

Second-Party Opinion

SpareBank 1 SMN Green Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the SpareBank 1 SMN Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings; Environmentally Sustainable Management of Living Natural Resources and Land Use; Circular Economy Adapted Products, Production Technologies and Processes and Certified Eco-efficient Products; Clean Transportation; and Renewable Energy – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 8, 9, 11 and 12.



PROJECT EVALUATION AND SELECTION SpareBank 1 SMN’s Green Bond Committee will be responsible for the evaluation and selection of assets and projects in line with the eligibility criteria. The Green Bond Committee will undertake internal processes to identify environmental and social risks for all allocation decisions and appropriate risk mitigation measures where possible. Sustainalytics considers the risk management system and the project evaluation and selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS SpareBank 1 SMN’s Green Bond Committee will be responsible for the management of proceeds on a portfolio basis and track the allocation of proceeds using an internal register. SpareBank 1 SMN intends to allocate all the proceeds at the time of issuance. Pending full allocation, proceeds will be temporarily held or invested in SpareBank 1 SMN’s liquidity portfolio in money market instruments. This is aligned with market practice.



REPORTING SpareBank 1 SMN commits to report on the allocation of proceeds and corresponding impact on its website on an annual basis until full allocation. Allocation reporting will include the size of the eligible green loan portfolio, the total amount of proceeds allocated to the eligible green loan portfolio, the balance of unallocated proceeds, the amount of financing versus refinancing and the geographical location of the assets. Sustainalytics considers SpareBank 1 SMN’s allocation and impact reporting commitments to be aligned with market practice.

Evaluation Date	January 02, 2024
Issuer Location	Trondheim, Norway

Report Sections

Introduction.....	2
Sustainalytics’ Opinion	3
Appendices	12

For inquiries, contact the Sustainable Finance Solutions project team:

Flora Mile (Singapore)
Project Manager
flora.mile@sustainalytics.com
(+31) 20 205 0087

Siga Wu (Amsterdam)
Project Support

Chinmay Sirdeshmukh (Mumbai)
Project Support

Kibii Sisulu (London)
Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

EU Taxonomy

Sustainalytics has assessed the SpareBank 1 SMN Green Finance Framework for alignment with the technical screening criteria for substantial contribution (SC) to the environmental objectives of the EU Taxonomy. The criteria defined in the Framework’s use of proceeds categories map to 14 activities in the EU Taxonomy. Sustainalytics is of the opinion that 12 activities are aligned with the applicable SC criteria and 2 activities are partially aligned. Eight activities align with the do no significant harm (DNSH) criteria of the EU Taxonomy, and six activities were assessed as partially aligned with the DNSH criteria. Sustainalytics is also of the opinion that the projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy’s Minimum Safeguards.

Introduction

SpareBank 1 SMN (“SMN” or the “Bank”) is a Norwegian financial institution headquartered in Trøndelag that is part of the SpareBank 1 Alliance. Established in 1823, the Bank provides banking and financial services to households and businesses across municipalities in the counties of Trøndelag, Møre og Romsdal and Vestland. As of 2023, the Bank has more than 1,750 employees.

SpareBank 1 SMN has developed the SpareBank 1 SMN Green Finance Framework (the “Framework”), under which it intends to issue green finance instruments, including senior preferred debt, senior non-preferred debt, subordinated debt, senior unsecured debt, commercial papers and deposits to finance or refinance existing and future loans intended to advance the transition to a low-carbon economy and generate positive environmental impact in Norway.

The Framework defines eligibility criteria in five areas:

1. Green Buildings
2. Environmentally Sustainable Management of Living Natural Resources and Land Use
3. Circular Economy Adapted Products, Production Technologies and Processes and Certified Eco-efficient Products
4. Clean Transportation
5. Renewable Energy

SpareBank 1 SMN engaged Sustainalytics to review the SpareBank 1 SMN Green Finance Framework, dated January 2024, and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)¹ and the Green Loan Principles 2023 (GLP).² The Framework will be published in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The Use of Proceeds criteria alignment with the EU Taxonomy Climate Delegated Act; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.14, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of SMN’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. SMN representatives have confirmed that (1) they understand it is the sole responsibility of SMN to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information and (3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-100621.pdf>

² The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

³ The SpareBank 1 SMN Green Finance Framework is available on SpareBank 1 SMN’s website at: <https://www.sparebank1.no/en/smn/about-us/sustainability/green-bond-framework.html>

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and SpareBank 1 SMN.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, SMN is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that SMN has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the SpareBank 1 SMN Green Finance Framework

Sustainalytics is of the opinion that the SpareBank 1 SMN Green Finance Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings; Environmentally Sustainable Management of Living Natural Resources and Land Use; Circular Economy Adapted Products, Production Technologies and Processes and Certified Eco-efficient Products; Clean Transportation; and Renewable Energy – are aligned with those recognized by the GBP and GLP.
 - SMN has communicated to Sustainalytics that it will not refinance opex under the Framework, therefore, the Bank has not established a look-back period. This is aligned with market practice.
 - Under the Framework, SMN intends to use the proceeds for project-based lending and general-purpose financing for pure play companies that derive at least 90% of their revenue from eligible categories as identified in the Framework. Sustainalytics recognizes that the GBP and GLP favour project-based lending and financing, and there is less transparency in general with non-project-based lending. Nevertheless, Sustainalytics recognizes that the financing of pure play companies through green bonds and loans is commonly accepted as an approach that can generate a positive impact.
 - Under the Green Buildings category, SMN may finance or refinance loans, credits and investments for the acquisition, ownership and refurbishment of new and existing buildings in accordance with the following eligibility criteria:
 - Residential and commercial buildings built from 2021 with an energy performance at least 10% lower than local nearly zero-energy building (NZEB) requirements.⁵ Sustainalytics notes that NZEB definitions were announced in Norway on 31 January 2023. Furthermore, Sustainalytics notes that a small proportion of SMN's loan portfolio may include buildings that were built between 01 January 2021 and 31 January 2023 in compliance with the Norwegian Building Codes (TEK17) but not compliant with NZEB-10%. Sustainalytics considers TEK17 building codes to be credible.

⁵ SMN is committed to publishing the full methodology and selection approach used for NZEB-10% compliant buildings in a technical report from a specialized external consultant.

- Residential and commercial buildings built before 2021 with an energy performance certificate (EPC) 'A' or within the top 15% energy-efficient buildings in Norway.⁶ SMN has communicated to Sustainalytics that a small proportion of SMN's existing loan portfolio includes buildings that are no longer part of the top 15% energy efficient buildings in Norway but comply with the CBI criteria for low-carbon buildings in Norway. Sustainalytics considers compliance with CBI criteria for low-carbon buildings in Norway to be aligned with market practice.
 - Commercial buildings that have received one of the following green building certifications: i) LEED Gold or above;⁷ or ii) BREEAM and BREEAM-NOR Excellent or above.^{8,9}
 - Refurbishment of residential and commercial buildings that results in at least a 30% improvement in energy efficiency.
 - Sustainalytics considers expenditures under this category to be aligned with market practice.
- Under the Environmentally Sustainable Management of Living Natural Resources and Land Use category, the Bank may finance or refinance loans, credits and investments according to the following criteria:
- Fisheries and aquaculture certified under the Marine Stewardship Council (MSC),¹⁰ Aquaculture Stewardship Council (ASC),¹¹ Best Aquaculture Practices (BAP) 2 stars or above¹² or Global G.A.P. IFA standard for aquaculture.¹³ SMN has communicated to Sustainalytics that in addition to the certifications, the Bank will follow ICMA's guidance on blue-themed bonds for the financing of fisheries and aquaculture projects.¹⁴
 - Sustainable forestry management certified under the Forest Stewardship Council (FSC)¹⁵ or the Programme for the Endorsement of Forest Certification (PEFC).¹⁶
 - Sustainalytics considers expenditures under this category to be aligned with market practice.
- Under the Circular Economy Adapted Products, Production Technologies and Processes and Certified Eco-efficient Products category, SMN may finance or refinance loans, credit and investments in products, services or processes that are certified by Eco-Lighthouse.¹⁷ Sustainalytics notes the following:
- Eco-Lighthouse is a certification scheme primarily focused on environmental management systems (EMS), covering more than 70 different industries and activities. The European Commission recognizes the scheme as a standard that is akin to the Eco Audit Management Scheme (EMAS) and ISO 14001, which are internationally recognized as robust EMS certification standards. However, Sustainalytics highlights Eco Lighthouse's limited public disclosure of industry criteria and inclusion of activities that are not considered sustainable, including the manufacture of plastic, operation of petrol stations, and wholesalers of solid, liquid and gaseous fuels and related products; Sustainalytics considers this to be a limitation of the scheme and is expected to deliver limited positive impact. Nevertheless, Sustainalytics notes the Framework's exclusion of industries and companies involved in the manufacture of plastic, operation of petrol stations, wholesalers of solid, liquid and gaseous fuels and related products.
- Under the Clean Transportation category, the Bank may finance or refinance loans, credit and investments for the production, establishment, acquisition, expansion, upgrades, maintenance and operation of the following:
- Low carbon vehicles, including electric, hydrogen and other zero emission passenger and freight vehicles. Sustainalytics considers this to be aligned with market practice.

⁶ SMN has communicated that qualifying building codes or EPC labels will be determined with the support of a specialized external consultant and will take into account guidance from the Norwegian Ministry.

⁷ LEED: <https://www.usgbc.org/leed>

⁸ BREEAM: <https://bregroup.com/products/breeam/>

⁹ BREEAM NOR: <https://byggalliansen.no/sertifisering/om-breeam/>

¹⁰ MSC: <https://www.msc.org/standards-and-certification/fisheries-standard>

¹¹ ASC: <https://asc-aqua.org/producers/farm-standards/>

¹² BAP: <https://www.bapcertification.org/WhatWeDo>

¹³ Global G.A.P. IFA for Aquaculture: https://www.globalgap.org/uk_en/for-producers/globalg.a.p./integrated-farm-assurance-ifa/aquaculture/

¹⁴ ICMA, "Bonds to Finance The Sustainable Blue Economy", (September 2023) at: <https://www.icmagroup.org/assets/documents/Sustainable-finance/Bonds-to-Finance-the-Sustainable-Blue-Economy-a-Practitioners-Guide-September-2023.pdf>

¹⁵ FSC: <https://connect.fsc.org/certification/forest-management-certification>

¹⁶ PEFC: <https://www.pefc.org/>

¹⁷ Eco-Lighthouse: <https://eco-lighthouse.org/certification-scheme/>

- Infrastructure to support zero-emission passenger and freight vehicles and public transportation. This may include electric vehicles charging stations and intercity transit infrastructure. This is in line with market practice.
 - Maritime vessels that comply with one of the following criteria: i) vessels that have zero direct (tailpipe) emissions; ii) until 31 December 2025, hybrid and dual fuel vessels that derive at least 25% of their energy from zero direct (tailpipe) CO₂ emissions fuels or plug-in power; iii) until 31 December 2025, vessels that have an attained energy efficiency design index (EEDI) value 10% below the EEDI requirements applicable on 1 April 2022, if the vessels generate zero direct (tailpipe) emissions or are able to run on fuels derived from renewable sources; or iv) until 31 December 2025, vessels that have direct CO₂ emissions 50% lower than the average reference CO₂ emissions value defined for heavy-duty vehicles. Sustainalytics considers SMN's financing of zero direct (tailpipe) emissions vessels to be in line with market practice. Sustainalytics classifies the financing of vessels that are powered at least partially by fossil fuels as a transition activity and recognizes that the financing of less emissions-intensive vessels contributes to reducing emissions in comparison with traditional maritime transport vessels.
- Under the Renewable Energy category, the Bank may finance or refinance loans, credit and investments for the development, manufacturing, construction, operation, distribution and maintenance of renewable energy generation facilities according to the following criteria:
 - Solar energy generation facilities, including solar photovoltaic, concentrated solar power (CSP) and solar thermal projects. Sustainalytics encourages SMN to favour CSP and solar thermal projects that generate at least 85% of electricity from solar energy sources.
 - Onshore and offshore wind generation facilities and technologies, such as wind tunnels and cubes.
 - Hydropower projects, which: i) are run-of-river plants without an artificial reservoir, ii) have a power density greater than 5 W/m², or iii) have life cycle emissions below 100 gCO₂e/kWh. Considering the longevity of hydropower assets, newly constructed facilities effectively lock in energy generation for a very extended period. Sustainalytics encourages the Bank to favour newly constructed projects with emissions intensities below the 50 gCO₂e/kWh threshold.
- Project Evaluation and Selection:
 - SMN's Green Bond Committee (the "Committee") will be responsible for evaluating and selecting eligible projects in line with the Framework's eligibility criteria. The Committee comprises the Bank's senior management, including the CEO of SpareBank 1 Finans Midt-Norge (leasing and car loans), Head of Sustainability, Head of Treasury and the executive directors of the Finance, Corporate Banking, Retail Banking Sunnmøre and Fjordane, Risk Management, Legal Services, and Technology and Development departments.
 - The Committee will monitor the Bank's internal processes to identify material environmental and social risks that are associated with the eligible green loan portfolio and, where possible, appropriate mitigation measures.
 - Based on the establishment of the Green Bond Committee and the presence of environmental and social risk management processes, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The Green Bond Committee will manage the proceeds on a portfolio basis and will track the allocation of proceeds using an internal register.
 - SMN intends to fully allocate the proceeds at the time of issuance. Pending full allocation, proceeds will be held or invested in the Bank's liquidity portfolio in money market instruments.
 - Additionally, for green deposits issued under the Framework, Sustainalytics notes that through a portfolio approach SMN intends that i) the deposits amount will not exceed the amount of eligible assets and matured loans will be replenished and ii) the term of the deposits will not exceed the proceeds' allocation timeframe.
 - Based on the presence of a tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - SMN intends to report on the allocation and impact of proceeds on its website after a year from the issuance and on an annual basis until full allocation.

- Allocation reporting may include the size of the eligible green loan portfolio by investment category, the total amount of proceeds allocated to the eligible green loan portfolio by each eligible category, the balance of unallocated proceeds, the amount of financing versus refinancing, the proportion of loans that are aligned with the EU Taxonomy Climate Delegated Act, if applicable, and the geographical location of the asset at the country level.
- Where feasible, impact reporting will include metrics such as estimated annual GHG emissions reduced or avoided, percentage of energy use reduced or avoided, and percentage of renewable energy generated on site. For more information, refer to Appendix 1.
- Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that the SpareBank 1 SMN Green Finance Framework aligns with the four core components of the GBP and GLP. For detailed information, please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Alignment with the EU Taxonomy

Sustainalytics has assessed each of the Framework's eligible green use of proceeds criteria against the relevant criteria in the EU Taxonomy and determined their alignment with each of the Taxonomy's three sets of requirements. The results of this assessment are as follows:

1. Substantial Contribution to an Environmental Objective of the EU Taxonomy
 - The criteria defined in the four categories of the Framework were mapped to 14 activities of the EU Taxonomy and were assessed as aligned with the applicable SC criteria of the EU Taxonomy.
 - Sustainalytics is of the opinion that 12 activities are aligned with the applicable SC criteria and 2 activities are partially aligned
2. "Do No Significant Harm" Criteria
 - A total of 49 individual DNSH criteria across all environmental objectives apply to the criteria defined in the Framework. The Framework criteria are aligned with 40, partially aligned with five and not aligned with four of those individual DNSH criteria.
3. Minimum Safeguards
 - Based on a consideration of the policies and management systems applicable to Framework criteria, as well as the regulatory context in which financing will occur, Sustainalytics is of the opinion that the EU Taxonomy's Minimum Safeguards requirements will be met.
 - For Sustainalytics' assessment of alignment with the Minimum Safeguard see Section 2 below.

Alignment with the EU Taxonomy

Table 1 provides an overview of the alignment of SpareBank 1 SMN's Framework with the applicable SC criteria and DNSH criteria of the EU Taxonomy.

Table 1: Summary of Alignment of Framework Criteria with the EU Taxonomy

Framework Criterion	Alignment with Taxonomy Criteria		Alignment per EU Environmental Objective					
	SC	DNSH	Mitigation	Adaptation	Water	Circular Economy	Pollution	Eco-systems
7.7 Acquisition and ownership of buildings	■	■	■	■	-	-	-	-
7.2 Renovation of existing buildings	■	■	■	■	☒	■	■	-

1.3 Forest Management	■	□	■	■	■	☒	☒	☒
6.3 Urban and suburban transport, road passenger transport	■	□	■	■	-	■	□	-
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	■	□	■	■	-	■	□	-
6.6 Freight transport services by road	■	□	■	■	-	■	□	-
6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities	■	■	■	■	■	■	■	■
6.11 Sea and coastal passenger water transport	■	■	■	■	■	■	■	■
6.15 Infrastructure enabling low-carbon road transport and public transport	■	□	■	■	■	■	■	□
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	■	■	■	■	-	-	-	-
4.1 Electricity generation using solar photovoltaic technology	■	■	■	■	-	■	-	■
4.2 Electricity generation using concentrated solar power (CSP) technology	■	■	■	■	■	■	-	■
4.3 Electricity generation from wind power	■	■	■	■	■	■	-	■
4.5 Electricity generation from hydropower	■	■	■	■	■	-	-	■

Legend	
Aligned	■
Partially aligned	□
Not aligned	☒
No applicable DNSH criteria for this Objective or Activity	-
Grey shading indicates the primary EU Environmental Objective	

Section 2: Sustainability Strategy of SpareBank 1 SMN

Contribution to SpareBank 1 SMN's sustainability strategy

Sustainalytics is of the opinion that SpareBank 1 SMN demonstrates a commitment to sustainability through its ambition to align its portfolio to net zero emissions by 2050 and drive a green transition in Mid-Norway.¹⁸ As part of this ambition, SMN's climate strategy focuses on three key pillars, including: i) GHG emissions from day-to-day operations; ii) GHG emissions from the group's loan portfolio; and iii) net zero ambition and transition planning.¹⁹ In addition to the Bank's dedicated climate strategy, SMN's wider sustainability strategy focuses on the following ESG themes: i) responsible lending and investments; ii) advisory services and customer offerings; iii) sustainable transition of Mid-Norway; and iv) sustainable transition at SMN.

¹⁸ SpareBank 1 SMN, "Annual report 2022: Sustainability and corporate social responsibility", at:

<https://annualreport.smn.no/2022/pdf/514/Sustainability%20and%20corporate%20social%20responsibility.pdf>

¹⁹ SpareBank 1 SMN, "Climate Strategy at SpareBank 1 SMN", (2022), at: <https://www.sparebank1.no/content/dam/SB1/bank/smn/om-oss/Barekraft/smn-klimastrategi-engelsk.pdf>

To align with its medium- and long-term ambitions, SMN has established a goal of annually reducing scope 3 emissions by 8%.²⁰ To ensure a targeted approach to decarbonization, SMN is currently in the process of formulating sector-specific pathways and comprehensive plans for the green transition.

SMN actively engages in a number of international initiatives centred around environmental and social sustainability. Notably, these include the UN Environment Programme Finance Initiative's Principles for Responsible Banking, the UN Global Compact and the Partnership for Carbon Accounting Financials. These initiatives underscore the Bank's commitment to fostering initiatives that facilitate the shift towards a low-carbon, climate-resilient economy.²¹

Sustainalytics is of the opinion that the SpareBank 1 SMN Green Finance Framework is aligned with the Bank's overall sustainability strategy and initiatives and will further the Bank's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that SpareBank 1 SMN will direct the use of proceeds issued under the Framework towards eligible projects that have a positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks commonly associated with the eligible projects could include issues related to land use, biodiversity and emissions associated with large-scale infrastructure development; human rights; and community relations and stakeholder participation.

Sustainalytics is of the opinion that SpareBank 1 SMN is able to manage and mitigate potential risks by implementing the following:

- Regarding risks related to land use and biodiversity issues; disruption of ecosystems; emissions, effluents and waste generated in construction; and pollutants, the Bank has established a robust procedure to evaluate the environmental impact and climate risk exposure for all corporate lending clients. Additionally, the Bank has implemented an ESG model in the credit approval process for all corporate clients with a volume above NOK 10 million (USD 969,001), addressing physical risks, transition risks, as well as assessing industry-specific ESG risks.²² Additionally, in alignment with its credit strategy, the Bank evaluates the sustainability strategy, guidelines, climate risk strategy and implemented measures of its corporate clients.²³
- In order to address ESG risks associated with the Bank's agriculture and forestry financing, SpareBank 1 SMN has introduced agricultural advisers into its loan extending process to assist and monitor the Bank's client of potential sustainability risks. The agricultural advisers are familiar with national laws and regulations and international conventions. They will inform the clients if they believe there is a violation of applicable regulations and laws or if the clients' operations are involved in environmental and social risks such as maltreatment of animals. In addition, SMN applies two tools in its loan process: i) Kvalitetssystemet i landbruket, KSL, ("quality system in agriculture"), an internal control and quality assurance tool for farmers to check if their operations are aligned with Norwegian laws, regulation and requirements; ii) Skogbruksplan ("forest management plan") that assesses economic potential of forest and woodlands while addresses protection of important environmental assets²⁴
- The Bank follows the UNEP FI's Principles for Responsible Banking, which establish guidelines for signatories to align their investment and lending decisions with the UN SDGs and the Paris Agreement.²⁵
- The Bank operates in Norway, which is recognized as a Designated Country under the Equator Principles, indicating the presence of robust environmental and social governance, legislation systems and institutional capacity to mitigate environmental and social risks associated with projects financed under the Framework.²⁶

²⁰ Ibid.

²¹ SpareBank 1 SMN, "Annual report 2022: Sustainability and corporate social responsibility", at: <https://annualreport.smn.no/2022/pdf/514/Sustainability%20and%20corporate%20social%20responsibility.pdf>

²² Ibid.

²³ Ibid.

²⁴ SpareBank 1 SMN, "Guidelines on Sustainability in Agriculture", at: <https://www.sparebank1.no/content/dam/SB1/bank/smn/om-oss/Barekraft/smn-barekraft-retningslinjer-barekraft-landbruk-jan-23-engelsk.pdf>

²⁵ SpareBank 1 SMN, "Annual report 2022: Sustainability and corporate social responsibility", at: <https://annualreport.smn.no/2022/pdf/514/Sustainability%20and%20corporate%20social%20responsibility.pdf>

²⁶ Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that SpareBank 1 SMN has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Alignment with the EU Taxonomy's Minimum Safeguards

The EU Taxonomy recommends that companies have policies aligned with international and regional guidelines and regulations pertaining to human rights, labour rights, and combating bribery and corruption. Specifically, activities should be carried out in alignment with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Additionally, companies should be in compliance with the International Labour Organization's Declaration on Fundamental Rights and Principles at Work.

Human Rights

SMN has implemented the following policies and procedures regarding human rights:

- SMN's Freedom of Association Statement highlights its commitment to the UN Convention on Economic, Social and Cultural Rights.²⁷ Additionally, SMN commits to adhere to the International Labour Organisation's (ILO) Declaration on Fundamental Rights and Principles at Work. SMN has a Discrimination Policy in place that follows Norway's Anti-Discrimination Act and the Working Environment Act to promote gender equality and to avoid discrimination based on gender, ethnicity, religion and political views.²⁸
- SMN's Supplier Declaration Guidelines address issues related to sustainability and ethical business practices, and are based on the ILO Conventions, United Nations Convention on the Rights of the Child, UN Convention on the Elimination of All Forms of Discrimination against Women, UN Convention on Civil and Political Rights.²⁹ Additionally, SMN requires its suppliers to follow ethical business practices as part of its due diligence process.
- SMN has in place a Whistleblowing Policy that includes a grievance redressal mechanism to address issues related to human rights and labour rights.

Based on the work of its research services, Sustainalytics evaluated the performance of SMN in the area of human rights, and has not detected involvement in any relevant controversies that would suggest that the above policies are not adequate in addressing key risks.

Sustainalytics is of the opinion that these measures appropriately safeguard minimum standards on human rights in relation to the activities of the framework.

Anti-bribery and anti-corruption

SMN has implemented the following policies and procedures regarding anti-bribery and anti-corruption:

- SMN has established an anti-corruption policy that provides guidelines on the implementation of ethical standards and adoption of anti-corruption practices, including trading in influence, bribery and use of facilitation payments.³⁰
- The anti-corruption policy applies to all employees, board members and consultants, as well as to subsidiaries, part-owned companies and joint ventures in which SMN has effective control through majority ownership, voting rules or operational responsibility.³¹

Based on the work of its research services, Sustainalytics evaluated the performance of SMN in the area of anti-bribery and anti-corruption and has not detected involvement in any relevant controversies that would suggest that the above policies are not adequate in addressing key risks. Sustainalytics is of the opinion that these measures appropriately safeguard anti-bribery and anti-corruption in relation to the activities of the Framework.

Sustainalytics is of the opinion that SMN's policies, guidelines and commitments are sufficient to demonstrate that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

²⁷ SpareBank1 SMN, "Freedom of association", at: <https://www.sparebank1.no/content/dam/SB1/bank/smn/om-oss/Barekraft/freedom-of-association.pdf>

²⁸ SpareBank1 SMN, "Discrimination Policy", at: <https://www.sparebank1.no/content/dam/SB1/bank/smn/om-oss/Barekraft/policy-on-discrimination.pdf>

²⁹ SpareBank1 SMN, "Supplier Declaration - Sustainability in procurement", at: <https://www.sparebank1.no/content/dam/SB1/bank/smn/om-oss/Barekraft/smn-barekraft-supplier-declaration-sustainability-in-procurement-oktober-2022.pdf>

³⁰ SpareBank1 SMN, "Anti-corruption Policy", at: <https://www.sparebank1.no/content/dam/SB1/bank/smn/om-oss/Barekraft/policy-for-antikorrupsjon-eng.pdf>

³¹ Ibid.

Section 3: Impact of Use of Proceeds

All five use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

Importance of financing green buildings in Norway

As part of its Nationally Determined Contribution to the Paris Agreement, Norway has set a target to reduce GHG emissions by at least 50-55% by 2030 and by at least 90-95% by 2050 compared to 1990 levels.³² In 2021, the buildings sector accounted for 32% of Norway's energy consumption and represented nearly 1% of Norwegian emissions, totalling approximately 370 ktCO_{2e}.³³ Norway included the buildings industry on its environmental agenda back in 1998, notably through energy efficiency requirements and building regulations, in an early acknowledgment of the contribution of the energy consumption of buildings to climate change.³⁴

To achieve its climate targets, the Norwegian government has implemented a ban on the installation of fossil fuel-based heating systems since 2016 and, as of 2020, has also prohibited the use of oil for heating buildings.³⁵ The most recent Norwegian building code (TEK17) requires dwellings to become 26% more energy efficient and office buildings 38% more energy efficient compared to previous building code requirements.³⁶ Heating usually meets 30-45% of the energy requirements of older buildings in Norway, with household heating demand higher than business heating demand.³⁷ In new and renovated buildings that comply with Norway's latest national energy requirements, heating accounts for only 5-15% of energy demand.³⁸

Based on the above context, Sustainalytics is of the opinion that SpareBank 1 SMN's financing and refinancing of loans for green buildings will support Norway in meeting its climate-related goals.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the SpareBank 1 SMN Green Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Sustainable Agriculture and Sustainable Management of Living Natural Resources	12. Responsible Consumption and Production	12.2 By 2030, achieve the sustainable management and efficient use of natural resources
Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes	8. Decent Work and Economic Growth	8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable

³² UNFCCC, "Update of Norway's nationally determined contribution", at: https://unfccc.int/sites/default/files/resource/LTS1_Norway_Oct2020.pdf

³³ Norsk Industri, "Energy Transition Norway 2022", p.48, at: https://www.norskindustri.no/siteassets/dokumenter/rapporter-og-brosjyrer/energy-transition-norway/2022/energy-transition-norway-2022_web.pdf

³⁴ Norwegian Ministry of Climate and Environment, "Norway's Seventh National Communication", at: <https://www.regjeringen.no/contentassets/52d65a62e2474bafa21f4476380cffda/t-1563e.pdf>

³⁵ IEA, "Norway 2022: Executive Summary", at: <https://www.iea.org/reports/norway-2022/executive-summary>

³⁶ NMCE, "Status report as of January 2020. Norway's Fourth Biennial Report Under the Framework Convention on Climate Change", (2020), at: [https://www4.unfccc.int/sites/SubmissionsStaging/NationalReports/Documents/58167_Norway-BR4-1-Norway_BR4%20\(2\).pdf](https://www4.unfccc.int/sites/SubmissionsStaging/NationalReports/Documents/58167_Norway-BR4-1-Norway_BR4%20(2).pdf)

³⁷ Grønn Byggallianse and Norsk Eiendom, "The Property Sector's Roadmap Towards 2050", (2016), at: <https://byggalliansen.no/wp-content/uploads/2019/02/roadmap2050.pdf>

³⁸ Ibid.

		consumption and production, with developed countries taking the lead
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons 11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

Conclusion

SMN has developed the SpareBank 1 SMN Green Finance Framework under which it intends to issue green bonds and loans and the use of proceeds to finance projects in the following categories: Green Buildings; Environmentally Sustainable Management of Living Natural Resources and Land Use; Circular Economy Adapted Products, Production Technologies and Processes and Certified Eco-efficient Products, Clean Transportation; Renewable Energy. Sustainalytics considers that the eligible projects are expected to provide positive environmental impacts.

The SpareBank 1 SMN Green Finance Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for the Bank to report on allocation and impact. Sustainalytics believes that the SpareBank 1 SMN Green Finance Framework is aligned with the overall sustainability strategy of the Bank and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 7, 8, 9, 11 and 12. Additionally, Sustainalytics is of the opinion that SMN has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Sustainalytics has assessed the SpareBank 1 SMN Green Finance Framework for alignment with the technical screening criteria for substantial contribution (SC) to the environmental objectives of the EU Taxonomy. The criteria defined in the Framework's use of proceeds categories map to 14 activities in the EU Taxonomy. Sustainalytics is of the opinion that 12 activities are aligned with the applicable SC criteria and 2 activities are partially aligned. Eight activities align with the do no significant harm (DNSH) criteria of the EU Taxonomy, and six activities were assessed as partially aligned with the DNSH criteria. Sustainalytics is also of the opinion that the projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Based on the above, Sustainalytics is confident that SpareBank 1 SMN is well positioned to issue green senior preferred debt, senior non-preferred debt, subordinated debt, senior unsecured debt, deposits and commercial papers, and that the SpareBank 1 SMN Green Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

Appendices

Appendix 1: Approach to Assessing Alignment with the EU Taxonomy

Sustainalytics has assessed the criteria in the Framework against the criteria for the relevant activity in the EU Taxonomy. This appendix describes Sustainalytics' process and presents the outcome of its assessment on the alignment of the criteria in the Framework with the EU Taxonomy's applicable technical screening criteria for substantial contribution (SC) to an environmental objective of the EU Taxonomy and the applicable "do no significant harm" (DNSH) criteria. Sustainalytics' assessment involves two steps:

1. Mapping Framework Criteria to Activities in the EU Taxonomy

The initial step in Sustainalytics' assessment process involves mapping each criterion in the Framework to a relevant and applicable activity in the EU Taxonomy. Note that each Framework criterion may be relevant and applicable to more than one activity in the EU Taxonomy and vice versa. Sustainalytics recognizes that some Framework criteria relate to projects that do not map well to a specific activity in the EU Taxonomy. In such cases, Sustainalytics has mapped to the activity that is most relevant to the primary environmental objective established in the EU Taxonomy.

In some cases, the Framework criteria cannot be mapped to an activity in the EU Taxonomy, because some economic activities are not yet covered by the EU Taxonomy. In other cases, categories of activities which are traditionally included in green bonds and loans may not be associated with a specific EU Taxonomy activity. While recognizing that financing projects in these areas may still have environmental benefits, Sustainalytics has not assessed these criteria in this report.

Table 2 below displays Sustainalytics' mapping process for this report.

2. Determining Alignment with EU Taxonomy Criteria

The second step in Sustainalytics' process is to determine the alignment of each criterion in the Framework with the relevant criteria in the EU Taxonomy. Alignment with the SC criteria and the DNSH criteria is usually based on the specific criteria defined in the Framework, and may in many cases (especially DNSH criteria) also be based on management systems, processes or regulatory compliance. To assess alignment with the EU Taxonomy's Minimum Safeguards Sustainalytics has conducted an assessment of policies, management systems and processes applicable to the use of proceeds criteria, including the regulatory context in the geographical location of activities and projects. (See Section 2, above.)

Sustainalytics' detailed assessment of alignment is provided in Appendix 2.

Table 2: Framework mapping table

Framework Category	Framework Criterion (Eligible Use of Proceeds)	EU Taxonomy Activity	Corresponding NACE Code	Environmental Objective	Refer to Table
Green Buildings	Residential and commercial buildings built after 2021 with an energy performance at least 10% lower than local nearly zero-energy building requirements.	7.7. Acquisition and ownership of buildings	L68	Mitigation	Table 3
	Buildings that comply with the Norwegian building codes of 2010 (TEK10) and 2017 (TEK17), which include: i) residential buildings built between 2012 and 2021, ii) hotels and restaurants built between 2013 and 2021, iii) offices, shops and industrial buildings built between 2012 and 2021.				
	Buildings built before 2021 with an energy performance certificate (EPC) that corresponds				

	to the top 15% energy-efficient buildings in Norway.				
	Commercial buildings that have received one of the following green building certifications: i) LEED Gold or above, or ii) BREEAM and BREEAM-NOR Excellent or above				
	Refurbishment of buildings that results in at least a 30% improvement in energy efficiency (measured in kWh/m ²).	7.2. Renovation of existing buildings	F41, F43		Table 4
Forest Management	Environmentally responsible forest management	1.3 Forest Management	A2	Mitigation	Table 5
Clean Transportation	Acquisition, expansion, upgrades, maintenance and operation of low carbon vehicles and core and/or auxiliary sustainable transport infrastructures	6.3. Urban and suburban transport, road passenger transport	H49.31, H49.3.9, N77.39 and N77.11	Mitigation	Table 6
	Acquisition, expansion, upgrades, maintenance and operation of low carbon vehicles and core and/or auxiliary sustainable transport infrastructures	6.5. Transport by motorbikes, passenger cars and light commercial vehicles	H49.32, H49.39 and N77.11	Mitigation	Table 7
	Acquisition, expansion, upgrades, maintenance and operation of low carbon vehicles and core and/or auxiliary sustainable transport infrastructures	6.6. Freight transport services by road	H49.4.1, H53.10, H53.20 and N77.12	Mitigation	Table 8
	Acquisition, expansion, upgrades, maintenance and operation of low carbon vehicles and core and/or auxiliary sustainable transport infrastructures	6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	H50.2, H52.22 and N77.34	Mitigation	Table 9
	Acquisition, expansion, upgrades, maintenance and operation of low carbon vehicles and core and/or auxiliary sustainable transport infrastructures	6.11. Sea and coastal passenger water transport	H50.10, N77.21 and N77.34	Mitigation	Table 10
	Infrastructure to support zero emissions passenger or freight vehicles and public transportation	6.15 Infrastructure enabling low-carbon road transport and public transport	F42.11, F42.13, F71.1 and F71.20	Mitigation	Table 11
	Infrastructure to support zero emissions passenger or freight vehicles and public transportation.	7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	F42, F43, M71, C16, C17, C22, C23, C25, C27 or C28	Mitigation	Table 12
	Renewable Energy	Solar Photovoltaics	4.1. Electricity generation using solar photovoltaic technology	D35.11, F42.22	Mitigation

	Concentrated solar power (CSP) and solar thermal facilities	4.2. Electricity generation using concentrated solar power (CSP) technology	D35.11, F42.22	Mitigation	Table 14
	Wind energy	4.3. Electricity generation from wind power	D35.11, F42.22	Mitigation	Table 15
	Hydropower	4.5. Electricity generation from hydropower	D35.11, F42.22	Mitigation	Table 16

Appendix 2: Comprehensive EU Taxonomy Alignment Assessment

The tables below provide a detailed assessment of the alignment of the Framework criteria with the technical screening criteria for substantial contribution to an environmental objective and the DNSH for each relevant EU Taxonomy activity.

Table 3

Framework Activity assessed		Green Buildings	
EU Taxonomy Activity		7.7. Acquisition and ownership of buildings	
Corresponding NACE Code		L68	
<i>SC Criteria</i>		<i>Alignment</i>	
Mitigation	<p>1. For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings.</p> <p>2. For buildings built after 31 December 2020, the building meets the criteria specified in 'Construction of new buildings'.</p> <p>3. Where the building is a large non-residential building (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.</p>	<p>The Framework includes financing of residential and commercial buildings built before 2021 with an energy performance certificate (EPC) class A or within the top 15% energy-efficient buildings in Norway. However, SMN has communicated to Sustainalytics that a small proportion of SMN's loan portfolio includes buildings that are no longer part of the top 15% energy efficient buildings in Norway but comply with CBI criteria for low-carbon buildings in Norway. Hence, Sustainalytics considers this to be partially aligned with criterion (1).</p> <p>The Framework includes financing of residential and commercial buildings built after 2021 with an energy performance at least 10% lower than local nearly zero-energy building (NZEB) requirements. However, Sustainalytics notes that a small proportion of SMN's loan portfolio may include buildings that were built between 01 January 2021 and 31 January 2023 in compliance with the Norwegian Building Codes (TEK17) but not compliant with NZEB-10%. Sustainalytics acknowledges that Norway announced local NZEB definitions in 2023 and that it would have been difficult to finance buildings in line with the EU Taxonomy criteria in a jurisdiction where an NZEB definition did not exist. Nevertheless, Sustainalytics considers that there is room for the eligibility criteria for acquisition and ownership of buildings built after 2021 under the Framework to fully align with the EU Taxonomy criteria. Hence, Sustainalytics considers this to be partially aligned with criterion (2).</p> <p>Under the Framework, SMN may rely on green building certifications including LEED Gold and BREEAM or BREEAM NOR Excellent for financing of commercial buildings. Regarding the certification schemes, as of December 2023, the EU Taxonomy has</p>	Partially aligned

		<p>not specified the conditions on which green building certifications align with the TSC.</p> <p>SMN does not currently include large non-residential buildings under its green building portfolio.</p> <p>Given that: i) the Framework's eligibility criteria partially aligns with criteria (1) and (2); and ii) the limitations of green building certifications to demonstrate alignment with the EU TSC, Sustainalytics considers this category to be partially aligned with the EU Taxonomy criteria.</p>	
DNSh Criteria		Alignment	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 17		Aligned

Table 4

Framework Activity assessed	Green Buildings		
EU Taxonomy Activity	7.2. Renovation of existing buildings		
Corresponding NACE Code	F41, F43		
SC Criteria		Alignment	
Mitigation	The building renovation complies with the applicable requirements for major renovations. ³⁹ Alternatively, it leads to a reduction of primary energy demand (PED) of at least 30%. ⁴⁰	The eligibility criteria defined in the Framework is aligned with the criteria under the EU Taxonomy.	Aligned
DNSh Criteria		Alignment	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 17		Aligned
Sustainable use and protection of water and marine resources	Where installed as part of the renovation works, except for renovation works in residential building units, the specified water use for the following water appliances is attested by product datasheets, a building certification or an existing product label in the Union, in accordance with the technical specifications laid down in Appendix E to the Annex of the Climate Delegated Act:	Sustainalytics notes that Norwegian regulations and building requirements do not currently encompass the particular prerequisites outlined in the EU Taxonomy criteria.	Not aligned

³⁹ As set in the applicable national and regional building regulations for 'major renovation' implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.

⁴⁰ The initial primary energy demand and the estimated improvement is based on a detailed building survey, an energy audit conducted by an accredited independent expert or any other transparent and proportionate method and validated through an Energy Performance Certificate. The 30% improvement results from an actual reduction in primary energy demand (where the reductions in net primary energy demand through renewable energy sources are not taken into account), and can be achieved through a succession of measures within a maximum of three years.

	<p>(a) wash hand basin taps and kitchen taps have a maximum water flow of 6 litres/min; (b) showers have a maximum water flow of 8 litres/min; (c) WCs, including suites, bowls and flushing cisterns, have a full flush volume of a maximum of 6 litres and a maximum average flush volume of 3,5 litres; (d) urinals use a maximum of 2 litres/bowl/hour. Flushing urinals have a maximum full flush volume of 1 litre.</p> <p>Appendix E to the Annex:</p> <p>1. The flow rate is recorded at the standard reference pressure 3 -0/+ 0,2 bar or 0,1 -0/+0,02 for products limited to low pressure.</p> <p>2. The flow rate at the lower pressure 1,5 -0/+ 0,2 bar is $\geq 60\%$ of the maximum available flow rate.</p> <p>3. For mixer showers, the reference temperature is $38 \pm 1^\circ\text{C}$.</p> <p>4. Where the flow has to be lower than 6 L/min, it complies with the rule set out in point 2.</p> <p>5. For taps the procedure described in clause 10.2.3 of EN 200 is followed, with the following exceptions: (a) for taps that are not limited to low pressure applications only: apply a 3 -0/+ 0,2 bar pressure to both the hot and the cold inlets, alternatively; (b) for taps that are limited to low pressure applications only: apply a 0,4 -0/+0,02 bar pressure to both the hot and the cold inlets and fully open the flow control.</p>		
<p>Transition to a circular economy</p>	<p>At least 70 % (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol.⁴¹</p> <p>Operators limit waste generation in processes related construction and demolition, in accordance with the EU Construction and Demolition</p>	<p>Sustainalytics notes that in compliance with the Norwegian building code (TEK17), a minimum of 60% of the waste generated must be separated by weight into various waste categories and delivered to approved waste recipients or directly to recovery facilities. In the Norwegian context, the National Action Plan for Construction Waste, sets a target to recycle a minimum of 80% of waste generated from the building and construction sector by 2023.</p> <p>Sustainalytics notes that regulations pertaining to the technical specifications for construction require construction products and</p>	<p>Aligned</p>

⁴¹ EU Construction and Demolition Waste Protocol (version of [adoption date]: https://ec.europa.eu/growth/content/eu-construction-and-demolition-waste-protocol-0_en).

	<p>Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.</p> <p>Building designs and construction techniques support circularity and in particular demonstrate, with reference to ISO 20887⁴² or other standards for assessing the disassembly or adaptability of buildings, how they are designed to be more resource efficient, adaptable, flexible and dismantlable to enable reuse and recycling.</p>	<p>materials to be suitable for reuse and material recovery. Furthermore, the building regulation requires structures to be designed, constructed, operated and demolished with the least possible impact on natural resources and external environment.</p> <p>Based on the above, Sustainalytics assessed this to be aligned with the EU Taxonomy criteria.</p>	
<p>Pollution prevention and control</p>	<p>1. Building components and materials used in the construction complies with the criteria set out in Appendix C to the Annex:</p> <p>The activity does not lead to the manufacture, placing on the market or use of:</p> <p>(a) substances, whether on their own, in mixtures or in articles, listed in Annexes I or II to Regulation (EU) 2019/1021 of the European Parliament and of the Council, except in the case of substances present as an unintentional trace contaminant;</p> <p>(b) mercury and mercury compounds, their mixtures and mercury-added products as defined in Article 2 of Regulation (EU) 2017/852 of the European Parliament and of the Council;</p> <p>(c) substances, whether on their own, in mixture or in articles, listed in Annexes I or II to Regulation (EC) No 1005/2009 of the European Parliament and of the Council;</p> <p>(d) substances, whether on their own, in mixtures or in an articles, listed in Annex II to Directive 2011/65/EU of the European Parliament and of the Council, except where there is full compliance with Article 4(1) of that Directive;</p> <p>(e) substances, whether on their own, in mixtures or in an article, listed in Annex XVII to Regulation (EC) 1907/2006 of the European Parliament and of the Council, except where there is full compliance with the conditions specified in that Annex;</p>	<p>1. Sustainalytics notes that SpareBank 1 SMN relies on legislations to meet the EU Taxonomy criteria criteria:</p> <p>(a) Sustainalytics notes that the Norwegian Building codes stipulate avoidance of materials containing dangerous materials (including mercury, which is listed on the Norwegian authorities' priority list),⁴⁶ and Regulation (EU) 2019/1021 has been adopted into Norwegian regulation (Produktforskriften §4-1),⁴⁷ which restricts the use of Persostent organic pollutants.</p> <p>(b) Sustainalytics notes that regulation (EU) 2017/852 has been adopted into Norwegian law (Produktforskriften §2-4:)⁴⁸ detailing that it is forbidden to produce, import, export, sell or use mercury and mercury compounds.</p> <p>(c) Sustainalytics notes that regulation (EC) 1005/2009 was included in the EEA agreement in October 2017, and has been adopted into Norwegian law (Produktforskriften §6-2:)⁴⁹ detailing that it is forbidden to produce, import, export, sell or use substances that deplete the ozone layer.</p> <p>(d) Sustainalytics notes that Regulation 2011/65/EU has been included in the EEA agreement in 2013 and has been adopted into Norwegian law (Produktforskriften §2a-3),⁵⁰ detailing that it is</p>	<p>Partially aligned.</p>

⁴² ISO 20887:2020, Sustainability in buildings and civil engineering works - Design for disassembly and adaptability - Principles, requirements and guidance (version of [adoption date]). <https://www.iso.org/standard/69370.html>.

⁴⁶ <https://miljostatus.miljodirektoratet.no/tema/miljogifter/prioriterte-miljogifter/>

⁴⁷ https://lovdata.no/dokument/SF/forskrift/2004-06-01-922/KAPITTEL_6#%C2%A74-1

⁴⁸ https://lovdata.no/dokument/SF/forskrift/2004-06-01-922/KAPITTEL_2#KAPITTEL_2

⁴⁹ <https://lovdata.no/dokument/LTI/forskrift/2013-06-26-791>

⁵⁰ https://lovdata.no/dokument/SF/forskrift/2004-06-01-922/KAPITTEL_3#KAPITTEL_3

	<p>(f) substances, whether on their own, in mixtures or in an article, meeting the criteria laid down in Article 57 of Regulation (EC) 1907/2006 and identified in accordance with Article 59(1) of that Regulation, except where their use has been proven to be essential for the society;</p> <p>(g) other substances, whether on their own, in mixtures or in an article, that meet the criteria laid down in Article 57 of Regulation (EC) 1907/2006, except where their use has been proven to be essential for the society.</p> <p>2. Building components and materials used in the building renovation that may come into contact with occupiers⁴³ emit less than 0,06 mg of formaldehyde per m³ of material or component upon testing in accordance with the conditions specified in Annex XVII to Regulation (EC) No 1907/2006 and less than 0,001 mg of other categories 1A and 1B carcinogenic volatile organic compounds per m³ of material or component, upon testing in accordance with CEN/EN 16516 or ISO 16000-3:2011⁴⁴ or other equivalent standardised test conditions and determination methods.⁴⁵</p> <p>3. Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.</p>	<p>forbidden to produce, import, export, sell or use substances that deplete the ozone layer.</p> <p>(e), (f) and (g) Sustainalytics notes that the REACH Directive has been adopted into Norwegian Law.⁵¹</p> <p>2. Sustainalytics notes that while the Norwegian Building code (TEK17) requires chosen construction products to have no or a low content of substances posing a health or environmental risk, it does not set minimum requirements for formaldehyde other categories 1A and 1B carcinogenic volatile organic compounds per m³ of material or component.</p> <p>3. SMN confirmed that it complies with the Norwegian Building Regulation (TEK) which covers requirements relating to i) sound and vibrations; ii) waste system and separation of waste; and iii) indoor air quality and air quality for ventilation. SMN further confirmed that Norway complies with Regulation No 1907/2006 through the EEA which requires that measures to be taken to reduce noise, dust and pollutant emissions during construction or maintenance works. Additionally, Norway has guidelines for construction noise for limiting noise from building and civil engineering. (Retningslinje for behandling av støy i arealplanlegging, T-1442/2012).⁵²</p> <p>While noting alignment with Appendix C to the Annex and criteria for noise reduction, Sustainalytics has assessed this activity as partially aligned with the EU Taxonomy TSC based on the lack of quantitative thresholds identified in the Norwegian building regulation for substances that pose a health or environmental risk.</p>	
--	---	---	--

Table 5

<p>Framework Activity assessed</p>	<p>Environmentally responsible forest management</p>
---	--

⁴³ Applying to paints and varnishes, ceiling tiles, floor coverings (including associated adhesives and sealants), internal insulation and interior surface treatments (such as to treat damp and mould)

⁴⁴ ISO 16000-3:2011, Indoor air – Part 3: Determination of formaldehyde and other carbonyl compounds in indoor air and test chamber air – Active sampling method (version of [adoption date]: <https://www.iso.org/standard/51812.html>).

⁴⁵ The emissions thresholds for carcinogenic volatile organic compounds relate to a 28-day test period.

⁵¹ <https://lovdata.no/dokument/LTI/forskrift/2015-12-15-1603>

⁵² <https://www.peutz.nl/sites/peutz.nl/files/publicaties/2013%20InterNoise%20Construction%20noise%20overview%20of%20regulations%20of%20different%20countries.pdf>

EU Taxonomy Activity		1.3. Forest management	
Corresponding NACE Code		A2	
SC Criteria		Alignment	
Mitigation	<p>1. Forest management plan or equivalent</p> <p>1.1. The activity takes place on area that is subject to a forest management plan or an equivalent instrument, as set out in national law or, where national law does not define a forest management plan or equivalent instrument, as referred to in the FAO definition of ‘forest area with long-term forest management plan’.</p> <p>The forest management plan or equivalent instrument covers a period of 10 years or more and is continuously updated.</p> <p>1.2. Information is provided on the following points that are not already documented in the forest management plan or equivalent system:</p> <ul style="list-style-type: none"> (a) management goals, including major constraints; (b) general strategies and activities planned to reach the management goals, including expected operations over the whole forest cycle; (c) definition of the forest habitat context, including main existing and intended forest tree species, and their extent and distribution; (d) definition of the area according to its gazetting in the land registry; (e) compartments, roads, rights of way and other public access, physical features including waterways, areas under legal and other restrictions; (f) measures deployed to maintain the good condition of forest ecosystems; (g) consideration of societal issues (including preservation of landscape, consultation of stakeholders in accordance with the terms and conditions laid down in national law); (h) assessment of forest related risks, including forest fires, and pests and diseases outbreaks, with the aim of preventing, reducing and controlling the risks and measures deployed to ensure protection and adaptation against residual risks; (i) all DNSH criteria relevant for forest management. <p>1.3. The sustainability of the forest management systems, as documented in the plan referred to in point 1.1, is ensured by choosing the most ambitious of the following approaches:</p> <ul style="list-style-type: none"> (a) the forest management matches the applicable national definition of sustainable forest management; 	<p>Sustainalytics notes that SMN relies on FSC and PEFC certification schemes for financing of forestry management projects under the Framework. Sustainalytics notes that FSC and PEFC schemes cover topics such as compliance with laws and regulation, forest management plans, benefit from the forests, monitoring and assessment environmental impact and maintenance and appropriate enhancement of i) forest resources and their contribution to the global carbon cycle, ii) forest ecosystem health and vitality, iii) biological diversity in forest ecosystems, iv) protective functions in forest management (soil and water), which correspond to majority of the EU Taxonomy criteria.</p> <p>Sustainalytics notes that while FSC and PEFC certification cover majority of the EU Taxonomy criteria, the certifications do not encompass the prerequisites and detailed criteria outlined in the EU Taxonomy to confirm full alignment. Based on the above, Sustainalytics considers the Framework criteria to be partially aligned with the EU Taxonomy.</p>	Partially Aligned

	<p>(b) the forest management matches the Forest Europe definition of sustainable forest management, and complies with the Pan-European Operational Level Guidelines for Sustainable Forest Management;</p> <p>(c) the management system in place shows compliance with the forest sustainability criteria set out in Article 29(6) of Directive (EU) 2018/2001, and as of the date of its application with the implementing act on operational guidance for energy from forest biomass adopted under Article 29(8) of that Directive.</p> <p>1.4. The activity does not involve the degradation of land with high carbon stock.</p> <p>1.5. The management system associated with the activity in place complies with the due diligence obligation and legality requirements laid down in Regulation (EU) No 995/2010.</p> <p>1.6. The forest management plan or equivalent instrument provides for monitoring which ensures the correctness of the information contained in the plan, in particular as regards the data relating to the involved area.</p> <p>2. Climate benefit analysis:</p> <p>2.1. For areas that comply with the requirements at forest sourcing area level to ensure that carbon stocks and sinks levels in the forest are maintained or strengthened over the long term in accordance with Article 29(7), point (b), of Directive (EU) 2018/2001 the activity complies with the following criteria:</p> <p>(a) the climate benefit analysis demonstrates that the net balance of GHG emissions and removals generated by the activity over a period of 30 years after the beginning of the activity is lower than a baseline, corresponding to the balance of GHG emissions and removals over a period of 30 years starting at the beginning of the activity, associated to the business-as-usual practices that would have occurred on the involved area in the absence of the activity;</p> <p>(b) long-term climate benefits are considered demonstrated by proof of alignment with Article 29(7), point (b), of Directive (EU) 2018/2001.</p> <p>2.2. For areas that do not comply with the requirements at forest sourcing area level to ensure that carbon stocks and sinks levels in the forest are maintained or strengthened over the long term in accordance with Article 29(7), point (b), of Directive (EU) 2018/2001 the activity complies with the following criteria:</p> <p>(a) the climate benefit analysis demonstrates that the net balance of GHG emissions and removals generated by the activity over a period</p>		
--	--	--	--

	<p>of 30 years after the beginning of the activity is lower than a baseline, corresponding to the balance of GHG emissions and removals over a period of 30 years starting at the beginning of the activity, associated to the business-as-usual practices that would have occurred on the involved area in the absence of the activity.</p> <p>(b) the projected long-term average net GHG balance of the activity is lower than the long-term average GHG balance projected for the baseline, referred to in point 2.2, where long term corresponds to the longer duration between 100 years and the duration of an entire forest cycle.</p> <p>2.3. The calculation of climate benefit complies with all of the following criteria:</p> <p>(a) the analysis is consistent with the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. The climate benefit analysis is based on transparent, accurate, consistent, complete and comparable information, covers all carbon pools impacted by the activity, including above-ground biomass, belowground biomass, deadwood, litter and soil, relies on the most conservative assumptions for calculations and includes appropriate considerations about the risks of non-permanence and reversals of carbon sequestration, the risk of saturation and the risk of leakage.</p> <p>(b) the business-as-usual practices, including harvesting practices, are one of the following:</p> <p>(i) the management practices as documented in the latest version of the forest management plan or equivalent instrument before the start of the activity, if any;</p> <p>(ii) the most recent business-as-usual practices prior to the start of the activity;</p> <p>(iii) the practices corresponding to a management system ensuring that carbon stocks and sinks levels in the forest area are maintained or strengthened over the long term as set out in Article 29(7), point (b), of Directive (EU) 2018/2001.</p> <p>(c) the resolution of the analysis is proportionate to the size of the area concerned and values specific to the area concerned are used.</p> <p>(d) emissions and removals that occur due to natural disturbances, such as pests and diseases infestations, forest fires, wind, storm damages, that impact the area and cause underperformance do not result in non-compliance with Regulation (EU) 2020/852, provided that the climate benefit analysis is consistent with the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories regarding emissions and removals due to natural disturbances.</p> <p>2.4. Forest holdings under 13ha are not required to perform a climate benefit analysis.</p>		
--	--	--	--

	<p>3. Guarantee of permanence:</p> <p>3.1. In accordance with national law, the forest status of the area in which the activity takes place is guaranteed by one of the following measures:</p> <ul style="list-style-type: none"> (a) the area is classified in the permanent forest estate as defined by the FAO; (b) the area is classified as a protected area; (c) the area is the subject of any legal or contractual guarantee ensuring that it will remain a forest. <p>3.2. In accordance with national law, the operator of the activity commits that future updates to the forest management plan or equivalent instrument, beyond the activity that is financed, will continue to seek the climate benefits as determined in point 2. Besides, the operator of the activity commits to compensate any reduction in the climate benefit determined in point 2 with an equivalent climate benefit resulting from the conduct of an activity that corresponds to one of the forestry activities defined in this Regulation.</p> <p>4. Audit</p> <p>Within two years after the beginning of the activity and every 10 years thereafter, the compliance of the activity the substantial contribution to climate change mitigation criteria and the DNSH criteria is verified by either of the following:</p> <ul style="list-style-type: none"> (a) the relevant national competent authorities; (b) an independent third-party certifier, at the request of national authorities or the operator of the activity. <p>In order to reduce costs, audits may be performed together with any forest certification, climate certification or other audit.</p> <p>The independent third-party certifier may not have any conflict of interest with the owner or the funder, and may not be involved in the development or operation of the activity.</p> <p>5. Group Assessment</p> <ul style="list-style-type: none"> (a) at the level of the forest sourcing area as defined in Article 2, point (30), of Directive (EU) 2018/2001; 		
--	---	--	--

	(b) at the level of a group of holdings sufficiently homogeneous to evaluate the risk of the sustainability of the forest activity, provided that all those holdings have a durable relationship between them and participate in the activity and the group of those holdings remains the same for all subsequent audits.		
DNSH Criteria		Alignment	
Climate change adaptation	Refer to the assessment set out in Appendix 3, Table 17		Aligned
Sustainable use and protection of water and marine resources	Refer to the assessment set out in Appendix B, Table 18		Aligned
Transition to a circular economy	The silvicultural change induced by the activity on the area covered by the activity is not likely to result in a significant reduction of sustainable supply of primary forest biomass suitable for the manufacturing of wood-based products with long-term circularity potential. This criterion can also be demonstrated through answering the TSC question point 2 pertaining to climate benefits analysis.	<p>Sustainalytics notes that the Bank has not yet identified loans related to this activity for inclusion in its Green Loan Portfolio. Consequently, at this stage, Sustainalytics has assessed this activity as not aligned with the applicable criteria.</p> <p>The Bank has communicated its intention to reporting on the proportion of EU Taxonomy aligned activities as part of its annual reporting. Sustainalytics encourages the Issuer to update this EU Taxonomy assessment to include such projects, should they be financed in the future.</p>	Not aligned
Pollution prevention and control	<p>The use of pesticides is reduced and alternative approaches or techniques, which may include non-chemical alternatives to pesticides, are favoured, in accordance with Directive 2009/128/EC, with exception of occasions where the use of pesticides is needed to control outbreaks of pests and of diseases.</p> <p>The activity minimised the use of fertilisers and does not use manure and the activity complies with Regulation (EU) 2019/1009 or national rules on fertilisers or soil improvers for agricultural use.</p> <p>Demonstrate that well documented and verifiable measures are taken to avoid the use of active ingredients that are listed in Annex I, part A, of Regulation (EU) 2019/1021, the Rotterdam Convention on the prior informed consent procedure for certain hazardous chemicals and pesticides in international trade, the Minamata Convention on Mercury, the Montreal Protocol on Substances that Deplete the Ozone Layer, and of active ingredients that are listed as classification Ia ('extremely hazardous') or Ib ('highly hazardous') in the WHO Recommended</p>	<p>Sustainalytics notes that the Bank has not yet identified loans related to this activity for inclusion in its Green Loan Portfolio. Consequently, at this stage, Sustainalytics has assessed this activity as not aligned with the applicable criteria.</p> <p>The Bank has communicated its intention to reporting on the proportion of EU Taxonomy aligned activities as part of its annual reporting. Sustainalytics encourages the Issuer to update this EU Taxonomy assessment to include such projects, should they be financed in the future.</p>	Not aligned

	<p>Classification of Pesticides by Hazard. The activity complies with the relevant national law on active ingredients.</p> <p>Demonstrate that Pollution of water and soil is prevented and cleaning up measures are undertaken when pollution occurs.</p>		
<p>Protection and restoration of biodiversity and ecosystems</p>	<p>In areas designated by the national competent authority for conservation or in habitats that are protected, the activity is in accordance with the conservation objectives for those areas.</p> <p>Demonstrate that there is no conversion of habitats specifically sensitive to biodiversity loss or with high conservation value, or of areas set aside for the restoration of such habitats in accordance with national law.</p> <p>Demonstrate the following detailed information referred to in point 1.2.(i) that includes provisions for maintaining and possibly enhancing biodiversity in accordance with national and local provisions:</p> <p>(a) ensuring the good conservation status of habitat and species, maintenance of typical habitat species;</p> <p>(b) excluding the use or release of invasive alien species;</p> <p>(c) excluding the use of non-native species unless it can be demonstrated that:</p> <p style="padding-left: 20px;">(i) the use of the forest reproductive material leads to favourable and appropriate ecosystem condition (such as climate, soil criteria, and vegetation zone, forest fire resilience);</p> <p style="padding-left: 20px;">(ii) the native species currently present on the site are not anymore adapted to projected climatic and pedohydrological conditions;</p> <p>(d) ensuring the maintenance and improvement of physical, chemical and biological quality of the soil;</p> <p>(e) promoting biodiversity-friendly practices that enhance forests' natural processes;</p> <p>(f) excluding the conversion of high-biodiverse ecosystems into less biodiverse ones;</p> <p>(g) ensuring the diversity of associated habitats and species linked to the forest;</p> <p>(h) ensuring the diversity of stand structures and maintenance or enhancing of mature stage stands and dead wood.</p>	<p>Sustainalytics notes that the Bank has not yet identified loans related to this activity for inclusion in its Green Loan Portfolio. Consequently, at this stage, Sustainalytics has assessed this activity as not aligned with the applicable criteria.</p> <p>The Bank has communicated its intention to reporting on the proportion of EU Taxonomy aligned activities as part of its annual reporting. Sustainalytics encourages the Bank to update this EU Taxonomy assessment to include such projects, should they be financed in the future.</p>	<p>Not aligned</p>

Table 6

Framework Activity assessed	Clean Transportation
EU Taxonomy Activity	6.3. Urban and suburban transport, road passenger transport

Corresponding NACE Code		H49.31, H49.3.9, N77.39 and N77.11	
<i>SC Criteria</i>		<i>Alignment</i>	
Mitigation	<p>The activity complies with the one of following criteria:</p> <ul style="list-style-type: none"> 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 articulated vehicle), and comply with the latest EURO VI standard, i.e. both with the requirements of Regulation (EC) No 595/2009 and, from the time of the entry into force of amendments to that Regulation, in those amending acts, even before they become applicable, and with the latest step of the Euro VI standard set out in Table 1 of Appendix 9 to Annex I to Regulation (EU) No 582/2011 where the provisions governing that step have entered into force but have not yet become applicable for this type of vehicle. Where such standard is not available, the direct CO2 emissions of the vehicles are zero. 	<p>The eligibility criteria defined in the Framework is aligned with criteria a) under the EU Taxonomy.</p>	Aligned
<i>DNSH Criteria</i>		<i>Alignment</i>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 17		Aligned
Transition to a circular economy	Measures are in place to manage waste, in accordance with the waste hierarchy, both in the use phase (maintenance) and the end-of-life of the fleet, including through reuse and recycling of batteries and electronics (in particular critical raw materials therein).	<p>Companies in Norway are obligated to comply with End of Life Vehicles (ELV) Directive (EU Directive 2000/53/EC), Waste Electrical and Electronic Equipment (WEEE) Directive (2012/19/EU), Waste Framework Directive (2008/98/EC), and Battery and Accumulators Directive (2006/66/EC). The directives collectively address various aspects of waste management and environmental protection, with a focus on reducing waste generation, promoting recycling and recovery, and minimizing the use of hazardous substances in products and waste streams.</p> <p>Based on compliance with the respective directives Sustainalytics has assessed this activity as aligned with the EU Taxonomy criteria.</p>	Aligned
Pollution prevention and control	For road vehicles of categories M, tyres comply with external rolling noise requirements in the highest populated class and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the two highest populated classes as set out in Regulation (EU) 2020/740 of the European Parliament and of the Council and as can be verified from the European Product Registry for Energy Labelling (EPREL).	Sustainalytics notes that Regulation (EU) 2020/740 of the European Parliament and of the Council is applicable in Norway. Therefore, companies in Norway are required to comply with labelling requirements as per the European Product Registry for Energy Labelling (EPREL). Regulation (EC) No 661/2009 lays down	Partially Aligned

	<p>Where applicable, vehicles comply with the requirements of the most recent applicable stage of the Euro VI heavy duty emission type-approval set out in accordance with Regulation (EC) No 595/2009.</p>	<p>minimum requirements for the external rolling noise of tyres which is applicable in Norway.</p> <p>The Framework restricts financing to urban or suburban passenger transport with zero direct (tailpipe) CO₂ emissions. Furthermore, the Bank has not yet identified loans related to heavy duty vehicles this for inclusion in its Green Loan Portfolio</p> <p>While noting the implementation of EPREL, Norway’s regulation applicable EU regulations do not stipulate compliance with external rolling noise requirements in the highest populated class and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the two highest populated classes. Based on the above Sustainalytics has determined the activity to be partially aligned with the EU Taxonomy criteria.</p>	
--	---	---	--

Table 7

Framework Activity assessed		Clean Transportation	
EU Taxonomy Activity		6.5. Transport by motorbikes, passenger cars and light commercial vehicles	
Corresponding NACE Code		H49.32, H49.39 and N77.11	
SC Criteria		Alignment	
Mitigation	<p>The activity complies with the following criteria:</p> <ul style="list-style-type: none"> a) for vehicles of category M1 and N1, both falling under the scope of Regulation (EC) No 715/2007: <ul style="list-style-type: none"> i. until 31 December 2025, specific emissions of CO₂, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, are lower than 50gCO₂/km (low- and zero-emission light-duty vehicles); ii. from 1 January 2026, specific emissions of CO₂, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, are zero. b) for vehicles of category L, the tailpipe CO₂ emissions equal to 0g CO₂e/km calculated in accordance with the emission test laid down in Regulation (EU) 168/2013. 	<p>The eligibility criteria defined in the Framework is aligned with criteria b) under the EU Taxonomy.</p>	Aligned
DNSH Criteria		Alignment	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 17		Aligned

<p>Transition to Circular Economy</p>	<p>Vehicles of categories M1 and N1 are both of the following: a) reusable or recyclable to a minimum of 85% by weight; b) reusable or recoverable to a minimum of 95% by weight.</p> <p>Measures are in place to manage waste both in the use phase (maintenance) and the end-of-life of the fleet, including through reuse and recycling of batteries and electronics (in particular critical raw materials therein), in accordance with the waste hierarchy.</p>	<p>Companies in Norway are obligated to comply with End of Life Vehicles (ELV) Directive (EU Directive 2000/53/EC) which requires the implementation of measures to ensure that a) no later than 1 January 2006, for all end-of life vehicles, the reuse and recovery shall be increased to a minimum of 85 % by an average weight per vehicle and year and b) no later than 1 January 2015, for all end-of life vehicles, the reuse and recovery shall be increased to a minimum of 95 % by an average weight per vehicle and year.</p> <p>Sustainalytics notes that car producers in Norway are obligated to comply with End of Life Vehicles (ELV) Directive (EU Directive 2000/53/EC), Waste Electrical and Electronic Equipment (WEEE) Directive (2012/19/EU), Waste Framework Directive (2008/98/EC), and Battery and Accumulators Directive (2006/66/EC). The directives collectively address various aspects of waste management and environmental protection, with a focus on reducing waste generation, promoting recycling and recovery, and minimizing the use of hazardous substances in products and waste streams.</p> <p>Based on the above Sustainalytics has assessed this activity as aligned with the EU Taxonomy criteria.</p>	<p>Aligned</p>
<p>Pollution prevention and control</p>	<p>Vehicles comply with the requirements of the most recent applicable stage of the Euro 6 light-duty emission type-approval set out in accordance with Regulation (EC) No. 715/2007.</p> <p>Confirm that vehicles comply with the emission thresholds for clean light-duty vehicles set out in Table 2 of the Annex to Directive 2009/33/EC of the European Parliament and of the Council. For road vehicles of categories M and N, confirm that tyres comply with external rolling noise requirements in the highest populated class and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the two highest populated classes as set out in Regulation (EU) 2020/740 and as can be verified from the European Product Registry for Energy Labelling (EPREL).</p> <p>Vehicles comply with Regulation (EU) No 540/2014 of the European Parliament and of the Council.</p>	<p>Regulation (EU) 2020/740 of the European Parliament and of the Council is applicable in Norway. Therefore, companies in Norway are required to comply with labelling requirements as per the European Product Registry for Energy Labelling (EPREL).</p> <p>Furthermore, Regulation (EU) No 540/2014 is applicable in Norway as a member of the EEA.</p> <p>While noting the implementation of EPREL, Norway’s regulation does not stipulate compliance with external rolling noise requirements in the highest populated class and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the two highest populated classes. Based on the above Sustainalytics has determined the activity to be partially aligned with the EU Taxonomy criteria.</p>	<p>Partially Aligned</p>

Table 8

<p>Framework Activity assessed</p>	<p>Clean Transportation</p>
<p>EU Taxonomy Activity</p>	<p>6.6. Freight transport services by road</p>

Corresponding NACE Code		H49.4.1, H53.10, H53.20 and N77.12	
SC Criteria		Alignment	
Mitigation	<p>The activity complies with one of the following criteria:</p> <ul style="list-style-type: none"> a) vehicles of category N1 have zero direct (tailpipe) CO2 emissions; b) vehicles of category N2 and N3 with a technically permissible maximum laden mass not exceeding 7,5 tonnes are 'zero-emission heavy-duty vehicles' as defined in Article 3, point (11), of Regulation (EU) 2019/1242; c) vehicles of category N2 and N3 with a technically permissible maximum laden mass exceeding 7,5 tonnes are one of the following: <ul style="list-style-type: none"> (i) 'zero-emission heavy-duty vehicles', as defined in Article 3, point (11), of Regulation (EU) 2019/1242; (ii) where technologically and economically not feasible to comply with the criterion in point (i), 'low-emission heavy-duty vehicles' as defined in Article 3, point (12), of that Regulation. <p>2. Vehicles are not dedicated to the transport of fossil fuels.</p>	<p>The Framework specifies financing vehicles that are fully electric, hydrogen or otherwise zero emissions which aligns with the TSC.</p> <p>SMN has confirmed to Sustainalytics that vehicles are not dedicated to the transportation of fossil fuels.</p>	Aligned
DNSH Criteria		Alignment	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 17		Aligned
Transition to Circular Economy	<p>Confirm that vehicles of category N1, N2 and N3 are both of the following:</p> <ul style="list-style-type: none"> (a) reusable or recyclable to a minimum of 85% by weight; (b) reusable or recoverable to a minimum of 95% by weight. <p>Demonstrate that measures are in place to manage waste both in the use phase (maintenance) and the end-of-life of the fleet, including through reuse and recycling of batteries and electronics (in particular critical raw materials therein), in accordance with the waste hierarchy.</p>	<p>Companies in Norway are obligated to comply with End of Life Vehicles (ELV) Directive (EU Directive 2000/53/EC) which requires the implementation of measures to ensure that a) no later than 1 January 2006, for all end-of life vehicles, the reuse and recovery shall be increased to a minimum of 85 % by an average weight per vehicle and year and b) no later than 1 January 2015, for all end-of life vehicles, the reuse and recovery shall be increased to a minimum of 95 % by an average weight per vehicle and year.</p> <p>Sustainalytics notes that car producers in Norway are obligated to comply with End of Life Vehicles (ELV) Directive (EU Directive 2000/53/EC), Waste Electrical and Electronic Equipment (WEEE) Directive (2012/19/EU), Waste Framework Directive (2008/98/EC), and Battery and Accumulators Directive (2006/66/EC). The directives collectively address various aspects of waste management and environmental protection, with a focus on reducing waste generation, promoting recycling and recovery, and minimizing the use of hazardous substances in products and waste streams.</p>	Aligned

		Based on the above Sustainalytics has assessed this activity as aligned with the EU Taxonomy criteria.	
Pollution prevention and control	<p>For road vehicles of categories M and N, tyres comply with external rolling noise requirements in the highest populated class and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the two highest populated classes as set out in Regulation (EU) 2020/740 and as can be verified from the European Product Registry for Energy Labelling (EPREL). Further confirm that vehicles comply with the requirements of the most recent applicable stage of the Euro VI heavy duty emission type-approval set out in accordance with Regulation (EC) No 595/2009.</p> <p>Vehicles comply with Regulation (EU) No 540/2014.</p>	<p>Regulation (EU) 2020/740 of the European Parliament and of the Council is applicable in Norway. Therefore, companies in Norway are required to comply with labelling requirements as per the European Product Registry for Energy Labelling (EPREL).</p> <p>Furthermore, Regulation (EU) No 540/2014 is applicable in Norway as a member of the EEA.</p> <p>While noting the implementation of EPREL, Norway’s regulation does not stipulate compliance with external rolling noise requirements in the highest populated class and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the two highest populated classes. Based on the above Sustainalytics has determined the activity to be partially aligned with the EU Taxonomy criteria.</p>	Partially Aligned

Table 9

Framework Activity assessed	Clean Transportation		
EU Taxonomy Activity	6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities		
Corresponding NACE Code	H50.2, H52.22 and N77.34		
	SC Criteria	Alignment	
Mitigation	<p>The activity complies with one or more of the following criteria:</p> <ul style="list-style-type: none"> a) the vessels have zero direct (tailpipe) CO2 emissions; b) until 31 December 2025, hybrid and dual fuel vessels derive at least 25 % of their energy from zero direct (tailpipe) CO2 emission fuels or plug-in power for their normal operation at sea and in ports; c) where technologically and economically not feasible to comply with the criterion in point (a), until 31 December 2025, and only where it can be proved that the vessels are used exclusively for operating coastal and short sea services designed to enable modal shift of freight currently transported by land to sea, the vessels have direct (tailpipe) CO2 emissions, calculated using the International Maritime Organization (IMO) Energy Efficiency Design Index (EEDI), 50 % lower than the average reference CO2 emissions value defined for heavy duty vehicles (vehicle sub group 5-LH) in accordance with Article 11 of Regulation 2019/1242; 	<p>The eligibility criteria defined in the Framework comply with the criteria mentioned in the screening criteria of EU Taxonomy.</p> <p>SMN has confirmed to Sustainalytics that vessels are not dedicated to the transportation of fossil fuels.</p>	Aligned

	<p>d) where technologically and economically not feasible to comply with the criterion in point (a), 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) CO2 emission fuels or on fuels from renewable sources.</p> <p>Vessels are not dedicated to the transport of fossil fuels.</p>		
DNSh Criteria		Alignment	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 17		Aligned
Sustainable use and protection of water and marine resources	Refer to the assessment set out in Appendix 3, Table 18		Aligned
Transition to Circular Economy	<p>Measures are in place to manage waste, both in the use phase and in the end-of-life of the vessel, in accordance with the waste hierarchy.</p> <p>For battery-operated vessels, those measures include reuse and recycling of batteries and electronics, including critical raw materials therein. For battery-operated vessels, demonstrate that those measures include reuse and recycling of batteries and electronics, including critical raw materials therein.</p> <p>For existing ships above 500 gross tonnage and the new-built ones replacing them, the activity complies with the requirements of Regulation (EU) No 1257/2013 of the European Parliament and of the Council relating to the inventory of hazardous materials. The scrap ships are recycled in facilities included on the European List of ship recycling facilities as laid down in Commission Decision 2016/2323.</p> <p>The activity complies with Directive (EU) 2019/883 of the European Parliament and of the Council as regards the protection of the marine environment against the negative effects from discharges of waste from ships.</p> <p>The ship is operated in accordance with Annex V to the International Convention for the Prevention of Pollution from Ships of 2 November 1973 (the IMO MARPOL Convention), in particular with a view to producing reduced quantities of waste and to reducing legal discharges,</p>	<p>Sustainalytics notes that the Bank has not yet identified loans related to this activity for inclusion in its Green Loan Portfolio.</p> <p>Companies in Norway obligated to comply with End of Life Vehicles (ELV) Directive (EU Directive 2000/53/EC), Waste Electrical and Electronic Equipment (WEEE) Directive (2012/19/EU), Waste Framework Directive (2008/98/EC), and Battery and Accumulators Directive (2006/66/EC). The directives collectively address various aspects of waste management and environmental protection, with a focus on reducing waste generation, promoting recycling and recovery, and minimizing the use of hazardous substances in products and waste streams.</p> <p>Norway has implemented the Regulation (EU) No 1257/2013 of the European Parliament and of the Council on ship recycling which establishes a legal framework for the safe recycling of ships ensuring worker health and safety and marine environmental protection throughout a ship's life cycle. Additionally, Commission Decision 2016/2323 has been implemented in Norway on the recycling of ships and mobile devices.</p> <p>Furthermore, Directive (EU) 2019/883 is directly applicable in the European Economic Area countries including Norway. The Directive on port reception aims to ensure the prevention of marine pollution from ships by providing a framework for waste management and disposal.</p>	Aligned

	<p>by managing its waste in a sustainable and environmentally sound manner.</p>	<p>The IMO MARPOL Convention including Annex V is incorporated through Directive 2000/59/EC of the European Parliament and the Council and later replaced by Directive (EU) 2019/883 on port reception facilities for the delivery of waste from ships. The Directive is directly applicable to the European Economic Area, including Norway.</p> <p>Sustainalytics notes compliance with applicable EU Directives and the IMO Marpol Convention. Based on the above, Sustainalytics has assessed this activity as aligned.</p>	
<p>Pollution Prevention and Control</p>	<p>As regards the reduction of sulphur oxides emissions and particulate matters, vessels comply with Directive (EU) 2016/802 of the European Parliament and of the Council, and with Regulation 14 of Annex VI to the IMO MARPOL Convention.</p> <p>Sulphur in fuel content does not exceed 0,5 % in mass (the global sulphur limit) and 0,1 % in mass in emission control area (ECA) designated in the North and Baltic Seas by the IMO.</p> <p>As regards nitrogen oxides (NOx) emissions, vessels comply with Regulation 13 of Annex VI to IMO MARPOL Convention. Tier II NOx requirement applies to ships constructed after 2011. Only while operating in NOx emission control areas established under IMO rules, confirm that ships constructed after 1 January 2016 comply with stricter engine requirements (Tier III) reducing NOx emissions.</p> <p>Discharges of black and grey water comply with Annex IV to the IMO MARPOL Convention.</p> <p>Measures are in place to minimise toxicity of anti-fouling paint and biocides as laid down in Regulation (EU) No 528/2012, which implements in Union law the International Convention on the Control of Harmful Anti-fouling Systems on Ships adopted on 5 October 2001.</p>	<p>Sustainalytics notes that the Bank has not yet identified loans related to this activity for inclusion in its Green Loan Portfolio.</p> <p>While there is no direct reference to Directive (EU) 2016/802 of the European Parliament and of the Council in Norway, Regulations of 30 May 2012 No. 488 on environmental safety for ships and mobile offshore units introduce thresholds for sulphur content of fuel oil for ships. Norway's thresholds for sulphur content is aligned with the threshold stipulated in the EU Directive, not exceeding 0,10%.</p> <p>Norway ratified the IMO MARPOL Convention including Regulation 13 of Annex VI.</p> <p>The IMO MARPOL Convention including Annex VI is incorporated through Directive 2000/59/EC of the European Parliament and the Council and later replaced by Directive (EU) 2019/883 on port reception facilities for the delivery of waste from ships. The Directive is directly applicable to the European Economic Area, including Norway.</p> <p>Regulation (EU) 528/2012 is applicable in Norway to ensure toxicity of anti-fouling paint and biocides are minimized.</p> <p>Based on the implementation of relevant EU Directives and Norway's ratification of IMO MARPOL Convention, Sustainalytics considers the activity aligned with the EU Taxonomy criteria.</p>	<p>Aligned</p>
<p>Biodiversity</p>	<p>Releases of ballast water containing non-indigenous species are prevented in line with the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM).</p> <p>Measures are in place to prevent the introduction of non-indigenous species by biofouling of hull and niche areas of ships taking into account the IMO Biofouling Guidelines.</p>	<p>Sustainalytics notes that the Bank has not yet identified loans related to this activity for inclusion in its Green Loan Portfolio.</p> <p>Norway ratified the International Convention for the Control and Management of Ships' Ballast Water and Sediments. Furthermore, Norway has signed the International Convention of the Control of Harmful Anti-Fouling Systems on Ships.</p>	<p>Aligned</p>

	<p>Noise and vibrations are limited by using noise reducing propellers, hull design or on-board machinery in line with the guidance given in the IMO Guidelines for the Reduction of Underwater Noise.</p> <p>The activity does not hamper the achievement of good environmental status, as set out in Directive 2008/56/EC, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive’s Descriptors 1 (biodiversity), 2 (non-indigenous species), 6 (seabed integrity), 8 (contaminants), 10 (marine litter), 11 (Noise/Energy) and as set out in Commission Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for those descriptors, as applicable.</p>	<p>Norway ratified the International Convention for the Safety of Life at Sea, including the amendments for protection against noise in the construction and delivery of ships.</p> <p>The Directive 2008/56/EC and Commission Decision (EU) 2017/848 is directly applicable in the European Economic Area countries, including Norway.</p> <p>Based on compliance with relevant EU Directives and Norway’s ratification of applicable international conventions Sustainalytics has assessed this activity as aligned with the EU Taxonomy.</p>	
--	---	---	--

Table 10

Framework Activity assessed	Clean Transportation		
EU Taxonomy Activity	6.11. Sea and coastal passenger water transport		
Corresponding NACE Code	H50.10, N77.21 and N77.34		
SC Criteria	Alignment		
Mitigation	<p>The activity complies with one or more of the following criteria:</p> <ul style="list-style-type: none"> a) the vessels have zero direct (tailpipe) CO2 emissions; b) where technologically and economically not feasible to comply with the criterion in point (a), until 31 December 2025, hybrid and dual fuel vessels derive at least 25% of their energy from zero direct (tailpipe) CO₂ emission fuels or plug-in power for their normal operation at sea and in ports; c) where technologically and economically not feasible to comply with the criterion in point (a), 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. 	The eligibility criteria defined in the Framework is aligned with the EU Taxonomy.	Aligned
DNSH Criteria	Alignment		
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 17		Aligned
Sustainable use and protection of water and	Refer to the assessment set out in Appendix 3, Table 18		Aligned

<p>marine resources</p>			
<p>Transition to Circular Economy</p>	<p>Measures are in place to manage waste, both in the use phase and in the end-of-life of the vessel, in accordance with the waste hierarchy. For battery-operated vessels, demonstrate that those measures include reuse and recycling of batteries and electronics, including critical raw materials therein.</p> <p>For existing ships above 500 gross tonnage and the new-built ones replacing them, confirm that the activity complies with the requirements of Regulation (EU) No 1257/2013 relating to the inventory of hazardous materials. The scrap ships are recycled in facilities included on the European List of ship recycling facilities as laid down in Implementing Decision 2016/2323.</p> <p>The activity complies with Directive (EU) 2019/883 as regards the protection of the marine environment against the negative effects from discharges of waste from ships.</p> <p>The ship is operated in accordance with Annex V to the IMO MARPOL Convention, in particular with a view to producing reduced quantities of waste and to reducing legal discharges, by managing its waste in a sustainable and environmentally sound manner.</p>	<p>Sustainalytics notes that the Bank has not yet identified loans related to this activity for inclusion in its Green Loan Portfolio.</p> <p>Companies in Norway obligated to comply with End of Life Vehicles (ELV) Directive (EU Directive 2000/53/EC), Waste Electrical and Electronic Equipment (WEEE) Directive (2012/19/EU), Waste Framework Directive (2008/98/EC), and Battery and Accumulators Directive (2006/66/EC). The directives collectively address various aspects of waste management and environmental protection, with a focus on reducing waste generation, promoting recycling and recovery, and minimizing the use of hazardous substances in products and waste streams.</p> <p>Norway has implemented the Regulation (EU) No 1257/2013 of the European Parliament and of the Council on ship recycling which establishes a legal framework for the safe recycling of ships ensuring worker health and safety and marine environmental protection throughout a ship's life cycle. Additionally, Commission Decision 2016/2323 has been implemented in Norway on the recycling of ships and mobile devices.</p> <p>Furthermore, Directive (EU) 2019/883 is directly applicable in the European Economic Area countries including Norway. The Directive on port reception aims to ensure the prevention of marine pollution from ships by providing a framework for waste management and disposal.</p> <p>The IMO MARPOL Convention including Annex V is incorporated through Directive 2000/59/EC of the European Parliament and the Council and later replaced by Directive (EU) 2019/883 on port reception facilities for the delivery of waste from ships. The Directive is directly applicable to the European Economic Area, including Norway.</p> <p>Sustainalytics notes compliance with applicable EU Directives and the IMO Marpol Convention. Based on the above, Sustainalytics has assessed this activity as partially aligned.</p>	<p>Aligned</p>
<p>Pollution Prevention and Control</p>	<p>As regards the reduction of sulphur oxides emissions and particulate matters, vessels comply with Directive (EU) 2016/802, and with Regulation 14 of Annex VI to the IMO MARPOL Convention. Further confirm that sulphur in fuel content does not exceed 0,5 % in mass (the global sulphur limit) and 0,1 % in mass in emission control area (ECA) designated in the North and Baltic Seas by the IMO.</p>	<p>Sustainalytics notes that the Bank has not yet identified loans related to this activity for inclusion in its Green Loan Portfolio.</p> <p>While there is no direct reference to Directive (EU) 2016/802 of the European Parliament and of the Council in Norway, Regulations of 30 May 2012 No. 488 on environmental safety for ships and mobile</p>	<p>Aligned</p>

	<p>As regards nitrogen oxides (NOx) emissions, confirm that vessels comply with Regulation 13 of Annex VI to IMO MARPOL Convention and tier II NOx requirement applies to ships constructed after 2011. Only while operating in NOx emission control areas established under IMO rules, ships constructed after 1 January 2016 comply with stricter engine requirements (Tier III) reducing NOx emissions.</p> <p>Discharges of black and grey water comply with Annex IV to the IMO MARPOL Convention.</p> <p>Measures are in place to minimise toxicity of anti-fouling paint and biocides as laid down in Regulation (EU) No 528/2012, which implements in Union law the International Convention on the Control of Harmful Anti-fouling Systems on Ships adopted on 5 October 2001.</p>	<p>offshore units introduce thresholds for sulphur content of fuel oil for ships. Norway's thresholds for sulphur content is aligned with the threshold stipulated in the EU Directive, not exceeding 0,10%.</p> <p>Norway ratified the IMO MARPOL Convention including Regulation 13 of Annex VI.</p> <p>The IMO MARPOL Convention including Annex VI is incorporated through Directive 2000/59/EC of the European Parliament and the Council and later replaced by Directive (EU) 2019/883 on port reception facilities for the delivery of waste from ships. The Directive is directly applicable to the European Economic Area, including Norway.</p> <p>Regulation (EU) 528/2012 is applicable in Norway to ensure toxicity of anti-fouling paint and biocides are minimized.</p> <p>Based on the implementation of relevant EU Directives and Norway's ratification of IMO MARPOL Convention, Sustainalytics considers the activity aligned with the EU Taxonomy criteria</p>	
<p>Biodiversity</p>	<p>Releases of ballast water containing non-indigenous species are prevented in line with the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM). Measures are in place to prevent the introduction of non-indigenous species by biofouling of hull and niche areas of ships taking into account the IMO Biofouling Guidelines.</p> <p>Noise and vibrations are limited by using noise reducing propellers, hull design or on-board machinery in line with the guidance given in the IMO Guidelines for the Reduction of Underwater Noise.</p> <p>In the Union, the activity does not hamper the achievement of good environmental status, as set out in Directive 2008/56/EC, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptors 1 (biodiversity), 2 (non-indigenous species), 6 (seabed integrity), 8 (contaminants), 10 (marine litter), 11 (Noise/Energy) and as set out in Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for those descriptors, as applicable.</p>	<p>Sustainalytics notes that the Bank has not yet identified loans related to this activity for inclusion in its Green Loan Portfolio.</p> <p>Norway ratified the International Convention for the Control and Management of Ships' Ballast Water and Sediments. Furthermore, Norway has signed the International Convention of the Control of Harmful Anti-Fouling Systems on Ships.</p> <p>Norway ratified the International Convention for the Safety of Life at Sea, including the amendments for protection against noise in the construction and delivery of ships.</p> <p>The Directive 2008/56/EC and Commission Decision (EU) 2017/848 is directly applicable in the European Economic Area countries, including Norway.</p> <p>Based on compliance with relevant EU Directives and Norway's ratification of applicable international conventions Sustainalytics has assessed this activity as aligned with the EU Taxonomy.</p>	<p>Aligned</p>

Table 11

<p>Framework Activity assessed</p>	<p>Clean Transportation</p>
<p>EU Taxonomy Activity</p>	<p>6.15. Infrastructure enabling low-carbon road transport and public transport</p>

Corresponding NACE Code		F42.11, F42.13, F71.1 and F71.20	
SC Criteria		Alignment	
Mitigation	<p>The activity complies with one or more of the following criteria:</p> <ul style="list-style-type: none"> a) the infrastructure is dedicated to the operation of vehicles with zero tailpipe CO2 emissions: electric charging points, electricity grid connection upgrades, hydrogen fuelling stations or electric road systems (ERS); b) the infrastructure and installations are dedicated to transshipping freight between the modes: terminal infrastructure and superstructures for loading, unloading and transshipment of goods; c) the infrastructure and installations are dedicated to urban and suburban public passenger transport, including associated signalling systems for metro, tram and rail systems. <p>The infrastructure is not dedicated to the transport or storage of fossil fuels.</p>	<p>The eligibility criteria defined in the Framework comply with the criteria mentioned in the screening criteria of EU Taxonomy.</p> <p>SMN has confirmed to Sustainalytics that vehicles are not dedicated to the transportation of fossil fuels.</p>	Aligned
DNSH Criteria		Alignment	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 17		Aligned
Sustainable use and protection of water and marine resources	Refer to the assessment set out in Appendix 3, Table 18		Aligned
Transition to Circular Economy	<p>At least 70 % (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material defined in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol.</p> <p>Operators limit waste generation in processes related construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.</p>	<p>Sustainalytics notes that in compliance with Norway’s construction requirements, a minimum of 60% of the waste generated must be separated into various waste categories and delivered to approved waste collection facilities or directly to recovery facilities.</p> <p>In the Norwegian context, the National Action Plan sets a target to recycle a minimum of 80% of waste generated from the building and construction sector by 2023.</p> <p>Norway’s construction requirements mandate the use of products suitable for reuse and material recovery. Furthermore, the construction regulation requires structures to be designed, constructed, operated and demolished with the least possible impact on natural resources and external environment.</p> <p>Sustainalytics notes the minimum regulatory requirements for the construction sector in Norway and 2023 target. Based on the above,</p>	Aligned

		Sustainalytics has assessed this activity as aligned with the EU Taxonomy.	
Pollution prevention and Control	Where relevant, noise and vibrations from use of infrastructure are mitigated by introducing open trenches, wall barriers or other measures and comply with Directive 2002/49/EC. Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.	<p>SMN confirmed that it complies with the Norwegian building and construction (TEK) which covers requirements relating to i) sound and vibrations; ii) waste system and separation of waste; and iii) indoor air quality and air quality for ventilation. SMN further confirmed that Norway complies with Regulation No 1907/2006 through the EEA which requires that measures to be taken to reduce noise, dust and pollutant emissions during construction or maintenance works.</p> <p>Through the European Economic Area (EEA) Agreement, Norway adheres to Directive 2002/49 / EC of the European Parliament on the assessment and management of external noise.</p> <p>Based on the above, Sustainalytics assessed this criterion to be aligned with the EU Taxonomy.</p>	Aligned
Protection and restoration of biodiversity and ecosystems	<p>The activity complies with the criteria set out in Appendix D</p> <p>Where relevant, maintenance of vegetation along road transport infrastructure ensures that invasive species do not spread. Mitigation measures have been implemented to avoid wildlife collisions.</p>	<p>Refer to the assessment set out in Appendix 3, Table 18</p> <p>Given the lack of information available specific to vegetation and invasive species, Sustainalytics has assessed this activity as partially aligned.</p>	Partially Aligned

Table 12

Framework Activity assessed	Clean Transportation		
EU Taxonomy Activity	7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)		
Corresponding NACE Code	F42, F43, M71, C16, C17, C22, C23, C25, C27 or C28		
SC Criteria		Alignment	
Mitigation	Installation, maintenance, or repair of charging stations for electric vehicles.	The eligibility criteria defined in the Framework comply with the criteria mentioned in the screening criteria of EU Taxonomy.	Aligned
DNSH Criteria		Alignment	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 17		Aligned

Table 13

Framework Activity assessed		Renewable Energy	
EU Taxonomy Activity		4.1 Electricity generation using solar photovoltaic technology	
Corresponding NACE Code		D35.11, F42.22	
SC Criteria		Alignment	
Mitigation	The activity generates electricity using solar PV technology.	Aligned by default.	Aligned
DNSH Criteria		Alignment	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 17		Aligned
Transition to a circular economy	The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	<p>The Bank has communicated to Sustainalytics that Norway has implemented a regulatory system for managing electrical and electronic equipment (WEEE) waste in 1999 - the regulations on recycling and treatment of waste (Waste Regulations).</p> <p>Additionally, Sustainalytics notes that all photovoltaic modules available in the EU can be disposed of, notwithstanding the type of technology used and that most party of a solar module can be recycled, including glass, semiconductor materials, ferrous and non-ferrous metals.⁵³</p>	Aligned
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 19		Aligned

Table 14

Framework Activity assessed		Renewable Energy	
EU Taxonomy Activity		4.2. Electricity generation using concentrated solar power (CSP) technology	
Corresponding NACE Code		D35.11, F42.22	
SC Criteria		Alignment	
Mitigation	Construction or operation of electricity generation facilities that produce electricity using concentrated solar power (CSP) technology.	Aligned by default	Aligned
DNSH Criteria		Alignment	

⁵³ Solar Waste/European WEEE Directive Collection & Recycling, at: <http://www.solarwaste.eu/collection-and-recycling/>

Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 17		Aligned
Sustainable use and protection of water and marine resources	The activity assesses how environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed.	The Environmental Impact Assessment is conducted at the planning stage, as per conformity with European legislation. Moreover, it complies with the Norwegian Regulations on Environmental Impact Assessment for plans pursuant to the Norwegian Planning and Building Act and all national regulatory requirements	Aligned
Transition to a circular economy	The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	SMN abides by all national regulatory requirements applicable to all loans originated under the Framework. The Bank has communicated to Sustainalytics that Norway has implemented a regulatory system for managing electrical and electronic equipment (WEEE) waste in 1999 - the regulations on recycling and treatment of waste (Waste Regulations). Additionally, Sustainalytics notes that all photovoltaic modules available in the EU can be disposed of, notwithstanding the type of technology used and that most party of a solar module can be recycled, including glass, semiconductor materials, ferrous and non-ferrous metals.	Aligned
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 19		Aligned

Table 15

Framework Activity assessed	Renewable Energy		
EU Taxonomy Activity	4.3. Electricity generation from wind power		
Corresponding NACE Code	D35.11, F42.22		
SC Criteria		Alignment	
Mitigation	The activity generates electricity from wind power.	The projects include financing of onshore wind energy generation facilities, which is eligible by default.	Aligned
DNSH Criteria		Alignment	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 17		Aligned

Sustainable use and protection of water and marine resources	In case of construction of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC of the European Parliament and of the Council ⁵⁴ requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptor 11 (Noise/Energy), laid down in Annex I to that Directive, and as set out in Commission Decision (EU) 2017/848 ⁵⁵ in relation to the relevant criteria and methodological standards for that descriptor.	Sustainalytics notes that Norway has developed the basis for an integrated marine environmental policy based on the ecosystem approach. Norway also fulfils the EU Directive 2008/56/EC's requirements on the development and implementation of marine strategies. SMN further communicated to Sustainalytics that according to Norway's Offshore Energy Act, wind projects under the Framework are subject to a project-specific impact assessment, which covers detailed description and assessment of i) seabed conditions and the marine environment; ii) birds, fish, habitat types and other forms of natural diversity; iii) the potential impact on ecosystem services iv) sea, air; land and noise pollution and v) climate considerations. ⁵⁶	Aligned
Transition to a circular economy	The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	SMN has communicated to Sustainalytics that Norway has implemented a regulatory system for managing electrical and electronic equipment (WEEE) waste in 1999 - the regulations on recycling and treatment of waste (Waste Regulations).	Aligned
Protection and restoration of biodiversity and ecosystems	In case of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptors 1 (biodiversity) and 6 (seabed integrity). Refer to the assessment set out in Appendix 3, Table 19	Sustainalytics notes that Norway has developed the basis for an integrated marine environmental policy based on the ecosystem approach. Norway also fulfils the EU Directive 2008/56/EC's requirements on the development and implementation of marine strategies. SMN further communicated to Sustainalytics that according to Norway's Offshore Energy Act, wind projects under the Framework are subject to a project-specific impact assessment, which covers detailed description and assessment of i) seabed conditions and the marine environment; ii) birds, fish, habitat types and other forms of natural diversity; iii) the potential impact on ecosystem services iv) sea, air; land and noise pollution and v) climate considerations.	Aligned

Table 16

Framework Activity assessed	Renewable Energy
EU Taxonomy Activity	4.5. Electricity generation from hydropower
Corresponding NACE Code	D35.11, F42.22
	SC Criteria
	Alignment

⁵⁴ Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive) (OJ L 164, 25.6.2008, p. 19).

⁵⁵ Commission Decision (EU) 2017/848 of 17 May 2017 laying down criteria and methodological standards on good environmental status of marine waters and specifications and standardised methods for monitoring and assessment, and repealing Decision 2010/477/EU (OJ L 125, 18.5.2017, p. 43).

⁵⁶ Adoption of Regulations to the Offshore Energy Act, at: <https://www.regjeringen.no/contentassets/aaac5c76aec242f09112ffdcceabd6c64/royal-decree-offshore-energy-regulation-june-2020.pdf>

Mitigation	<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/m²;</p> <p>(c) the life-cycle GHG emissions from the generation of electricity from hydropower, are lower than 100gCO₂e/kWh. 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. Quantified life-cycle GHG emissions are verified by an independent third party.</p>	<p>The Framework specifies that SMN will finance hydropower plants that: (a) are run-of-river plants without an artificial reservoir, (b) have a power density greater than 5 W/m², or (c) have life cycle emissions below 100 gCO₂e/kWh.</p>	Aligned
DNSH Criteria		Alignment	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 17		Aligned
Sustainable use and protection of water and marine resources	<p>1. The activity complies with the provisions of Directive 2000/60/EC, in particular with all the requirements laid down in Article 4 of the Directive.</p> <p>2. For operation of existing hydropower plants, including refurbishment activities to enhance renewable energy or energy storage potential, the activity complies with the following criteria:</p> <p>2.1. In accordance with Directive 2000/60/EC and in particular Articles 4 and 11 of that Directive, all technically feasible and ecologically relevant mitigation measures have been implemented to reduce adverse impacts on water as well as on protected habitats and species directly dependent on water.</p> <p>2.2. Measures include, where relevant and depending on the ecosystems naturally present in the affected water bodies:</p> <p>(a) measures to ensure downstream and upstream fish migration (such as fish friendly turbines, fish guidance structures, state of-the-art fully functional fish passes, measures to stop or minimise operation and discharges during migration or spawning);</p> <p>(b) measures to ensure minimum ecological flow (including mitigation of rapid, short-term variations in flow or hydropeaking operations) and sediment flow;</p> <p>(c) measures to protect or enhance habitats.</p>	<p>1, 2.1 and 2.2 Sustainalytics notes that the Directive 2000/60/EC (Water Framework Directive) is included in the EEA agreement, and was adopted in Norway in 2007. The directive has been adopted into the following; bygningsloven, forurensningsloven, vannresursloven and naturmangfoldloven (laws on construction of buildings, pollution, water resources and biodiversity). As such, all projects included in the Framework, being compliant with Norwegian regulation, will be compliant with the Directive.⁵⁷</p> <p>2.3. SMN has communicated to Sustainalytics that all hydropower plants in Norway need to obtain a license prior to construction and operation. The licensing authorities include the Norwegian parliament, the government, the Ministry of Petroleum and Energy and the Norwegian Water Resources and Energy Directorate (NVE).⁵⁸</p> <p>3.1 SMN confirmed to Sustainalytics that it complies with the Norwegian Regulations on Environmental Impact Assessment for plans pursuant to the Norwegian Planning and Building Act and the Directive 2000/60/EC. The EIA will be conducted prior to the construction of the plants.</p> <p>3.2, 3.3, 3.4 and 3.5 SMN has confirmed that these criteria are covered in the assessment and licensing from NVE. Sustainalytics also notes the Water Resource Act in Norway ensures that river</p>	Aligned

⁵⁷ <https://www.nve.no/vann-og-vassdrag/vassdragsforvaltning/vanndirektivet-vannforskriften/>

⁵⁸ <https://www.regjeringen.no/globalassets/upload/kilde/oed/bro/2006/0004/ddd/pdfv/287577-kap.04.pdf>

<p>2.3. The effectiveness of those measures is monitored in the context of the authorisation or permit setting out the conditions aimed at achieving good status or potential of the affected water body.</p> <p>3. For construction of new hydropower plants, the activity complies with the following criteria:</p> <p>3.1. In accordance with Article 4 of Directive 2000/60/EC and in particular paragraph 7 of that Article, prior to construction, an impact assessment of the project is carried out to assess all its potential impacts on the status of water bodies within the same river basin and on protected habitats and species directly dependent on water, considering in particular migration corridors, free-flowing rivers or ecosystems close to undisturbed conditions.</p> <p>The assessment is based on recent, comprehensive and accurate data, including monitoring data on biological quality elements that are specifically sensitive to hydromorphological alterations, and on the expected status of the water body as a result of the new activities, as compared to its current one.</p> <p>It assesses in particular the cumulated impacts of this new project with other existing or planned infrastructure in the river basin.</p> <p>3.2. On the basis of that impact assessment, it has been established that the plant is conceived, by design and location and by mitigation measures, so that it complies with one of the following requirements:</p> <p>(a) the plant does not entail any deterioration nor compromises the achievement of good status or potential of the specific water body it relates to;</p> <p>(b) where the plant risks to deteriorate or compromise the achievement of good status/potential of the specific water body it relates to, such deterioration is not significant, and is justified by a detailed cost-benefit assessment demonstrating both of the following:</p> <p>(i) the reasons of overriding public interest or the fact that benefits expected from the planned hydropower plant outweigh the costs from deteriorating the status of water that are accruing to the environment and to society;</p> <p>(ii) the fact that the overriding public interest or the benefits expected from the plant cannot, for reasons of technical feasibility or disproportionate cost, be achieved by alternative means that would lead to a better environmental outcome (such as refurbishing of existing hydropower plants or use of technologies not disrupting river continuity).</p>	<p>systems and ground water are used and managed in accordance with the interests of society. The main criterion for giving permission for works in watercourses is that their benefits are greater than the damage or inconvenience to public and private interests in the river or catchment area. The Water Resources Act also provides the authority to impose a number of conditions to compensate for and mitigate the adverse impacts of developments in river systems.⁵⁹</p> <p>Additionally, SMN confirmed to Sustainalytics that all hydropower facilities financed under the Framework are run-of-river plants which have capacities in the range of 0.1-3 MW with no or very small reservoirs and hence it will have minor impact on fragmentation of water bodies.</p>	
--	--	--

⁵⁹ Ibid.

	<p>3.3. All technically feasible and ecologically relevant mitigation measures are implemented to reduce adverse impacts on water as well as on protected habitats and species directly dependent on water. Mitigation measures include, where relevant and depending on the ecosystems naturally present in the affected water bodies:</p> <p>(a) measures to ensure downstream and upstream fish migration (such as fish friendly turbines, fish guidance structures, stateof the-art fully functional fish passes, measures to stop or minimise operation and discharges during migration or spawning);</p> <p>(b) measures to ensure minimum ecological flow (including mitigation of rapid, short-term variations in flow or hydropeaking operations) and sediment flow;</p> <p>(c) measures to protect or enhance habitats. The effectiveness of those measures is monitored in the context of the authorisation or permit setting out the conditions aimed at achieving good status or potential of the affected water body.</p> <p>3.4. The plant does not permanently compromise the achievement of good status/potential in any of the water bodies in the same river basin district.</p> <p>3.5. In addition to the mitigation measures referred to above, and where relevant, compensatory measures are implemented to ensure that the project does not increase the fragmentation of water bodies in the same river basin district. This is achieved by restoring continuity within the same river basin district to an extent that compensates the disruption of continuity, which the planned hydropower plant may cause. Compensation starts prior to the execution of the project.</p>		
<p>Protection and restoration of biodiversity and ecosystems</p>	<p>Refer to the assessment set out in Appendix 3, Table 19</p>	<p>Aligned</p>	

Appendix 3: Criteria for “Do No Significant Harm” (DNSH) to i) Climate Change Adaptation and Protection ii) Sustainable Use and Protection of Water and Marine Resources and iii) Restoration of Biodiversity and Ecosystems

Table 17

Criteria for DNSH to Climate Change Adaptation		
<i>DNSH Criteria</i>	<i>Alignment</i>	
<p>The physical climate risks that are material to the activities mentioned above have been identified by the Issuer by performing a robust climate risk and vulnerability assessment.⁶⁰ The assessment must be proportionate to the scale of the activity and its expected lifespan, such that:</p> <ul style="list-style-type: none"> for investments into activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using downscaling of climate projections; for all other activities, the assessment is performed using high resolution, state-of-the-art climate projections across a range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 years climate projections scenarios for major investments. <p>The issuer has developed a plan to implement adaptation solutions to reduce material physical climate risks to the selected activities under the Framework.</p> <ul style="list-style-type: none"> For new activities the Issuer ensures that adaptation solutions do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts. For activities that involve upgrading or altering existing assets or processes, the Issuer must implement adaptation solutions identified within five years from the start of the activity. In addition, selected adaptation solutions must not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts. 	<p>SMN has developed an ESG module and implemented in its loan application and credit assessment process to assess the ESG risks of its corporate customers that have exposure to more than NOK 10 million (EUR 0.87 million). For customers expose to less than NOK 10 million, the Bank requires a verbal risk assessment if negative discrepancies are observed. In addition, the Bank maps the climate risks using TCFD template and the risk assessment is performed in a short, medium and long time dimension. process is supervised by several departments.^{61,62} SMN also has an exclusion list for each sector.⁶³</p> <p>SMN confirmed to follow all national and international laws where it operates. The Bank also requires its suppliers and contract partners to respect fundamental requirements relating to the environment, social conditions and ethical business practice.</p>	Aligned

Table 18

Criteria for the Sustainable Use and Protection of Water and Marine Resources		
<i>DNSH Criteria</i>	<i>Alignment</i>	

⁶⁰ The EU Delegated Act identifies several climate related risk and classifies them into chronic or acute risks, Chronic risks include -changing temperature (air, freshwater, marine water), changing wind patterns, changing precipitation patterns and types, coastal erosion, heat stress, ocean acidification, sea-level rise, and solifluction. Acute risks pertain to – heat/ cold wave, wildfire, cyclone, hurricane, tornado, storm, drought, landslide, flood, and glacial lake outburst. For a complete list of climate related risk please refer to Section 2 of Appendix E of EU’s draft delegated regulation (Annex 1), at: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12302-Climate-change-mitigation-and-adaptation-taxonomy#ISC_WORKFLOW

⁶¹ SpareBank 1 SMN, “Guidelines on ESG risk management”, at: <https://www.sparebank1.no/content/dam/SB1/bank/smn/om-oss/Barekraft/smn-barekraft-retningslinjer-utlan-bm-engelsk-jan2023.pdf>.

⁶² SpareBank 1 SMN, “2022 Annual Report”, at: <https://annualreport.smn.no/2022/pdf/2/annual-report-2022.pdf>

⁶³ SpareBank 1 SMN, “Guidelines on ESG risk management”, at: <https://www.sparebank1.no/content/dam/SB1/bank/smn/om-oss/Barekraft/smn-barekraft-retningslinjer-utlan-bm-engelsk-jan2023.pdf>.

<ul style="list-style-type: none"> Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed with the aim of achieving good water status and good ecological potential as defined in Article 2, points (22) and (23), of Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC of the European Parliament and of the Council and a water use and protection management plan, developed thereunder for the potentially affected water body or bodies, in consultation with relevant stakeholders. Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU of the European Parliament and of the Council and includes an assessment of the impact on water in accordance with Directive 2000/60/EC, no additional assessment of impact on water is required, provided the risks identified have been addressed. 	<p>SMN follows Legislative framework in the EU. The EU Water Framework Directive (2000/60/EC) requires all Member States to protect and improve water quality in all waters so that we achieve good ecological status by 2015 or, at the latest, by 2027. For all member states of the European Union the directive can be assumed to be transposed into national regulation. The Water Framework Directive (WFD) has been transposed into Norwegian national law by way of the Water Regulation.</p> <p>The Environmental Impact Assessment is conducted at the planning stage, as per conformity with European legislation. Moreover, it complies with the Norwegian Regulations on Environmental Impact Assessment for plans pursuant to the Norwegian Planning and Building Act and all national regulatory requirements.</p>	<p>Aligned</p>
--	---	----------------

Table 19

Criteria for the Protection and Restoration of Biodiversity and Ecosystems		
<i>DNSH Criteria</i>	<i>Alignment</i>	
<ul style="list-style-type: none"> An Environmental Impact Assessment (EIA) or screening has been completed, for activities within the Union, in accordance with Directive 2011/92/EU. For activities in third countries, an EIA has been completed in accordance with equivalent national provisions or international standards. Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented. 	<p>SMN confirmed that projects pursuant to the Norwegian Planning and Building Act comply with the Norwegian Regulations on Environmental Impact Assessment, the provisions of which implement the Directive 2011/92/EU.</p> <p>SMN also confirmed that it complies with the Norwegian Nature Diversity Act which sets out requirements to protect biological, geological and landscape diversity and ecological processes through conservation and sustainable use.</p>	<p>Aligned</p>

Appendix 4: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	SpareBank 1 SMN
--------------	-----------------

Green Bond ISIN or Issuer Green Finance Framework Name, if applicable:	SpareBank 1 SMN Green Finance Framework
--	---

Review provider's name:	Sustainalytics
-------------------------	----------------

Completion date of this form:	January 02, 2024
-------------------------------	------------------

Publication date of review publication:	Update to the SpareBank 1 SMN's Green Finance Framework Second-Party Opinion published on August 24, 2020
Original publication date [please fill this out for updates]:	

Section 2. Review overview

SCOPE OF REVIEW

The review:

- assessed the 4 core components of the Principles (**complete review**) and confirmed the alignment with the GBP and GLP.
- assessed only some of them (**partial review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*); please indicate which ones:
 - Use of Proceeds
 - Process for Project Evaluation and Selection
 - Management of Proceeds
 - Reporting
- assessed the alignment with other regulations or standards (CBI, EU GBS, ASEAN Green Bond Standard, ISO 14030, etc.); please indicate which ones: Assessed the alignment with the EU Taxonomy.

ROLE(S) OF INDEPENDENT REVIEW PROVIDER

- Second Party Opinion
- Certification
- Verification
- Scoring/Rating
- Other (please specify):

Does the review include a sustainability quality score?

- Of the issuer
- Of the project
- Of the Framework
- Other (please specify):
- No scoring

ASSESSMENT OF THE PROJECT(S)

Does the review include:

- The environmental and/or social features of the type of project(s) intended for the Use of Proceeds?
- The environmental and/or social benefits and impact targeted by the eligible Green and/or Social Project(s) financed by the Green, Social or Sustainability Bond?
- The potentially material environmental and/or social risks associated with the project(s) (where relevant)?

ISSUER'S OVERARCHING OBJECTIVES**Does the review include:**

- An assessment of the issuer's overarching sustainability objectives and strategy, and the policies and/or processes towards their delivery?
- An identification and assessment of environmental, social and governance related risks of adverse impact through the Issuer's [actions] and explanations on how they are managed and mitigated by the issuer?
- A reference to the issuer's relevant regulations, standards, or frameworks for sustainability-related disclosure and reporting?

CLIMATE TRANSITION STRATEGY**Does the review assess:**

- The issuer's climate transition strategy & governance?
- The alignment of both the long-term and short/medium-term targets with the relevant regional, sector, or international climate scenario?
- The credibility of the issuer's climate transition strategy to reach its targets?
- The level/type of independent governance and oversight of the issuer's climate transition strategy (e.g. by independent members of the board, dedicated board sub-committees with relevant expertise, or via the submission of an issuer's climate transition strategy to shareholders' approval).
- If appropriate, the materiality of the planned transition trajectory in the context of the issuers overall business (including the relevant historical datapoints)?
- The alignment of the issuer's proposed strategy and targets with appropriate science-based targets and transition pathways that are deemed necessary to limit climate change to targeted levels?
- The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically?

Overall comment on this section:**Section 3. Detailed review****1. USE OF PROCEEDS****Does the review assess:**

- the environmental/social benefits of the project(s)?
- whether those benefits are quantifiable and meaningful?
- for social projects, whether the target population is properly identified?

Does the review assess if the issuer provides clear information on:

- the estimated proceeds allocation per project category (in case of multiple projects)?
- the estimated share of financing vs. re-financing (and the related lookback period)?

Overall comment on this section:

The eligible categories for the use of proceeds – Green Buildings; Environmentally Sustainable Management of Living Natural Resources and Land Use; Circular Economy Adapted Products, Production Technologies and Processes and Certified Eco-efficient Products; Clean Transportation; and Renewable Energy – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 8, 9, 11 and 12.

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Does the review assess:

- whether the eligibility of the project(s) is aligned with official or market-based taxonomies or recognised international standards? Please specify which ones.
- whether the eligible projects are aligned with the overall sustainability strategy of the issuer and/or if the eligible projects are aligned with material ESG-related objectives in the issuer's industry?
- the process and governance to set the eligibility criteria including, if applicable, exclusion criteria?
- the processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s)?
- any process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s)?

Overall comment on this section:

SpareBank 1 SMN's Green Bond Committee will be responsible for the evaluation and selection of assets and projects in line with the eligibility criteria. The Green Bond Committee will undertake internal processes to identify environmental and social risks for all allocation decisions and appropriate risk mitigation measures where possible. Sustainalytics considers the risk management system and the project evaluation and selection process to be in line with market practice.

3. MANAGEMENT OF PROCEEDS

Does the review assess:

- the issuer's policy for segregating or tracking the proceeds in an appropriate manner?
- the intended types of temporary investment instruments for unallocated proceeds?
- Whether an external auditor will verify the internal tracking of the proceeds and the allocation of the funds?

Overall comment on this section:

SpareBank 1 SMN's Green Bond Committee will be responsible for the management of proceeds on a portfolio basis and track the allocation of proceeds using an internal register. SpareBank 1 SMN intends to allocate all the proceeds at the time of issuance. Pending full allocation, proceeds will be temporarily held or invested in SpareBank 1 SMN's liquidity portfolio in money market instruments. This is aligned with market practice.

4. REPORTING

Does the review assess:

- the expected type of allocation and impact reporting (bond-by-bond or on a portfolio basis)?
- the frequency and the means of disclosure?
- the disclosure of the methodology of the expected or achieved impact of the financed project(s)?

Overall comment on this section:

SpareBank 1 SMN commits to report on the allocation of proceeds and corresponding impact on its website on an annual basis until full allocation. Allocation reporting will include the size of the eligible green loan portfolio, the total amount of proceeds allocated to the eligible green loan portfolio, the balance of unallocated proceeds, the amount of financing versus refinancing and the geographical location of the assets. Sustainalytics considers SpareBank 1 SMN's allocation and impact reporting commitments to be aligned with market practice.

Section 4. Additional Information

Useful links (e.g. to the external review provider's methodology or credentials, to the full review, to issuer's documentation, etc.)

Analysis of the contribution of the project(s) to the UN Sustainable Development Goals:

Additional assessment in relation to the issuer/bond framework/eligible project(s):

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Finance Framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Finance Framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Finance Framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

Disclaimer

Copyright ©2023 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

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

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

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world’s leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com

Or contact us contact@sustainalytics.com

