

Second-Party Opinion SR-Bank Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the SR-Bank Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – residential green buildings, commercial green buildings, renewable energy, and clean transportation – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that the eligible loans will lead to positive environmental impacts and advance the UN Sustainable Development Goals, in particular goals 7, 9, and 11.



PROJECT EVALUATION / 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. For the SR-Bank real estate portfolio, data from the Land Registry regarding building year will be used. This is in line with market practice.



MANAGEMENT OF PROCEEDS The proceeds of green bonds will be managed on a portfolio basis, and SR-Bank will strive to maintain a level of allocation at least equivalent to the balance of outstanding bonds. Unallocated proceeds may be held in cash or other liquid instruments. This is in line with market practice.



REPORTING Allocation and impact reporting will be provided on an annual basis, including the total amount allocated, the number of eligible loans, and relevant quantitative impact indicators. 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.

Evaluation date	August 30, 2019
Issuer Location	Stavanger, Norway

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Introduction

SpareBank 1 SR-Bank ASA (“SR-Bank” or the “Bank”) is the largest regional bank in Norway. The Bank targets customers throughout Norway except the northernmost regions. SR-Bank offers a range of services to both corporate and retail customers. SR-Bank is one of the 14 banks that constitute the SpareBank 1 alliance.

SR-Bank has developed the SR-Bank Green Bond Framework (the “Framework”) under which it intends to issue Green Covered Bonds and Green Senior Bonds, and use the proceeds to finance or refinance, in whole or in part, eligible loans. The Framework defines eligibility criteria in four areas:

1. Green Residential Buildings
2. Green Commercial Buildings
3. Renewable Energy
4. Clean Transportation

Green Covered Bonds under the Framework will be issued by SR-Boligkreditt AS, the Bank’s wholly-owned mortgage lending subsidiary.

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

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

This document contains Sustainalytics’ opinion of the SR-Bank Green Bond Framework and should be read in conjunction with that Framework.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² The Green Bond Framework is available on SR-Bank’s website at: <https://www.sparebank1.no/en/sr-bank/about-us/Sustainability.html>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the SR-Bank Green Bond Framework

Summary

Sustainalytics is of the opinion that the SR-Bank Green Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018. Sustainalytics highlights the following elements of SR-Bank's Framework:

- Use of Proceeds:
 - The use of proceeds categories – green buildings, renewable energy, and clean transportation – are recognized as impactful by the GBP.
 - SR-Bank's criteria for eligible residential green buildings is aligned with market practice, and Sustainalytics views positively that SR-Bank has commissioned a report from expert consultant Multiconsult ASA to define these criteria:
 - Apartments compliant with building codes TEK10 or TEK17, and therefore built after 2012, and other residential dwellings compliant with building codes TEK07, TEK10, and TEK17, and hence built after 2009. These buildings are within the top 15% most energy efficient buildings in Norway.
 - Dwelling built to older building codes that have EPC labels of A, B, or C. These buildings are within the top 15% most energy efficient in Norway.
 - Refurbished buildings that have 30% improved energy efficiency, as measured by a two-step improvement in EPC or a 30% improvement in measured specific energy (kWh/m²) from the EPC level calculated based on building age.
 - SR-Bank's criteria for eligible commercial green buildings are aligned with market practice:
 - Buildings within the top 15% low-carbon in Norway, as defined by a methodology developed by Multiconsult.³
 - Buildings with third-party certifications, namely LEED Gold, BREEAM/BREEAM-NOR Excellent or equivalent or higher levels, or the Nordic Swan Ecolabel.
 - Refurbished buildings that have 30% improved energy efficiency, as measured by a two-step improvement in EPC or a 30% improvement in measured specific energy (kWh/m²) from the EPC level calculated based on building age.
 - The Framework defines renewable energy in line with market practice, including wind, solar, and hydro. Sustainalytics views positively that for hydropower, additional criteria have been put in place to minimize environmental and social risks, namely that projects must have direct emissions less than 100 gCO₂/kWh⁴ and be either small-scale run-of-river facilities (<20MW) or refurbishment/refinancing of existing facilities.
 - The Framework allows for investments in low-carbon vehicles as well as infrastructure for electric transportation such as charging stations. Sustainalytics views positively SR-Bank's definition of low-carbon vehicles, namely those that are electric or hydrogen-powered, or, for passenger vehicles, hybrids with direct emissions of less than 50 gCO₂ per passenger-kilometer.⁵
 - Sustainalytics notes that, at this time, most hydrogen on the market is derived from natural gas by steam reformation, and therefore has significant lifecycle carbon emissions. Nevertheless, based on the potential for hydrogen to be produced from renewable energy (ie. by electrolysis), this is considered to be compliant with a trajectory to decarbonisation.
- Project Evaluation and Selection:

³ The top 15% has been defined as hotel and restaurant buildings built after 2011 and office, retail, and industrial buildings built after 2010, therefore compliant with TEK07 or more recent.

⁴ This emissions threshold is aligned with that proposed in the EU Technical Expert Group's June 2019 Taxonomy Technical Report, as well as the Climate Bonds Initiative's Draft Hydropower Criteria.

⁵ This emissions threshold is aligned with that proposed in the EU Technical Expert Group's June 2019 Taxonomy Technical Report in relation to passenger transport.

- SR-Bank has established a dedicated Green Bond Committee to oversee the development and implementation of the Framework; this committee consists of members of the Corporate Division, Communication and Social Responsibility and other senior members of the funding team.
- For green buildings specifically, information from the Land Registry will be used to determine the age of buildings, in order to qualify these properties using the criteria developed by Multiconsult.
- Based on the establishment of a formal committee with senior representation, and the use of data from official databases, Sustainalytics considers this to be in line with market practice.
- Management of Proceeds:
 - SR-Bank will manage the proceeds of its green bond(s) using a portfolio approach, and will strive to achieve a level of allocation that matches the balance of outstanding instruments by adding loans to the portfolio as needed.
 - Pending allocation, proceeds may be held in the Bank's treasury liquidity portfolio in cash or other liquid instruments.
 - Based on the commitment to a portfolio approach, and the disclosure of temporary allocation, Sustainalytics considers this to be in line with market practice.
- Reporting:
 - SR-Bank will provide annual allocation reporting until full allocation, including the total amount allocated, the number of eligible loans, the balance of unallocated proceeds, and amounts or shares of financing/refinancing.
 - Impact reporting may include quantitative indicators relevant to the project type, such as installed capacity and estimated energy savings. SR-Bank has appointed real estate specialist Multiconsult to develop methodologies to calculate impact.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the SR-Bank's green bond aligns to the four core components of the Green Bond Principles 2018. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of the Issuer

Contribution of framework to issuer's sustainability strategy

SR-Bank's commitment to social responsibility is laid out in its Sustainability Strategy, which lays out the nine key points the strategy considers, including its overall principles, its governance structure, and various thematic areas such as sustainable credit and responsible investment.⁶ The Strategy is additionally underpinned by its Sustainability Guidelines, which have as their stated purpose to ensure "that the bank is a positive contributor to responsible and sustainable business conduct, that the bank minimises the risk of involvement in unacceptable business conduct, and a shared framework for implementing sustainability criteria".⁷ In practice, that means that Bank has laid out a series of commitments in the areas of environment, society, and corporate governance.

In addition to these overarching guidelines, SR-Bank has developed specific sustainability guidelines for the corporate market, which are of particular relevance for its green bond programme.⁸ These include items which the Bank encourages its customers to consider, including establishing quantitative energy and greenhouse gas targets and using renewable energy where appropriate. Furthermore, SR-Bank is a signatory to the UN Global Compact, and has committed to aligning with its ten principles,⁹ and has selected three of the UN SDGs

⁶ SR-Bank, "Sustainability Strategy", <https://www.sparebank1.no/nb/sr-bank/om-oss/baerekraft/baerekraftsmal.html>

⁷ SR-Bank, "Sustainability Guidelines", <https://www.sparebank1.no/en/sr-bank/about-us/Sustainability/our-sustainability-guidelines.html>

⁸ SR-Bank, "Sustainability Guideline for the corporate market", <https://www.sparebank1.no/content/dam/SB1/bank/sr-bank/om-oss/Samfunn/SustainabilityguidelinesforthecorporatemarketSpareBank1SR-Bank.pdf>

⁹ UN Global Compact, "Communication on Progress: SpareBank 1 SR-Bank", <https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/418825>

are a point of focus for its sustainability commitments: gender equality, decent work and economic growth, and climate action.

As part of its annual reporting, SR-Bank reports on its progress in achieving sustainability objectives, including metrics related to carbon emissions, responsible purchasing, and responsible credit. In 2018, the Bank's total carbon emissions (Scopes 1-3) were 920.7 tCO₂e or 0.7 per FTE while within the area of green products the Bank reported that green car loans made up 3.72% of its automotive lending portfolio.¹⁰ SR-Bank reviews this progress annually and sets new sustainability objectives; in 2018 these goals included developing green products and services, updating its ethical code of conduct to include nature and the environment, and continue to focus on reduced internal resource use.¹¹

Based on the policies and commitments in place, as well as the demonstrated record of robust sustainability reporting, Sustainalytics considers SR-Bank well-placed to issue green bonds, and that the activities described in the Framework will advance the Bank's sustainability strategy.

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

The loans financed by SR-Bank's green bonds will be directed to projects and activities with environmental benefits. Nevertheless, by offering lending and financial services, banks are exposed to risks associated with controversial companies and/or projects they may finance, and as such, may inadvertently finance activities that have negative social or environmental impacts. These risks include, but are not limited to, pollution and impacts on biodiversity from construction and impacts on local communities from green buildings and renewable energy projects.

Sustainalytics considers that SR-Bank is mitigating these risks through the following actions and procedures:

- Corporate market areas guidelines, which provide environmental and social exclusionary criteria for lending clients, such as involvement with coal or nuclear power, logging or timber from High Conservation Value Forests, controversial weapons, or tobacco and pornography.¹²
- Commitments to supply chain responsibility, including that suppliers must comply with ILO conventions and comply with other minimum environmental and social standards.¹³
- Specific sustainability guidelines relating to the agriculture and forestry sectors, with reference to how impacts on natural habitats are managed.¹⁴
- An ethics approach governed by a Code of Conduct and overseen by an ethics committee with internal and external stakeholders. All employees must sign the Code annually, which includes expectations for legal compliance as well as responsibility to customers, suppliers, and society. The Bank's anti-corruption approach is based on ISO 37001.¹⁵
- As the majority of the Bank's clients have activities within Norway, they are governed by the Country's robust regulatory regime. Norway is considered a designated country by the Equator Principles.¹⁶

Based on the policies in place, as well as the regulatory context in which SR-Bank operates, Sustainalytics is of the opinion that the Bank is well-positioned to mitigate common environmental and social risks associated with the projects financed by the Framework.

Section 3: Impact of Use of Proceeds

The three use of proceeds categories are recognized as impactful by the GBP. Sustainalytics has focused below on how the impact is specifically relevant in the local context.

¹⁰ SR-Bank, "Sustainability Report 2018", <https://www.sparebank1.no/content/dam/SB1/bank/sr-bank/om-oss/Investor/Rapporter/2018/4-kvartal/Sustainabilityreport2018.pdf>

¹¹ SR-Bank, "Future Actions", <https://www.sparebank1.no/en/sr-bank/about-us/Sustainability/future-actions.html>

¹² SR-Bank, "Sustainability Guideline for the corporate market", <https://www.sparebank1.no/content/dam/SB1/bank/sr-bank/om-oss/Samfunn/SustainabilityguidelinesforthecorporatemarketSpareBank1SR-Bank.pdf>

¹³ SR-Bank, "Requirements for Suppliers", <https://www.sparebank1.no/nb/sr-bank/om-oss/baerekraft/Kravtilvireleverandorer.html>

¹⁴ SR-Bank, "Overordnede retningslinjer for bærekraft: Landbruk og natur", https://www.sparebank1.no/content/dam/SB1/bank/sr-bank/om-oss/Samfunn/Retningslinjer_for_baerekraft_landbruk_og_natur.pdf

¹⁵ SR-Bank "Sustainability: Ethics and anti-corruption", <https://www.sparebank1.no/en/sr-bank/about-us/Sustainability.html>

¹⁶ Equator Principles, "Designated Countries", <https://equator-principles.com/designated-countries/>

Role of energy-efficient buildings in achieving Norway's climate goals

Although the Framework has identified energy efficient buildings using a variety of methodologies, including building codes, building age, EPC label, and third-party certifications, the overall objective of these criteria is to select energy efficient properties, which will in turn drive emissions reductions. In particular, it should be noted that Norwegian codes are considered to be some of the strictest mandatory building regulations in the world;¹⁷ the regulations themselves specify both mandatory standards for individual components, as well as overall quantitative performance.¹⁸ This view has been endorsed by the Climate Bond Initiative, which considers the building codes referenced by SR-Bank's framework to be compliant with its trajectory methodology for a transition to a low-carbon economy.¹⁹

As part of its commitment to the Paris Agreement, Norway has set a target of 40% greenhouse gas (GHG) emissions reductions by 2030, compared to the 1990 baseline.²⁰ These goals are part of a broader strategy which seeks to achieve a 30% interim reduction in GHGs by 2020, climate neutrality by 2030, and the development of a low-emission society by 2050. As households make up over a fifth of total final energy consumption in Norway, excluding consumption by the offshore oil and gas sector, improvements in this area have the potential to play a significant role in meeting the aforementioned climate goals.²¹ Considering the forgoing, Sustainalytics views positively the lending to residential and commercial green buildings as described in the Framework.

Importance of renewables in Norway's energy sector

SR-Bank may, under the eligibility criteria defined in the Framework, finance loans to wind, solar, and selected hydropower assets. Specifically, eligible hydropower is either small run-of-river plants, with an installed capacity of less than 20MW, or are refinancing of existing facilities, including refurbishments. In this context of relatively small facilities, constructed in a location with a robust regulatory regime, adverse environmental and social impacts are mitigated. Additionally, it is noted that hydroelectric facilities in temperate climates generally have lower life-cycle emissions than those in a more equatorial setting. Considering these factors, Sustainalytics views positively SR-Bank's investment in Norwegian hydro projects.

Sustainalytics also notes that, although Norway's existing electrical grid has low carbon emissions, with approximately 98% of generation from renewable sources, the ongoing growth of renewable energy capacity in Norway contributes positively to the uptake of clean energy in the region as a whole, as Norway's transmission network is closely interconnected to other Nordic countries, as well as to other countries such as the Netherlands, Germany, the Baltic states, Poland and Russia,²² and as such renewable energy expansion in Norway can contribute to emissions reductions throughout Europe.

The ongoing expansion of electric vehicles in Norway

Norway is widely considered a world leader in the adoption of electric passenger vehicles, and on a per capita basis there are more EVs on the road than in any other country.²³ Approximately half of all new car sales over the first half of 2019 were zero-emission vehicles. This continues a growth trend from previous years: according to the International Energy Agency in 2017 the share of electric and plug-in hybrid vehicles sold in Norway was three times higher than in the next-ranked country.²⁴ This rapid uptake in EVs is the result of a variety of policies implemented the government with the goal of having all new cars be zero-emissions by 2025. These incentives include VAT exemptions on purchases, preferred or lower cost access to tolls, ferries and parking, and investment in charging infrastructure.²⁵ Despite these successes, ongoing policy pressure and other actions will be required to achieve these objectives. A recent study from Statistics Norway notes that electric car ownership is correlated to income, with households in the top quartile being twice as likely to purchase an EV than average.²⁶ In this context, SR-Bank's offering of loans to finance electric vehicles is considered to be highly impactful.

¹⁷ <https://ghaus.eu/articles/151-tek10-tek15-husbanken-ns3700-passivhaus-standard-how-norway-is-leading-the-energy-efficiency-revolution/>

¹⁸ <https://dibk.no/globalassets/byggeregler/regulation-on-technical-requirements-for-construction-works-technical-regulations.pdf>

¹⁹ <https://www.climatebonds.net/standard/buildings/residential/calculator>

²⁰ <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Norway%20First/NorwayINDC.pdf>

²¹ <https://www.regjeringen.no/contentassets/52d65a62e2474bafa21f4476380cffda/t-1563e.pdf>

²² <https://www.nve.no/energy-market-and-regulation/wholesale-market/norway-and-the-european-power-market/>

²³ Duffer, R, "Why Norway leads the world in electric vehicle adoption" https://www.greencarreports.com/news/1123160_why-norway-leads-the-world-in-electric-vehicle-adoption

²⁴ Reuters, "Electric cars grab almost half of sales in oil-producing Norway", <https://www.reuters.com/article/us-autos-electric-norway/electric-cars-grab-almost-half-of-sales-in-oil-producing-norway-idUSKCN1TW2W0>

²⁵ Norsk Elbilforening, "Norwegian EV Policy", <https://elbil.no/english/norwegian-ev-policy/>

²⁶ Statistics Norway, "SSB ANALYSIS 2019/24", <https://www.ssb.no/transport-og-reiseliv/artikler-og-publikasjoner/kvart-sjette-av-dei-rikaste-hushalda-har-elbil>

Alignment with and contribution to the SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Green Residential Buildings	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Green Commercial 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
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
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

Conclusion

SpareBank 1 SR-Bank ASA has developed the SR-Bank Green Bond Framework, under which it intends to issue green senior bonds and, through its wholly-owned subsidiary SR-Bank Boligkreditt AS, green covered bonds. The proceeds of the covered bonds will finance mortgages for residential green buildings, while the proceeds from senior bonds may finance loans to commercial green buildings, loans to renewable energy projects, and loans to clean transportation projects. Sustainalytics highlights that SR-Bank has commissioned the independent real estate consultant Multiconsult ASA to develop a methodology for identifying eligible residential and commercial buildings and has defined emissions thresholds for energy and transportation projects in line with market practice. Sustainalytics is further of the opinion that the initiatives described by the Framework will advance the UN Sustainable Development Goals, in particular Goals 7, 9, and 11.

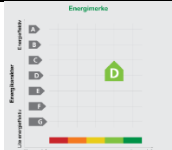


Sustainalytics anticipates that the financing of green residential and commercial buildings, wind, solar, and hydropower facilities, and low-emissions transportation as per the Framework will provide environmental benefits and support the achievement of climate goals in Norway. In addition, SR-Bank's processes for project evaluation and selection as well as management of proceeds and reporting are aligned with market practice.

Based on the above, Sustainalytics considers the SR-Bank Green Bond Framework to be robust, credible and transparent, and in alignment with the four core components of the ICMA's Green Bond Principles 2018.

Appendices

Appendix 1: Overview of Buildings Codes and Certifications Referenced

	Norwegian Building Codes	EPC	BREEAM	LEED
Type	Regulatory Code	Mandatory Rating	Voluntary Certification	Voluntary Certification
Background	<p>Norwegian Building Codes are regulations enforced by the Ministry of Local Government and Modernization pursuant to the Planning and Building Act and the Nature Diversity Act.</p> <p>The deployment of the Norwegian Building Codes is intended to ensure that projects are planned, designed and executed on the basis of good visual aesthetics, universal design, and in a manner that ensures that the project complies with the technical standards for safety, the environment health and energy.</p>	<p>An Energy Performance Certification (EPC) is a rating which assigns a rating of energy efficiency to a home, apartment, or other building. The Norwegian EPC scheme is broadly aligned with EPCs across Europe. As of 2010, EPCs are mandatory for any newly built, sold, or rented building.</p>	<p>BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990.</p> <p>Based in the UK.</p> <p>Used for new, refurbished and extension of existing buildings.</p>	<p>Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.</p>
Certification levels	Compliant or non-compliant status	<ul style="list-style-type: none"> • A • B • C • D • E • F • G 	<ul style="list-style-type: none"> • Pass • Good • Very Good • Excellent • Outstanding 	<ul style="list-style-type: none"> • Certified • Silver • Gold • Platinum
Areas of Assessment: Environmental Performance of the Building	<p><u>For TEK17:</u></p> <ul style="list-style-type: none"> • Common provisions • Documentation of compliance with the requirements • Documentation of products • Documentation for management, operation and maintenance (MOM) • Degree of utilization • Calculation and measurement rules • Protection against act of nature • Developed outside areas • External environment • Structural safety • Fire safety • Layouts of and building elements in construction works • Indoor climate and health • Energy • Installation and plants • Lift safety inspections 	<ul style="list-style-type: none"> • Energy Efficiency • Heating Rating (how well can the home be heated with alternative sources) 	<ul style="list-style-type: none"> • Energy • Land Use and Ecology • Pollution • Transport • Materials • Water • Waste • Health and Wellbeing • Innovation 	<ul style="list-style-type: none"> • Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority

	<ul style="list-style-type: none"> • Entry into force and transitional provisions 			
Requirements	<p>The Norwegian building code is a function-based Building Code, with the technical requirements being specified in the form of functions or performance within the relevant areas of assessment. The requirements are either in the form of qualitative or quantitative performance and are designed as a pre-accepted performance. Once these pre-accepted performances are respected, compliance with the Norwegian Building Regulation is granted by the Norwegian Building Authority.</p>	<p>The EPC is calculated based on a mathematical model of the home's physical features such as insulation, heating systems, building structure, and assumed use patterns. Homes aligned with the TEK10 building code will obtain at least a C rating.</p>	<p>Prerequisites depending on the levels of certification, and credits with associated points.</p> <p>This number of points is then weighted by item and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.</p> <p>BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>	<p>Prerequisites independent of level of certification, and credits with associated points.</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>
Performance display	<p>N/A</p>			

Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	SpareBank 1 SR-Bank ASA
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	SR-Bank Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	August 22, 2019
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|------------------------------------------------------------|----------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---------------------------------------------------------------------------------|----------------------------------------|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds – residential green buildings, commercial green buildings, renewable energy, and clean transportation – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that the eligible loans will lead to positive environmental impacts and advance the UN Sustainable Development Goals, in particular goals 7, 9, and 11.

Use of proceeds categories as per GBP:

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other <i>(please specify)</i> : |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

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. For the SR-Bank real estate portfolio, data from the Land Registry regarding building year will be used. This is in line with market practice.

Evaluation and selection

- | | |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|

- | | |
|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|----------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

The proceeds of green bonds will be managed on a portfolio basis, and SR-Bank will strive to maintain a level of allocation at least equivalent to the balance of outstanding bonds. Unallocated proceeds may be held in cash or other liquid instruments. This is in line with market practice.

Tracking of proceeds:

- | |
|-------------------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (if applicable):

Allocation and impact reporting will be provided on an annual basis, including the total amount allocated, the number of eligible loans, and relevant quantitative impact indicators. 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.

Use of proceeds reporting:

- | | |
|--------------------------------------------------------|------------------------------------------------------------------|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (<i>please specify</i>): number of eligible loans, percentage of new financings and refinancing, geographical distribution | |

Frequency:

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

Impact reporting:

- | | |
|--------------------------------------------------------|------------------------------------------------------------------|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency:

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

Information reported (expected or ex-post):

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

Means of Disclosure

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Corporate website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|----------------------------------------------------------------------|----------------------------------------|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

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

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

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