric, Hydrogen or otherwise zero-emission passenger vehicles • Low carbon public and mass transportation: Fully Electric or Hydrogen busses 		<p>EU Environmental Objective: <i>Climate Change Mitigation</i></p> <p>Substantial contribution to Climate Change mitigation (1.c): Increasing clean or climate-neutral mobility</p>

5.2. Process for Project Evaluation and Selection

The SpareBank 1 Østlandet Green Bond Framework is prepared with due care and attention and on a best effort basis by the Green Bond Committee, a cross functional committee of relevant business areas including representatives of Corporate Banking, Retail Banking, SpareBank 1 Finans Østlandet AS, Treasury and Sustainability. There must be unanimous consensus in the committee, related to the selection of loans. The loans financed and/or refinanced through the Green Bond proceeds are evaluated and selected for inclusion in the eligible pool by SpareBank 1 Østlandet employee's based on compliance with the eligibility criteria described in Use of Proceeds. When assessing prospective Eligible Green Loans and their non-financial impacts, SpareBank 1 Østlandet may rely on analysis provided by external parties, in addition to its own assessment.

The Green Bond Committee will manage any future updates to the Framework, including the expansion of its eligible Use of Proceeds categories, and prospective future amendments to reflect developments in SpareBank 1 Østlandet's Sustainability strategy, market and regulatory developments (such as the introduction of the EU Green Bond Standards). The Green Bond Committee provides oversight on the integrity of this activity, and ensures it is aligned with the Bank's Sustainability Strategy.

In accordance with the EU Taxonomy and the EU Green Bond Standard (EU GBS), Eligible Loans should not only contribute to at least one of the EU Environmental Objectives but should not significantly harm ('DNSH') any other EU Environmental Objective. In addition, Eligible Loans should be complying with Minimum Social Safeguards that should be in place at company level.

The Usability Guide to the EU Green Bond Standard³⁷, published in March 2020 clarifies that when the EU Taxonomy refers to qualitative criteria, the assessment and verification of DNSH and Minimum Social Safeguards could conclude positively on compliance with local, EU Regulation and International standards and the existence of strong corporate due diligence and risk management system.

In accordance with the EU Taxonomy and EU GBS recommendation, SpareBank 1 Østlandet takes care that the Eligible Green Loan Portfolio complies with official international, national and local laws and regulations on a best effort basis. The terms and conditions that govern SpareBank 1 Østlandet's business lending require borrowers to comply with all applicable laws, regulations and practices and that they will comply with all authorisations, consents, approvals, waivers, resolutions, licences, permits, exemptions or registrations related to the project financed.

Providing loans to retail and corporate customers is the Bank's core business. In 2019, the Bank implemented guidelines for corporate social responsibility and sustainability in corporate lending processes. The Bank's routines for processing loan applications include requirements for both ESG dialogues with customers and ESG due diligence analyses. The Bank uses due diligence assessments to identify which customers and projects have a high risk of having a negative impact and the potential for a positive impact. The Bank uses the methodological framework in the OECD's Due Diligence Guidance for Responsible Business Conduct, which was launched in 2018.

The Eligible Green Loan Portfolio is required to align with SpareBank 1 Østlandet's related internal sustainability codes and policies, including the General guidelines for corporate social responsibility and sustainability³⁸ and the Code of Conduct. The Bank recognise the need to align frameworks,

³⁷ https://ec.europa.eu/info/files/200309-sustainable-finance-teg-green-bond-standard-usability-guide_en

³⁸ <https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/aboutus/General-guidelines-CSR-sustainability-2020.pdf>

policies and practices to environmental, social and governance (ESG) principles, and this continues to be an ongoing focus for us. Set out below are some examples of relevant codes and policies:

- General corporate social responsibility and sustainability guidelines (policy document) – nature and agriculture³⁹
- Guidelines and action plan for climate and climate risk⁴⁰
- General corporate social responsibility and sustainability guidelines (policy document) – labour and human rights⁴¹
- Anti-Corruption Policy⁴²

SpareBank 1 Østlandet's codes and policies can be found at:

<https://www.sparebank1.no/en/ostlandet/about-us/sustainability/guidelines-and-policies.html>.

Regarding minimum safeguards, SpareBank 1 Østlandet respects human rights and is committed to be a good employer. SpareBank 1 Østlandet's policy for diversity and equality is described in the General Guidelines for Equal Opportunities and Diversity⁴³. The Bank focuses on equal opportunities and diversity in its recruitment processes, when appointing people to senior positions and in pay settlements. The Bank also strive to achieve a good balance between the sexes at all levels of the organisation. In this optic, the Bank has implemented a special programme focusing on female managers, with the aim of increasing the proportion of women from 36 to 45 per cent by 2021. The annual processes in connection with determining local pay rises focus especially on equal pay and equalising any disparities between men and women.

SpareBank 1's suppliers and contract partners must respect fundamental requirements relating to the environment, social conditions and ethical business practice. Goods and services delivered to SpareBank 1 must be produced under conditions consistent with the requirements set out below. The requirements are based on key UN and ILO conventions and national employment law in the place of production.

SpareBank 1 Østlandet has a robust internal control on Anti-Money Laundering guidelines to prevent and detect situations where the bank is being used or attempts are made to use the bank as part of money laundering or terrorist financing, including preventing and uncovering transactions related to money laundering of proceeds from criminal acts or transactions related to terrorist financing. These guidelines are intended as a general framework that will contribute to fulfilling this objective and complying with money laundering legislation. SpareBank 1 Østlandet's daily behaviours are also guided by its Anti-Corruption Policy and Guidelines for Identifying and Avoiding Conflicts of Interest⁴⁴. These provide a strong foundation to encourage the right behaviours and to comply with regulatory requirements.

³⁹ <https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/aboutus/General-guidelines-nature-agriculture-2020.pdf>

⁴⁰ <https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/aboutus/Guidelines-and-action-plan-for-climate-and-climate-risk.pdf>

⁴¹

https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/aboutus/General_corporate_social_responsibility_and_sustainability_guidelines.pdf

⁴² <https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/aboutus/Anti-corruption-Policy.pdf>

⁴³ https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/aboutus/Guidelines_Equal_Opportunities_and_Diversity.pdf

⁴⁴ https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/aboutus/Guidelines_Conflicts_of_Interest_SB10.pdf

5.3. Management of Proceeds

SpareBank 1 Østlandet intends to allocate an amount equal to the net proceeds from the issue of Green Bonds 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.

SpareBank 1 Østlandet 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 Bonds. 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 Bonds will be allocated to Eligible Green Loans.

During the life of the Green bonds, if a loan ceases to fulfil the eligibility criteria, SpareBank 1 Østlandet will remove the loan from the Eligible Green Loan Portfolio and replace it when necessary for the balance as soon as reasonably practicable.

Pending allocation of an amount equal to the net proceeds of any tranche of Green Bonds to an Eligible Green Loan Portfolio, SpareBank 1 Østlandet will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short term and liquid instruments, the balance of net proceeds not yet allocated to the Eligible Green Loan Portfolio. Short term investments will be in line with Guidelines for sustainability in liquidity management⁴⁵. Unallocated proceeds will, on a best effort basis, be invested in eligible green, social or sustainable bonds according to the Guidelines.

5.4. 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.

SpareBank 1 Østlandet 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 maturity of the instruments. SpareBank 1 Østlandet intends to provide aggregated reporting for all SpareBank 1 Østlandet's Green Bonds and other potential green financings outstanding.

SpareBank 1 Østlandet will align, on a best effort basis, the impact reporting with the portfolio approach described in "Handbook – Harmonized Framework for Impact Reporting (April 2020)."⁴⁶

Allocation Reporting

The allocation report will provide, on the Eligible Green Loan Portfolio, indicators such as:

- the total amount of proceeds allocated to Eligible Green Loans
- the number of Eligible Green Loans

⁴⁵ <https://www.sparebank1.no/content/dam/SB1/bank/ostlandet/aboutus/SB1O-Guidelines-sustainability-liquidity-management-web.pdf>

⁴⁶ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Handbook-Harmonized-Framework-for-Impact-Reporting-December-2020-151220.pdf>

- the balance of unallocated proceeds
- the amount or the percentage of new financing and refinancing
- the geographical distribution of the assets (at country level)

Impact Reporting

Where feasible, SpareBank 1 Østlandet intends to report on the impact of the Eligible Green Loan Portfolio. The Impact report may provide:

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

ICMA GBP Eligible Category	Potential Output and Impact Indicators
Green Buildings	<ul style="list-style-type: none"> • Estimated ex-ante annual energy consumption in KWh/m2 or energy savings in MWh • Estimated annual GHG emissions reduced/avoided in tons of CO2 equivalent
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> • Sustainable Agriculture <ul style="list-style-type: none"> ○ Sustainable agriculture land area (hectares and % increase in certified land areas) ○ Sustainable agriculture / farming certification scheme ○ Type of crop and its proportion, if available ○ Conservation agriculture techniques / practices and relative output figure, if available ○ Land restored (hectares and % increase in land restored) • Sustainable Forestry <ul style="list-style-type: none"> ○ Sustainable Forestry certified land area (hectares and % increase in certified land areas) ○ Estimated GHG emissions compared to baseline (tCO2e)
Renewable Energy	<ul style="list-style-type: none"> • Renewable energy capacity installed in GW or MW • Annual renewable energy generated or expected in MWh • Estimated annual GHG emissions compared to baseline (tCO2e)
Clean Transportation	<ul style="list-style-type: none"> • Low carbon vehicles <ul style="list-style-type: none"> ○ Number of vehicles (units per year) ○ Estimated GHG emissions compared to baseline (tCO2e) • Low carbon public and mass transportation <ul style="list-style-type: none"> ○ Number of vehicles (units per year) ○ Estimated GHG emissions avoided compared to baseline (tCO2e)

5.5. External Review

Second Party Opinion (pre-issuance)

SpareBank 1 Østlandet will obtain an independent verification assessment to confirm the alignment of the Framework with the ICMA's Green Bond Principles.

The Second Party Opinion document will be made available on SpareBank 1 Østlandet's website, together with this Framework.

Verification (post-issuance)

SpareBank 1 Østlandet may request on an annual basis, starting one year after issuance and until maturity, a limited assurance report of the allocation of the bond proceeds to eligible assets, provided by its external auditor.

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