Sustainability within SR-Bank and SR-Boligkreditt
Sustainability within SR-Bank

- The group’s sustainability principles are based on the 17 UN Sustainable Development Goals
- We support the UN Global Compact’s ten principles for sustainability
- We recently became a founding signatory of the UN Principles for Responsible Banking
Our operations are managed through focusing on a long-term perspective

- **Environment and climate**: As a responsible financial group, we take a proactive approach to environmental and climate challenges.

- **Working environment**: We respect fundamental human rights, labour rights and basic social needs. The requirements concerning labour rights also apply to our suppliers.

- **Ethics and anti-corruption**: SR-Bank’s code of conduct contributes to, among other things, fighting corruption, extortion, bribery, whitewashing, fraud, terrorist financing, and the financing of other criminal activities.

- **Responsible investment**: Every company in which we invest in connection with asset management is checked to see whether they are involved in tobacco production, nuclear weapons, or serious environmental destruction.

- **Suppliers**: SR-Bank’s purchasing policy specifies that purchases must be as sustainable as possible, and bidders must submit information on their sustainability and CSR.

- **Responsible credit**: Our customers must have a long-term perspective and comply with applicable laws and regulations, including environmental considerations and human rights.

- **Money laundering and terrorist financing**: SR-Bank has an extensive framework of guidelines intended to prevent us being used for money laundering, tax evasion or terrorist financing.
SR-Bank’s sustainability strategy is embedded through our guidelines

### Guidelines

#### Environment

SR-Bank aims to increase the proportion of companies that contribute to higher use of renewable energy

**We encourage our customers to:**

- Establish targets for energy efficiency and reduction of greenhouse emissions
- Work towards reducing pollution and contribution to good routines for waste management and recycling
- Make use of renewable energy where appropriate

#### Society

SR-Bank aims to make a positive contribution to social development in the local communities where the bank is active

**We expect our customers to:**

- Treat people in accordance with recognised international norms
- Respect the United Nations Declaration of Human Rights and Workers’ Rights
- Respect the ILO’s eight fundamental conventions
- Safeguard human rights in war and/or conflicts

#### Corporate Governance

SR-Bank has strict routines for combating money laundering and hidden ownership. The bank also aims to encourage clients to have good routines for sustainable choices

**We expect our customers to:**

- Have zero tolerance for corruption and economic crime within their own operations and in companies with which they do business
- Contribute to full transparency relating to suspected corruption and help investigate such issues
**Sustainability strategy: Our environmental goals & principles**

**SR-Bank aims to increase the proportion of companies that contribute to higher use of renewable energy. The bank intends to encourage such an increase through green business development**

- Clients with a conscious approach to climate risk and who focus on reducing their impact on the climate and the environment
- Companies that prevent negative consequences for local areas listed on the UNESCO World Heritage List, wetlands registered in the Ramsar Convention or vulnerable nature/conservation areas registered by the International Union for Conservation of Nature (IUCN)
- Companies that operate in areas of endangered plant and animal species, including animal species listed on the IUCN Red List of Threatened Species and that take into account such species and minimise interventions in nature
- Companies with proper management of recoverable natural resources
- Companies with proper operations and interaction with all interest groups in relation to the extraction of non-recoverable natural resources

**We do not provide loans to businesses that:**

- Are involved in the extraction of or energy production based on coal or that can in some way be associated with nuclear power
- Make use of timber from enterprises engaged in illegal logging, selling illegally felled timber or timber from deforestation, and/or destroying tropical rainforests, removing primary forests or protected forests (High conservation value forests)
Green product offerings

- SR-Bank expects the demand from customers and investors for green products to grow in the coming years.
- Green products are defined as savings and credit agreements that contain conditions concerning whether the investment object is sustainable in a climate and environmental sense.
- SR-Bank will keep working on developing green product for both the retail market and the corporate market.

Green car loans: 3.72% of the total product portfolio
Green car insurance: 6.00% of the total product portfolio
SR-Bank ESG scoring

SpareBank 1 SR-Bank ASA

**Industry:** Banks  
**Domicile:** Norway  
**Marketcap:** 3.116 mm. USD  
**Ticker:** OSL:SRBANK  
**Employees:** 1,151

**ESG Summary**

**Overall Performance**

- **Overall ESG Score:** 77  
  - Leader: Outperformer
  - Average: Average Performer
  - Laggard: Underperformer

- **Environment:** 88  
  - Outperformer

- **Social:** 73  
  - Average Performer

- **Relative Position:** 30 out of 338  
  - Outperformer

- **Percentile:** 91st  
  - Outperformer

**SUSTAINALYTIKS ESG RISK RATING REPORT**

**SpareBank 1 SR-Bank ASA**

**Score:** 21.0 /100  
**Rating:** Medium  
**Category:** Regional Banks | Norway | OSL:SRBANK

**Rating Overview**

The company is at medium risk of experiencing material financial impacts from ESG factors, due to its medium exposure and average management of material ESG issues. Furthermore, the company has not experienced significant controversies.
To transform the banking industry to enable it to play a leading role in achieving society’s goals

A responsible banking industry that is an integral part of the society of the 21st century because it serves and contributes to an inclusive society that uses its natural resources sustainably

We will take a leadership role and use our products, services and relationships to support and accelerate the fundamental changes in our economies and lifestyles necessary to achieve shared prosperity for both current and future generations

What are the principles?

1. **Alignement**
   We will align our business strategy to be consistent with and contribute to individuals’ needs and society’s goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

2. **Impact & Target Setting**
   We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

3. **Clients & Customers**
   We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

4. **Stakeholders**
   We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.

5. **Governance & Culture**
   We will implement our commitment to these Principles through effective governance and a culture of responsible banking. Goals, the Paris Climate Agreement and relevant national and regional frameworks.

6. **Transparency & Accountability**
   We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society’s goals.
SR-Forvaltning is a signatory of UNPRI

The PRI has grown consistently since it began in 2006

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.
Leading by example: our new Headquarters

• Finansparken in Bjergsted will be the new head office for SR-Bank in Stavanger. The building process has already started. When Finansparken is completed, it will be one of Europe’s largest commercial buildings made of wood.

• Finansparken is to be certified in accordance with BREEAM NOR and aims to achieve the classification Excellent.
  - Estimated power consumption: 79.4 kWh / m²
  - Estimated use of fossil energy: 0
  - Estimated renewable energy production: 15.6 kWh / m²
  - Estimated water consumption: 11.4 m³ / person / yr
Green Bond Framework
Green bond framework highlights

- **Use of proceeds**: Green buildings, renewable energy, clean transportation
- **Management of proceeds**: The green bonds proceeds will be managed by SR-Bank in a portfolio approach
- **Projects evaluation and selection**: Green bond committee established. Evaluation and selection based on compliance with the eligibility criteria
- **Reporting**: SR-Bank intends to make and keep readily available green bond reporting after a year from the issuance
- **External Review**: Sustainalytics has issued a second party opinion on SR-Bank green bond framework

Aligned with the ICMA Green Bond Principles 2018

Aligned with the draft EU Taxonomy and the TEG recommendation on the EU Green Bond Standards
### Use of Proceeds overview

**SR-Boligkreditt**

<table>
<thead>
<tr>
<th>Green covered bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Green buildings</strong></td>
</tr>
<tr>
<td>• Loans to finance or refinance new or existing energy efficient residential buildings in Norway</td>
</tr>
</tbody>
</table>

New Buildings belonging to the top 15% most energy-efficient buildings of the local building stock and refurbished buildings which achieved energy savings of at least 30% in comparison to the baseline performance of the building before the renovation.

**SR-Bank**

<table>
<thead>
<tr>
<th>Green senior bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Renewable energy</strong></td>
</tr>
<tr>
<td>• Loans to finance or refinance equipment, development, manufacturing, construction, operation, distribution and maintenance of renewable energy generation sources from</td>
</tr>
<tr>
<td>- Hydro power (Run-of-river, small scale hydro power plants, refurbishment or refinancing of existing medium or large hydropower plants)</td>
</tr>
<tr>
<td>- Onshore and offshore energy wind projects</td>
</tr>
<tr>
<td>- Solar projects (Photovoltaic energy projects)</td>
</tr>
</tbody>
</table>

**Clean transportation** |

• Loans aiming at financing or refinancing production, establishment, acquisition, expansion, upgrades, maintenance and operation of low carbon vehicles and related infrastructures

- Low carbon vehicles
- Low carbon transportation infrastructure: infrastructure related to electric transportation of passengers such as charging stations for electric vehicles

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Green buildings

Residential buildings

1. New or existing residential buildings in Norway that comply with the following codes (built after 2009).
   - Apartments: TEK10 or TEK17
   - Other residential dwellings: TEK07, TEK10 or TEK17

2. Existing Norwegian residential buildings built using older building codes than TEK10 for apartments and TEK07 for other residential dwellings with EPC-labels A, B and C (built before 2009).

Eligible portfolio - Residential buildings

<table>
<thead>
<tr>
<th></th>
<th>Number of units</th>
<th>Area qualifying buildings in portfolio [m2]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartments</td>
<td>4 752</td>
<td>371 928</td>
</tr>
<tr>
<td>Small residential buildings</td>
<td>8 895</td>
<td>1 645 175</td>
</tr>
<tr>
<td>Sum</td>
<td>13 647</td>
<td>2 026 103</td>
</tr>
</tbody>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Small residential buildings</td>
<td>20.8bn NOK</td>
<td></td>
</tr>
<tr>
<td>Apartments</td>
<td>7.8bn NOK</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>28.6bn NOK</td>
<td></td>
</tr>
</tbody>
</table>
Green buildings

Commercial buildings

1. New or existing commercial buildings belonging to top 15% low carbon buildings in Norway.

2. New, existing or refurbished commercial buildings which received at least one or more of the following classifications:
   - LEED “Gold”, BREEAM or BREEAM-NOR “Excellent”, or equivalent or higher level of certification
   - Nordic Swan Ecolabel.

3. Refurbished commercial buildings in Norway with an improved energy efficiency of 30%.

Eligible portfolio - Commercial buildings

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of units</th>
<th>Area qualifying buildings in portfolio [m²]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office buildings</td>
<td>4,485</td>
<td>191,121</td>
</tr>
<tr>
<td>Commercial buildings</td>
<td>2,185</td>
<td>65,551</td>
</tr>
<tr>
<td>Hotel buildings</td>
<td>7,000</td>
<td>7,000</td>
</tr>
<tr>
<td>Small industry and warehouse</td>
<td>4,566</td>
<td>173,515</td>
</tr>
<tr>
<td><strong>Sum</strong></td>
<td></td>
<td><strong>437,183</strong></td>
</tr>
</tbody>
</table>

Total: 4.8bn NOK

Industry/Warehouse: 1.1bn NOK
Hotel: 0.1bn NOK
Commercial: 0.6bn NOK
Office: 3.0bn NOK
Impact assessment - residential buildings: CO2 impact

The eligible portfolio has an estimated average energy consumption of less than 50 per cent of the Norwegian average.

Reduced energy consumption of 305 GWh per year on SR-Bank total eligible green portfolio.

Reduced CO₂ emissions of 123,907 tons CO₂/year.

Average specific energy demand per m² (kWh)

- SR-Bank: 122
- Norwegian residential building stock: 256

The eligible portfolio has an estimated average energy consumption of less than 50 per cent of the Norwegian average.
Renewable energy & clean transportation

Renewable energy

Hydro power
- Run-of-river, small scale hydro power plants
- Refurbishment or refinancing of existing medium or large hydropower plants

Wind projects
- Onshore and offshore wind energy projects

Solar projects
- Photovoltaic energy projects

All renewable energy assets will conform with limited direct emissions of less than 100g CO2e / KWh

Clean transportation

Low carbon vehicles
- Fully electrified, hybrid or hydrogen passenger vehicles such as cars
- Fully electrified or hydrogen freight vehicles such as ferries or vessels

Low carbon transportation infrastructure
- Infrastructure related to electric transportation of passengers such as charging stations for electric vehicles
Management of proceeds

- The green bond proceeds will be managed in a portfolio approach.
- SR-Bank intends to allocate the proceeds from the green bonds to a portfolio of loans that meet the use of proceeds eligibility criteria.
- SR-Bank will strive, over time, to achieve a level of allocation for the eligible green loan portfolio that matches or exceeds the balance of net proceeds from its outstanding green bonds.
- While any green bond net proceeds remain unallocated, SR-Bank will hold and/or invest, at its own discretion, in its treasury liquidity portfolio.
- For green covered bonds, SR-Boligkreditt will ensure that there are enough eligible green mortgages within the cover pool relative to green covered bonds outstanding.
Reporting

Allocation reporting

- Amount of proceeds allocated to eligible loans
- Number of eligible loans
- Balance of unallocated proceeds
- Amount or percentage of new financing and refinancing
- Geographical distribution of the assets (at country level)

Impact reporting

<table>
<thead>
<tr>
<th>Eligible Project Category</th>
<th>Potential Impact Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Buildings</td>
<td>▪ Estimated ex-ante annual energy consumption in KWh/m² or energy savings in MWh</td>
</tr>
<tr>
<td></td>
<td>▪ Estimated annual reduced and/or avoided emissions in tons of CO2 equivalent</td>
</tr>
<tr>
<td></td>
<td>▪ For other categories SR-Bank may provide impact indicators whenever practicable.</td>
</tr>
<tr>
<td>Renewable Energy</td>
<td>▪ Total installed capacity in MWh</td>
</tr>
<tr>
<td></td>
<td>▪ Estimated annual avoided emissions in tons of CO2 equivalent</td>
</tr>
<tr>
<td>Clean Transportation</td>
<td>▪ Low carbon vehicles: Number of vehicles (units per year)</td>
</tr>
<tr>
<td></td>
<td>▪ Low carbon infrastructure: Number of EV’s</td>
</tr>
<tr>
<td></td>
<td>▪ Estimated ex-ante annual GHG emissions reduced / avoided in tons of CO2 equivalent vs fuel-based powertrain vehicles</td>
</tr>
</tbody>
</table>

**SR-Bank intends to make and keep readily available green bond reporting after a year from the issuance, to be renewed annually until full allocation**
Sustainalytics’ second party opinion

Sustainalytics has issued a second party opinion on SR-Bank green bond framework

Use of Proceeds: The eligible categories – residential green buildings, commercial green buildings, renewable energy, and clean transportation – are aligned with those recognized by the Green Bond Principles.

Project Evaluation and Selection: SR-Bank has established a dedicated Green Bond Committee, including its members of the Corporate Division, Communication and Social Responsibility and senior officials within SR-Bank’s funding team, to carry out activities related to the Framework. This is in line with market practice.

Management of Proceeds: The proceeds of green bonds will be managed on a portfolio basis. Unallocated proceeds may be held in cash or other liquid instruments. This is in line with market practice.

Reporting: A third-party has been retained to develop a reporting methodology for the green real estate, renewables and clean transportation portfolio. This is in line with market practice.

Verification: SR-Bank may request on an annual basis, starting one year after issuance and until maturity (or until full allocation), a limited assurance report of the allocation of the bond proceeds to eligible assets, provided by its external auditor.)
CBI Certification – inaugural green covered bond

SR-Boligkreditt’s inaugural green covered bond will be certified in line with the Low Carbon Building Criteria of the Climate Bond Standards.

Sustainalytics has assisted in verifying against the CBI’s criteria.