

Second-Party Opinion

Sparebanken Sogn og Fjordane Sustainability Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the Sparebanken Sogn og Fjordane Sustainability Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021, Social Bond Principles 2021 and Sustainability Bond Guidelines 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Renewable Energy, Energy Efficiency, Environmentally Sustainable Management of Living Natural Resources and Land Use, Sustainable Aquaculture & Fisheries, and Access to Essential Services – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental and social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 7, 9, 14 and 15.



PROJECT EVALUATION / SELECTION Sparebanken Sogn og Fjordane's Sustainable Finance Committee which consists of members from the Bank's Sustainability Group will be responsible for overseeing and selecting eligible projects. SSF has in place an environmental and social risk management system that is applicable to all allocation decisions in the Framework. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Sparebanken Sogn og Fjordane's Sustainable Finance Committee will be responsible for management and allocation of proceeds and will track the use of proceeds through a sustainable bond register. The Bank will use a portfolio approach to manage the proceeds. Unallocated proceeds will be held or invested in money market instruments and allocated within 24 months of issuance, which is in line with market practice.



REPORTING SSF will provide annual allocation and impact reporting on its website as long as bonds are outstanding. Allocation reporting will contain information such as the total amount of green and sustainability bonds issued. SSF will report on qualitative and quantitative impact metrics in some categories, while in some others, SSF will provide examples of financed projects. Sustainalytics encourages SSF to report on the impact of the projects at a category level, where feasible, to demonstrate the substantial contribution to environmental/social objectives.

Evaluation Date	September 13, 2022
Issuer Location	Førde, Norway

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Alignment with the EU Taxonomy

Sustainalytics has assessed Sparebanken Sogn og Fjordane's Sustainability Bond Framework for alignment with the EU Taxonomy, and is of the opinion that, of the Framework's six eligibility categories (of which three map to seven EU activities¹), six activities *align* with the applicable Technical Screening Criteria ("TSC") in the EU Taxonomy. The Framework *aligns* with seven of the Do No Significant Harm (DNSH) sub-criteria of the EU Taxonomy, *partially aligns* with 10 of the DNSH sub-criteria, and does *not align* with one sub-criteria. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in *partial alignment* with the EU Taxonomy's Minimum Safeguards.

¹ Sustainalytics notes that the Framework includes eligibility criteria for Activity 9.3. Professional services related to energy performance of buildings, in addition to the activities that have been assessed. Sustainalytics notes that SSF has opted not to have this activity assessed at this time.

Introduction

Sparebanken Sogn og Fjordane (“SSF” or the “Bank”) is an independent regional savings bank, providing banking services in Norway. Headquartered in Førde, the Bank has 23 branches in the county of Sogn og Fjordane and a branch in Bergen. The Bank currently employs 291 people.

SSF has developed the Sparebanken Sogn og Fjordane Sustainability Bond Framework (the “Framework”) under which the Bank and its subsidiary, Sparebanken Bustadkreditt, intend to issue sustainability bonds, which may include senior preferred bonds, senior non-preferred bonds and covered bonds. The proceeds will be used to finance or refinance, in whole or in part, existing or future green and social projects that are expected to increase energy efficiency, reduce GHG emissions and improve access to healthcare and social care services in Norway. The Framework is an update to the Bank’s Green Bond Framework published in 2019 and defines eligibility criteria in six areas:

Eligible Green Categories:

1. Green Buildings
2. Renewable Energy
3. Energy Efficiency
4. Environmentally Sustainable Management of Living Natural Resources and Land Use
5. Sustainable Aquaculture & Fisheries

Eligible Social Category:

6. Access to Essential Services

SSF engaged Sustainalytics to review the Sparebanken Sogn og Fjordane Sustainability Bond Framework, dated September 2022, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP), Social Bond Principles 2021 (SBP) and Sustainability Bond Guidelines 2021 (SBG).² This 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, Social Bond Principles 2021 and Sustainability Bond Guidelines 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The use of proceeds criteria alignment with the EU Taxonomy 2021 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 1.11, 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 Sparebanken’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. Sparebanken representatives have confirmed (1) they understand it is the sole responsibility of Sparebanken to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with

² The Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>.

³ The Sparebanken Sogn og Fjordane Sustainability Bond Framework will be made available at: <https://www.ssf.no/investorinformasjon/gront-rammeverk/>.

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.

all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

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 Sparebanken.

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 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, Sparebanken 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 realized allocation of the bond 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 Sparebanken has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Sparebanken Sogn og Fjordane Sustainability Bond Framework

Sustainalytics is of the opinion that the Sparebanken Sogn og Fjordane Sustainability Bond Framework is credible and impactful, and aligns with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of SSF's Sustainability Bond Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Renewable Energy, Energy Efficiency, Environmentally Sustainable Management of Living Natural Resources and Land Use, Sustainable Aquaculture & Fisheries, and Access to Essential Services – are aligned with those recognized by the GBP and SBP.
 - SSF has defined a look-back period of three years for its refinancing activities, which Sustainalytics considers to be in line with market practice.
 - Sustainalytics notes that SSF will finance loans related to the categories below which include project and program-related financing as well as financing of businesses. Sustainalytics recognizes that the GBP and SBP favour project-based lending and financing, which provide generally more transparency than non-project-based lending. The Framework allows for general purpose lending to pure play companies, however, Sustainalytics notes the high threshold that SSF has established in order to deem a company eligible for inclusion. Pure plays must derive more than 90% of their revenues from eligible activities in order to qualify for financing.
 - Within the Green Buildings category, SSF may finance or refinance the development or renovation of new or existing commercial and residential buildings. The eligibility criteria include the following:
 - Residential buildings that fall under the top 15% most energy-efficient buildings in Norway. For buildings completed between 2012 and 2020, they are expected to comply with Norwegian building codes from 2010 (TEK10) or 2017 (TEK17). For buildings built after 2020, the energy efficiency (kWh/m²) per year is expected to be at least 10% better

than the local NZEB requirements.^{5,6} In addition, buildings with a floor area of 5000m² or larger will be required to document the life-cycle Global Warming Potential (GWP) of the building resulting from the construction. For buildings that were completed under a building code prior to TEK10, the buildings are expected to have received an Energy Performance Certificate Label A or B.

- Commercial buildings that fall under the top 15% most energy-efficient buildings in Norway. Hotels and restaurants are expected to comply with Norwegian building codes from 2010 (TEK10) or 2017 (TEK17) if the buildings were completed between 2013 and 2020. Offices, shops, or industrial buildings are expected to comply with Norwegian building codes from 2010 (TEK10) or 2017 (TEK17) if the buildings were completed between 2012 and 2020. For the hotels, restaurants, offices, shops, or industrial buildings built after 2020, their energy efficiency (kWh/m²) per year is expected to be at least 10% better than NZEB.⁷ Buildings with a floor area of 5000m² or larger will be required to document the life-cycle Global Warming Potential (GWP) of the building resulting from the construction. For buildings that were completed under a building code prior to TEK10, the buildings are expected to have received an Energy Performance Certificate Label A or B.
- Renovation expenditures of commercial and residential buildings which result in improvement in energy demand (kWh/m²) per year of at least 30%, when compared to energy efficiency of the building code when the building was completed.
- Commercial and residential buildings that will achieve minimum EPC label B after renovation.

Sustainalytics views the above criteria to be in line with the market practice.

- Under the Renewable Energy category, SSF may finance or refinance loans for the construction, development and operation of renewable energy generation and related equipment. This may include: i) run-of-river hydropower plants without an artificial reservoir; ii) rooftop photovoltaic solar power solutions, including solar panels and related equipment such as inverters, rooftop mounting racks, and steering software; and iii) ocean thermal energy conversion.⁸ This is in line with market practice.
- Under the Energy Efficiency category, SSF may finance or refinance loans for the replacement of energy from fossil fuels or to increase the energy efficiency of buildings. This may include:
 - Measures improving energy efficiency in existing buildings supported by Enova⁹, a state-owned company, focused on the promotion of environmentally friendly production and consumption of energy. Expenditures may include: i) providing advisory on energy use by accredited advisors; ii) upgrades to the building envelope; iii) upgrades to ventilation systems; and iv) systems to optimize the heating of buildings.
 - Replacing diesel generators with electricity from the Norwegian electricity grid. Sustainalytics notes that the current electricity mix in Norway consists of 98.2% renewable sources.¹⁰
 - Sustainalytics notes that i) the electrification of the production of oil and gas as well as measures to improve its energy efficiency, and ii) energy efficiency improvement intended for fossil fuel powered equipment are excluded from financing.

⁵ European Commission, "Nearly Zero Energy Buildings", at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings_en#:~:text=Zero%2Dmission%20buildings,-The%20Commission's%20proposal&text=According%20to%20the%20directive's%20proposal,carbon%20emissions%20from%20fossil%20fuels.

⁶ As of September 2022, "NZEB", which is regulated under Directive 2010/31/EU of the European Parliament and of the Council, has not yet been defined or adopted under Norwegian law. SSF has informed Sustainalytics that it will monitor regulatory developments and will consider updating the Framework once regulation for NZEB has been defined and adopted in Norway.

⁷ European Commission, "Nearly Zero Energy Buildings", at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings_en#:~:text=Zero%2Dmission%20buildings,-The%20Commission's%20proposal&text=According%20to%20the%20directive's%20proposal,carbon%20emissions%20from%20fossil%20fuels.

⁸ SSF has confirmed to Sustainalytics that fossil fuel backup for ocean thermal energy conversion technology is limited to (i) power monitoring, (ii) operating and maintenance equipment, (iii) resilience or protection measures, and (iv) restart capabilities.

⁹ More information on Enova available at: <https://www.enova.no/om-enova/om-organisasjonen/>

¹⁰ Statista, "Distribution of electricity production in Norway in 2020, by source", at: <https://www.statista.com/statistics/1025497/distribution-of-electricity-production-in-norway-by-source/#:~:text=Distribution%20of%20electricity%20production%20in%20Norway%202020%2C%20by%20source&text=The%20vast%20majority%20of%20electricity,percent%20to%20Norway's%20electricity%20mix.>

- Electric machinery such as electric excavators for the construction industry. Sustainalytics considers these expenditures to be aligned with market practice.
- Under the Environmentally Sustainable Management of Living Natural Resources and Land Use category, SSF may finance or refinance pure play companies¹¹ that have completed the Kvalitetssystem i landbruket¹² interview and course, where more than 90% of their revenue derive from Debio¹³ certified activities. Sustainalytics considers this to be in line with market practice.
- Under the Sustainable Aquaculture & Fisheries category, SSF intends to finance or refinance general corporate loans provided to companies that generate at least 90% of their revenues from the following activities:
 - Aquaculture or fishery activities certified by Aquaculture Stewardship Council (ASC)¹⁴, or Marine Stewardship Council (MSC).¹⁵ This is in line with market practice.
 - Aquaculture or fishery activities certified by Global G.A.P. Aquaculture Standard IFA 5.0.¹⁶
- Under the Clean Transportation category, SSF may finance or refinance the purchase of fully electric vessels used on salmon farms and charging infrastructure for electric vessels. Sustainalytics considers this to be in line with market practice.
- Under the Access to Essential Services category, SSF intends to finance or refinance the following activities:
 - Provision of care and shelter to people in need of immediate help, such as victims of domestic violence and refugees.
 - Provision of training and development programs to individuals with reduced working-abilities. SSF has confirmed that such financing will target people with physical and/or psychological disadvantages, inhibiting them to access the regular labor market.¹⁷
 - Provision of psychological aid in public delivery, including guidance on treatments, therapies and processes to persons in need of psychological assistance.
 - SSF may also finance ambulance boats providing first response and transport to hospitals in coastal regions. Such financing targets the Western coast of the country where small and rural communities do not have access to emergency or specialized healthcare. SSF has confirmed that these services are part of the public Norwegian healthcare system and, hence, accessible to all.
 - SSF has confirmed to Sustainalytics that the aforementioned healthcare and social care services will be accessible to all regardless of ability to pay, with an exception regarding psychological assistance, where patients who do not present a referral from their primary general doctor have to pay the price in full themselves. Patients with a referral from their regular physicians pay an affordable deductible, while a major part of the costs is covered by the universal public health care scheme.¹⁸
 Sustainalytics considers these investments to be in line with market practice.

¹¹ Limited to agricultural borrowers which are small holders meeting the threshold of 2-10 hectares as per the Food and Agriculture Organization of the United Nations definition available at: <https://www.fao.org/family-farming/detail/en/c/273864>

¹² Kvalitetssystem i landbruket, Quality System in Agriculture, is a quality assurance and internal control tool designed for Norwegian farmers.

¹³ Debio is the state-owned ecolabel in Norway and mandatory for organic agriculture products, being produced and controlled according to EU legislation on organic agriculture. The label is applicable for both products originating from Norwegian organic farms and imported food products that are processed, packed or labelled in Norway. More information on the Debio certification is available at: <https://debio.no/english/#organicagriculture>.

¹⁴ More information on the Aquaculture Stewardship Council (ASC) available at: <https://www.asc-aqua.org/>.

¹⁵ More information on the Marine Stewardship Council (MSC) certification available at: <https://www.msc.org/standards-and-certification/developing-our-standards>.

¹⁶ More information on the Global G.A.P. Aquaculture Standard IFA certification available at: https://www.globalgap.org/uk_en/for-producers/globalg.a.p./integrated-farm-assurance-ifa/aquaculture/.

¹⁷ SSF confirmed that financing will be related particularly to certified providers of standardized training and courses, working in close cooperation with the public social security system (NAV) whose courses are designed to match the following of NAV's programs: (i) work-preparatory training measures for people with reduced work ability and/or complex needs for assistance with work-targeted training, (ii) permanently adjusted work measures providing adjusted work opportunities to people who are unable to join the regular workforce, and (iii) work-targeted rehabilitation to master health and/or social problems hindering the targeted population from participating in the workforce.

¹⁸ SSF has confirmed to Sustainalytics the deductible for an ordinary consultation of approximately NOK 375 (EUR 37), with the amount increasing for additional hours used with the therapist. Moreover, the median monthly income in Norway is around NOK 45,558 (EUR 4,437). Assuming a weekly consultation, the monthly expense would cover 3% of the median income. More information available at: <https://www.ssb.no/en/inntekt-og-forbruk/inntekt-og-formue/statistikk/inntekts-og-formuesstatistikk-for-husholdninger>.

- The Framework provides exclusionary criteria prohibiting the financing of projects, assets, and investments related to fossil and nuclear energy, research and development in weapons and defense, negative resource extraction, gambling, and tobacco. Sustainalytics is of the opinion that the presence of the exclusionary criteria strengthens the Framework.
- Project Evaluation and Selection:
 - SSF's Sustainable Finance Committee (SFC) will be responsible for overseeing and selecting eligible projects in line with the eligibility criteria outlined in the Framework. The Committee consists of members from the Bank's Sustainability Group, including the Sustainability Officer, Senior Credit Controller and Assistant Bank Manager from the corporate side, Assistant Bank Manager from the retail side, and Senior Business Development Officer. The Committee will review the eligible projects through a two-step approval process, which includes choosing potential green and sustainability assets according to the eligibility criteria in the Framework. The selected assets are assigned to the green and sustainability registry which is reviewed by the SFC on a periodic basis.
 - SSF implements a credit review process that addresses the Environmental and Social risks associated with the projects. Additionally, the Bank ensures that all borrowers comply with the applicable Norwegian environmental and social regulations. For additional detail, see Section 2.
 - Based on the establishment of a formal committee and the presence of risk management processes, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - SSF's Sustainable Finance Committee (SFC) will be responsible for managing the allocation process using a portfolio approach and intends to maintain a level of allocation that matches or exceeds the balance of net green and social proceeds. The Bank will track the use of proceeds through a sustainable bond register.
 - The Bank intends to reach full allocation within 24 months of issuance. Any unallocated proceeds will be held or invested in money market instruments within the Bank's liquidity portfolio.
 - Based on the establishment of a tracking system and the allocation timeframe, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - SSF is committed to report on the allocation of proceeds and its impacts on its website at least on an annual basis until no green and sustainability bonds are outstanding.
 - The allocation report will contain the total amount of green and sustainability bonds issued, the shares of proceeds allocated to each of the project categories, the share of proceeds used for financing versus refinancing, and the share of unallocated proceeds.
 - SSF will report on qualitative and quantitative impact metrics in some categories, while in some others, SSF will provide examples of financed projects. Sustainalytics encourages SSF to report on the impact of the projects at a category level, where feasible, to demonstrate the substantial contribution to environmental/social objectives.
 - Based on the commitment to both impact and allocation reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Sparebanken Sogn og Fjordane Sustainability Bond Framework aligns to the four core components of the GBP and SBP. For detailed information please refer to Appendix 4: Sustainability Bond/Sustainability 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:

7. Technical Screening Criteria ("TSC")

- The six eligible green criteria outlined in the Framework were assessed (of which three map to seven EU activities¹⁹) and all activities are aligned with the applicable TSC of the EU Taxonomy.
- 8. Do No Significant Harm (“DNSH”) Criteria
 - All eligible green criteria are partially aligned with the applicable DNSH criteria.
 - The six criteria assessed have a total of 16 individual DNSH criteria (across all environmental objectives) applicable to them and are aligned with five, partially aligned with ten, and not aligned with one of those individual DNSH criteria.
- 9. 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 partially met.
 - For Sustainalytics’ assessment of alignment with the Minimum Safeguard see Section 2 below.

Table 1 provides an overview of the alignment of Sparebanken Sogn og Fjordane’s Framework with the TSC and DNSH criteria for the corresponding NACE activities in 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					
	TSC	DNSH	Mitigation	Adaptation	Water	Circular Economy	Pollution	Eco-systems
7.1. Construction of new buildings	■	□	■	□	□	□	■	□
7.7. Acquisition and ownership of buildings	■	□	■	□	-	-	-	-
7.2 Renovation of existing buildings	■	□	■	□	☒	□	■	-
4.5. Electricity generation from hydropower	■	□	■	□	■	-	-	■
7.6. Installation, maintenance and repair of renewable energy technologies	■	□	■	□	-	-	-	-
7.3. Installation, maintenance and repair of energy efficiency equipment	■	□	■	□	-	-	■	-
9.3. Professional services related to energy performance of buildings	_20							

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

¹⁹ Sustainalytics notes that the Framework includes eligibility criteria for Activity 9.3. Professional services related to energy performance of buildings, in addition to the activities that have been assessed. Sustainalytics notes that SSF has opted not to have this activity assessed at this time.

²⁰ Sustainalytics notes that SSF has opted not to have this activity assessed at this time.

* The EU Taxonomy has not yet defined TSC for EU Environmental Objectives other than Climate Mitigation and Climate Adaptation. In cases where an activity of the Framework has the intent of advancing a different Objective, Sustainalytics has assessed alignment against the DNSH criteria for all six Objectives.

Section 2: Sustainability Strategy of SSF

Contribution of the Framework to SSF's sustainability strategy

Sustainalytics is of the opinion that SSF demonstrates a commitment to sustainability with a focus on the key sustainability area of green lending practices to corporate and retail clients.²¹

In 2021, SSF has conducted a materiality assessment through which it identified, amongst other topics, green products, the reduction of GHG emissions including financed emissions, and no support for controversial retail clients, corporate clients and organizations as priority areas.²² In 2021, SSF has set the long-term goal to become carbon neutral by 2040, including both the Bank's own and financed GHG emissions.²³ To achieve this target, SSF aims at implementing the following initiatives and short-term goals: (i) expand its product portfolio with the launch of green alternatives for both loans and savings and (ii) require a mandatory climate risk assessment from corporate clients with loans of minimum NOK 3 million (EUR 286,000).²⁴ Moreover, SSF publishes an annual report on carbon accounting (including scope 1, 2 and 3 emissions) in line with the Greenhouse Gas Protocol standards.^{25,26} As of 2021, SSF reports on sustainability in accordance with the Global Reporting Initiative.^{27,28}

SSF offers sustainable banking products to customers, such as green loans to corporates and retail clients. On the corporate side, SSF provides loans to companies that want to make sustainable investments or that need financing to prepare their operations for a green transition,²⁹ for which SSF aims to achieve a total level of NOK 300 million (EUR 29 million) by 2023.³⁰ Moreover, all corporate loans are granted to investments that are supported by Enova SF, a Norwegian government enterprise providing financial support to projects linked to GHG emissions reduction, and the development of energy and climate technology,³¹ or Innovasjon Norge.³² Therefore, the loans can be tied to improvements across different industries, transportation and real-estate sectors, and include measures to increase energy efficiency of buildings, procurement of machines or electrical vehicles, and changes to production processes.³³ In the retail market, SSF offers green products including green car loans, green mortgages and climate loans to support measures that improve the energy efficiency of buildings, including district heating, change of windows and solar panels.³⁴ Regarding green mortgages, SSF aims to achieve a total level of NOK 2.5 billion (EUR 239 million) by 2023.³⁵ Furthermore, being focused on the region of Sogn og Fjordane, SSF promotes the green transition in the local region. Hence, the Bank joined Klimapartnere Vestland in 2020, a platform for exercising corporate social responsibility in the region of Sogn og Fjordane.

Sustainalytics is of the opinion that the Sparebanken Sogn og Fjordane Sustainability Bond Framework is aligned with the Bank's overall sustainability strategy and initiatives, and will further the Bank's action on its key sustainability priorities.

²¹ Sparebanken Sogn og Fjordane, "Sustainability Report 2021", at: <https://cdn.sanity.io/files/5rz6wn2n/production/7b03b8111c22e9e5952b4018733ecd29dcd0ad77.pdf>.

²² Ibid.

²³ Sparebanken Sogn og Fjordane has shared this target with Sustainalytics through its Sustainability Bond Framework.

²⁴ Ibid.

²⁵ Sparebanken Sogn og Fjordane, "Sustainability Report 2021", at: <https://cdn.sanity.io/files/5rz6wn2n/production/7b03b8111c22e9e5952b4018733ecd29dcd0ad77.pdf>.

²⁶ More information on the Greenhouse Gas Protocol standards available at: <https://ghgprotocol.org/standards>.

²⁷ Sparebanken Sogn og Fjordane, "Annual Report 2021", at: <https://cdn.sanity.io/files/5rz6wn2n/production/7b03b8111c22e9e5952b4018733ecd29dcd0ad77.pdf>.

²⁸ More information on the Global Reporting Initiative's standards available at: <https://www.globalreporting.org/standards/>.

²⁹ Sparebanken Sogn og Fjordane, "Sustainability Report 2021", at: <https://cdn.sanity.io/files/5rz6wn2n/production/7b03b8111c22e9e5952b4018733ecd29dcd0ad77.pdf>.

³⁰ SSF has shared this target for green business loans directly with Sustainalytics for assessment on a confidential basis.

³¹ More information on Enova is available at: <https://www.enova.no/about-enova/>.

³² More information on Innovasjon Norge is available at: <https://www.innovasjon norge.no/en/start-page/about/our-mission/>.

³³ Sparebanken Sogn og Fjordane, "Sustainability Report 2021", at: <https://cdn.sanity.io/files/5rz6wn2n/production/7b03b8111c22e9e5952b4018733ecd29dcd0ad77.pdf>.

³⁴ Sparebanken Sogn og Fjordane, "Annual Report 2021", at: <https://cdn.sanity.io/files/5rz6wn2n/production/7b03b8111c22e9e5952b4018733ecd29dcd0ad77.pdf>.

³⁵ SSF has shared this target for green business loans directly with Sustainalytics for assessment on a confidential basis.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that an amount equivalent to the net proceeds from the bonds issued under the Framework will be allocated to eligible projects that are anticipated to have positive environmental and social impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include land use and biodiversity loss, disruption of ecosystems, emissions, effluents and waste generated in construction, pollutants to land, air and water, community relations and stakeholder management, financial risks such as predatory lending and financial crime, and occupational health and safety (OHS).

Sustainalytics is of the opinion that SSF is able to manage and mitigate potential risks through implementation of the following:

- Addressing the exposure of projects to land use and biodiversity issues, disruption of ecosystems, emissions, effluents and waste generated in construction and pollutants, the Bank has a process in place to assess the environmental footprint and the exposure to climate risks for all corporate lending clients. Additionally, SSF implemented an ESG risk module in the credit approval process, addressing physical risks, transition risks, reputational risks, as well as assessing industry specific ESG risks.³⁶ Moreover, as confirmed in its credit strategy, the Bank assesses the sustainability strategy, sustainability guidelines and implemented measures of its corporate clients.³⁷ As of 2021, SSF focuses on a systematic sustainability assessment and according documentation throughout its loan process.³⁸
- Regarding risks around community relations and stakeholder engagement, SSF has carried out a materiality assessment in 2020 to uncover which ESG issues are important to its stakeholders, as published in its annual report 2021.³⁹
- SSF tackles financial and ESG risks through compliance with key ESG-related principles and standards, including the UNEP FI Principles for Responsible Banking⁴⁰ and the UN Global Compact's Principles⁴¹ on human rights, labour, the environment and anti-corruption. Additionally, the Bank has signed up to the UN Women's Empowerment Principles.^{42,43}
- Furthermore, SSF addresses risks around OHS based on mandatory compliance with the Norwegian Working Environment Act.⁴⁴ The legislation is intended to implement and ensure a safe working environment, prevent work-related accidents and harm to physical and mental health. Moreover, the Bank has established ethical guidelines focused, amongst other factors, on maintaining a healthy work environment and relationship with customers. The guidelines are applicable to all employees, substitutes and staff in a position of commitment.⁴⁵
- The Bank operates in Norway, which is recognized as a Designated Country by the Equator Principles. As such, Norway is deemed to have robust environmental and social governance systems, legislation and institutional capacity to mitigate environmental and social risks.⁴⁶

Based on these policies, standards and assessments, Sustainalytics is of the opinion that SSF is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible category.

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

³⁶ Sparebanken Sogn og Fjordane, "Sustainability Report 2021", at:

<https://cdn.sanity.io/files/5rz6wn2n/production/7b03b8111c22e9e5952b4018733ecd29dcd0ad77.pdf>.

³⁷ SSF has shared the credit strategy directly with Sustainalytics for assessment on a confidential basis.

³⁸ Ibid.

³⁹ Sparebanken Sogn og Fjordane, "Sustainability Report 2021", at:

<https://cdn.sanity.io/files/5rz6wn2n/production/7b03b8111c22e9e5952b4018733ecd29dcd0ad77.pdf>.

⁴⁰ More information on the UNEP FI Principles for Responsible Banking available at: <https://www.unepfi.org/banking/bankingprinciples/>.

⁴¹ More information on the UN Global Compact available at: <https://www.unglobalcompact.org/what-is-gc/mission/principles>.

⁴² More information on the UN Women's Empowerment Principles available at: <https://www.unglobalcompact.org/take-action/action/womens-principles>.

⁴³ Sparebanken Sogn og Fjordane, "Sustainability Report 2021", at:

<https://cdn.sanity.io/files/5rz6wn2n/production/7b03b8111c22e9e5952b4018733ecd29dcd0ad77.pdf>.

⁴⁴ More information on the Working Environment Act available at: <https://www.arbeidstilsynet.no/en/laws-and-regulations/laws/the-working-environment-act>.

⁴⁵ SSF has shared the ethical guidelines directly with Sustainalytics for assessment on a confidential basis.

⁴⁶ More information on the Equator Principles and Designated Countries available at: <https://equator-principles.com/about-the-equator-principles/designated-countries/>.

Human Rights and the OECD Guidelines for Multinational Enterprises. Additionally, companies should be in compliance with the International Labour Organization's (ILO) declaration on Fundamental Rights and Principles at Work.

Human and Labour Rights

Sparebanken Sogn og Fjordane has implemented the following policies and procedures aimed at ensuring human and labour rights:

- SSF adheres to the UN's Guiding Principles on Business and Human Rights, the UN declaration on Human Rights, the ILO's eight fundamental conventions in areas such as child labour, freedom of association, discrimination and forced labour, and SSF is a member of the UN Global Compact since 2019.⁴⁷
- SSF has communicated to Sustainalytics that the Bank's due diligence process for all loan applications requires borrowers to comply with human and labour rights incorporated in Norwegian and European regulation. This is incorporated in the credit approval process.

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

Anti-bribery and anti-corruption

Sparebanken Sogn og Fjordane has implemented the following policies and procedures regarding anti-bribery and anti-corruption:

- Sparebanken Sogn og Fjordane ethical guidelines ("etiske retningslinjer") contain ethical business conduct expectations for its employees and suppliers. Amongst others, it includes work environment considerations, conflict of interests, related party transactions, relationships with customers, suppliers and gifts.
- SSF has communicated to Sustainalytics that all borrowers are examined for bribery and corruption risks as part of the credit approval due diligence.

Based on the work of its research services, Sustainalytics has not found evidence of involvement in any controversies that would suggest that the SSF is inadequately managing key risks in the area of bribery and corruption.

Sustainalytics is of the opinion that the policies, guidelines and commitments implemented by SSF demonstrate that the activities and projects to be financed under the Framework will be carried out in partial alignment with the EU Taxonomy's Minimum Safeguards. Sustainalytics further encourages SFF to publicly disclose its internal policies and standards on human rights, anti-bribery and anti-corruption.

Section 3: Impact of Use of Proceeds

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

Importance of financing green buildings and energy efficiency projects in Norway

As part of its Nationally Determined Contribution as a signatory to the Paris Agreement, Norway has set a target to reduce GHG emissions by at least 50% and towards 55% compared to 1990 levels by 2030.⁴⁸ This goal is part of a broader strategy which seeks to achieve carbon neutrality by 2030 and a low-emission society by 2050.⁴⁹ Norway included the building industry on its environmental agenda back in 1998, notably through energy efficiency requirements and buildings regulation, in an early acknowledgement of the contribution of the energy consumption of buildings to climate change.⁵⁰ 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. Installation of fossil fuel heating systems is no longer

⁴⁷ UN Global Compact, "Sparebanken Sogn og Fjordane", at: <https://www.unglobalcompact.org/what-is-gc/participants/137271-Sparebanken-Sogn-og-Fjordane>

⁴⁸ UNFCCC, "Norway First NDC (Updated Submission)", at: https://unfccc.int/sites/default/files/NDC/2022-06/Norway_updatedNDC_2020%20%28Updated%20submission%29.pdf

⁴⁹ Norwegian Ministry of Climate and Environment, "Norway's Seventh National Communication", (2018), at: <https://www.regjeringen.no/contentassets/52d65a62e2474bafa21f4476380cffda/t-1563e.pdf>

⁵⁰ Nykamp, N., (2017), "A transition to green buildings in Norway", Environmental Innovation and Societal Transitions, at: <https://www.duo.uio.no/handle/10852/64152>

permitted.⁵¹ Households accounted for 22% of Norway's total energy consumption in 2020, indicating potential significant impacts from energy efficiency improvements to residential buildings.⁵² Heating usually makes up 30-45% of the energy requirements of older buildings in Norway, with household heating demand being higher than business heating demand.⁵³ In new and renovated buildings that comply with Norway's latest national energy requirements, heating accounts for only 5-15% of energy demand.⁵⁴

In view of the above, Sustainalytics is of the opinion that the Sparebanken Sustainability Bond Framework is expected to contribute to meeting Norway's climate targets through lending for financing and refinancing commercial and residential buildings with high energy efficiency standards.

Importance of financing healthcare in Norway

In 2019, Norway spent 10.5% of GDP on health, which is in line with other Scandinavian countries and slightly higher than the global average.^{55,56} Norway's spending on healthcare is the highest in Europe in per capita terms. Norway's health system offers universal coverage to all legal residents and in 2019, fewer than 1% of Norwegians reported unmet needs for medical care.⁵⁷ Norway ranked 24th in the 2021 World Index on Healthcare Innovation but its healthcare system still provides its patients limited autonomy and choice in medical care due to high cost of health insurance.⁵⁸ The responsibility of financing the healthcare sector is divided between Norway's central government and local municipalities, resulting in adverse impacts on coordination between subsectors of healthcare and longer waiting times for patients. In 2020, close to 10% of the Norwegian population had private insurance, mainly to gain quicker access to and greater choice of private providers.⁵⁹ Norway's healthcare sector is also facing heavy expenditures due to the country's ageing population⁶⁰ and a shortage of personal healthcare assistants.⁶¹ In May 2020, Norway launched its National Health and Hospital Plan 2020-2023 for the development of hospitals and better integration of services delivered by hospitals and municipalities to achieve a sustainable, patient-centred health service.⁶²

Considering the above context, Sustainalytics is of the opinion that Sparebanken's financing under the Framework will contribute to improving the access to Norway's healthcare and social care services.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. The bonds issued under the Sparebanken Sogn og Fjordane Sustainability Bond Framework are expected to 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

⁵¹ 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)

⁵² Norwegian Ministry of Petroleum and Energy, "Energy use by sector", at: <https://energifaktanorge.no/en/norsk-energibruk/energibruken-i-ulike-sektorer/>

⁵³ The Property Sector's Roadmap Towards 2050, Grønn Byggallianse and Norsk Eiendom, (2016), at: <https://byggalliansen.no/wp-content/uploads/2019/02/roadmap2050.pdf>

⁵⁴ The Property Sector's Roadmap Towards 2050, Grønn Byggallianse and Norsk Eiendom, (2016), at: <https://byggalliansen.no/wp-content/uploads/2019/02/roadmap2050.pdf>

⁵⁵ European Commission, "State of Health in the EU Norway", (2021), at: https://ec.europa.eu/health/system/files/2021-12/2021_chp_no_english.pdf

⁵⁶ The World Bank, "Current health expenditure (% of GDP)", at: <https://data.worldbank.org/indicator/SH.XPD.CHEX.GD.ZS>

⁵⁷ European Commission, "State of Health in the EU Norway", (2021), at: https://ec.europa.eu/health/system/files/2021-12/2021_chp_no_english.pdf

⁵⁸ Dornauer, Mark. (2021), "Norway: #24 in the 2021 World Index of Healthcare Innovation", Freopp, at: <https://freopp.org/norway-freopp-world-index-of-healthcare-innovation-f27eae6723>

⁵⁹ The Commonwealth Fund, "International Health Care System Profiles Norway", (2020), at: <https://www.commonwealthfund.org/international-health-policy-center/countries/norway#:~:text=Norway%20has%20universal%20health%20coverage,as%20select%20outpatient%20prescription%20drugs>

⁶⁰ Aas, Eline et al. (2021), "The Economic Sustainability of the Norwegian Healthcare System", Emerald Insight, at: <https://www.emerald.com/insight/content/doi/10.1108/S0573-855520210000295010/full/html>

⁶¹ Nordic Labour Journal, "Hospital wants to double the number of healthcare assistants", (2020), at: <http://www.nordiclabourjournal.org/i-fokus/in-focus-2020/article.2020-02-16.0943649321/article.2020-03-24.2080083899>

⁶² Norwegian Ministry of Health and Care Services, "National Health and Hospital Plan 2020-2023 Summary", at: <https://www.regjeringen.no/contentassets/95eec808f0434acf942fca449ca35386/en-gb/pdfs/stm201920200007000engpdfs.pdf>

		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
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Environmentally Sustainable Management of Living Natural Resources and Land Use	15. Life on Land	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally. 15.A Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.
Sustainable Aquaculture & Fisheries	14. Life below Water	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
Access to Essential Services	3. Good Health and Wellbeing	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality, and affordable essential medicines and vaccines for all

Conclusion

Sparebanken has developed the Sparebanken Sogn og Fjordane Sustainability Bond Framework under which it intends to issue green, social and sustainability bonds and use the proceeds to finance loans for green and social projects as well as general corporate purpose financing for pure plays in the buildings, renewable energy, agriculture and aquaculture space as well as healthcare and social care services in Norway. Sustainalytics considers that the projects funded by the green, social and sustainability bond proceeds are expected to provide positive environmental and social impact.

The Sparebanken Sogn og Fjordane Sustainability Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of their use. Furthermore, Sustainalytics believes that the Sparebanken Sogn og Fjordane Sustainability Bond Framework is aligned with the overall sustainability strategy of the Bank and that the green and social use of proceeds categories are expected to contribute to the advancement of the UN Sustainable Development Goals 3, 7, 9, 14 and 15. Additionally, Sustainalytics is of the opinion that Sparebanken has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Sustainalytics has assessed Sparebanken Sogn og Fjordane's Sustainability Bond Framework for alignment with the EU Taxonomy, and is of the opinion that, of the Framework's six eligibility criteria (of which three map to seven EU activities⁶³), six activities *align* with the applicable Technical Screening Criteria ("TSC") in the EU Taxonomy. The Framework *aligns* with seven of the Do No Significant Harm (DNSH) sub-criteria of the EU Taxonomy, *partially aligns* with 10 of the DNSH sub-criteria, and does *not align* with one sub-criteria. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in partial alignment with the EU Taxonomy's Minimum Safeguards.

⁶³ Sustainalytics notes that the Framework includes eligibility criteria for Activity 9.3. Professional services related to energy performance of buildings, in addition to the activities that have been assessed. Sustainalytics notes that SSF has opted not to have this activity assessed at this time.

Based on the above, Sustainalytics is confident that Sparebanken Sogn og Fjordane is well positioned to issue green, social and sustainability bonds and that the Sparebanken Sogn og Fjordane Sustainability Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Social Bond Principles 2021.

Appendices

Appendix 1: Approach to Assessing Alignment with the EU Taxonomy

Sustainalytics has assessed each of the eligible green use of proceeds criteria in the Framework against the criteria for the relevant NACE⁶⁴ activity in the EU Taxonomy. This appendix describes Sustainalytics' process and presents the outcome of its assessment of alignment with the Taxonomy's applicable Technical Screening Criteria (TSC) and 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 NACE activity in the EU Taxonomy. Note that each Framework criterion may be relevant and applicable to more than one NACE activity and vice versa. Sustainalytics recognizes that some Framework criteria relate to projects that do not map well to a NACE activity. In such cases, Sustainalytics has mapped to the NACE activity that is most relevant with respect to the primary environmental objective and impacts.

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

The outcome of Sustainalytics' mapping process for Sparebanken Sogn og Fjordane Framework is shown in **Table 2** below.

2. Determining Alignment with EU Taxonomy Criteria

The second step in Sustainalytics' process is to determine the alignment of each criterion with relevant criteria in the EU Taxonomy. Alignment with the TSC and DNSH criteria is usually based on the specific criteria contained in the issuer's Framework, and may in many cases (especially DNSH criteria) also be based on management systems and processes and/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, as well as examining the regulatory context in the geographical location in which the issuer will finance activities and projects. (This assessment is included in Section 2, above.)

In cases where the Framework criteria describe projects which are intended to advance EU environmental objectives other than Climate Mitigation or Climate Adaptation, the Taxonomy does not include relevant TSC. In these cases, Sustainalytics has assessed the activity for alignment with the DNSH criteria across all objectives.

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

⁶⁴ The EU Taxonomy is based on economic activities defined in NACE (Nomenclature des Activités Économiques dans la Communauté Européenne). The Taxonomy currently lists 70 economic activities which have been chosen due to their ability to substantially contribute to climate change mitigation or adaptation.

Table 2: Framework mapping table

Framework Category	Framework Criterion (Eligible Use of Proceeds)	EU / NACE Activity	NACE Code	Primary EU Environmental Objective	Refer to Table
New and existing green residential buildings Older green residential buildings	New and existing green residential buildings Older green residential buildings	7.1. Construction of new buildings	F41.1, F41.2 and F43	Mitigation	3
New and existing green commercial buildings – hotels and restaurants New and existing green commercial buildings – offices, shops, industry Older green commercial buildings	New and existing green commercial buildings – hotels and restaurants New and existing green commercial buildings – offices, shops, industry Older green commercial buildings	7.7. Acquisition and ownership of buildings	L68	Mitigation	4
Renovated green residential buildings Renovated green commercial buildings	Renovated green residential buildings Renovated green commercial buildings	7.2 Renovation of existing buildings	F41 and F43	Mitigation	5
Renewable Energy	Renewable Energy	4.5. Electricity generation from hydropower	D35.11 and F42.22	Mitigation	6
		7.6. Installation, maintenance and repair of renewable energy technologies	F42, F43, M71, C16, C17, C22, C23, C25, C27 or C28	Mitigation	7
Energy Efficiency	Energy Efficiency	7.3. Installation, maintenance and repair of energy efficiency equipment	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22 and C33.12	Mitigation	8

Appendix 2: Comprehensive EU Taxonomy Alignment Assessment

The tables below provide a detailed assessment of the alignment of Issuer's Framework criteria with the EU Taxonomy's TSC and DNSH criteria for the relevant NACE activity.

Table 3

Framework Activity assessed		New and existing green residential buildings; Older green residential buildings; New and existing green commercial buildings – hotels and restaurants; New and existing green commercial buildings – offices, shops, industry and Older green commercial buildings	
EU Activity		7.1 Construction of new buildings	
NACE Code		F41.1, F41.2 and F43	
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	<p>Constructions of new buildings for which:</p> <ol style="list-style-type: none"> 1. The Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an as built Energy Performance Certificate (EPC). 2. For buildings larger than 5000 m², upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative; where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing. 3. For buildings larger than 5000 m², the life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand. 	<ol style="list-style-type: none"> 1. Sustainalytics notes that EU regulation of NZEB has not been adopted into Norwegian law yet, and that a proposal for an updated building code (TEK standard) has been introduced. This proposal is expected to form the Norwegian adaptation of the EU NZEB regulation. Pending ratification, SSF commits to the overall criteria as stated by the Taxonomy – Energy Efficiency 10% lower than the threshold set for NZEB, identified by an EPC label. 2. SSF confirmed that the existing building code sets out robust and traceable quality control processes. Air-Tightness testing is included in the existing building code (TEK standard). SSF expect this to be carried through to the updated building code, which is expected to be the Norwegian adaptation of NZEB. 3. The Bank confirmed that pending update of the building code will include requirements to conduct life-cycle assessments. 	Aligned
DNSH Criteria		Alignment with DNSH Criteria	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 9		Partially Aligned
Sustainable use and protection of water and marine resources	Where installed, except for installations in residential building units, the specified water use for the following water appliances are 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 this Annex:	SSF has communicated to Sustainalytics that to date, the Bank does not comply with these thresholds when financing buildings. Therefore, Sustainalytics considers SSF to be not aligned with this DNSH sub-criterion of the EU Taxonomy.	Partially Aligned

<p>(a) wash hand basin taps and kitchen taps have a maximum water flow of 6 litres/min;</p> <p>(b) showers have a maximum water flow of 8 litres/min;</p> <p>(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;</p> <p>(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 ± 1 °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:</p> <p>(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;</p> <p>(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>To avoid impact from the construction site, the activity complies with the following criteria set out in Appendix B to the Annex:</p> <p>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</p>		
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	<p>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.</p> <p>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>	<p>SSF has communicated to Sustainalytics that 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, vannressursloven 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.⁶⁵</p> <p>Sustainalytics notes that this part of this DNSH criteria is aligned, while the other is not aligned. Therefore, Sustainalytics considers this overall to be partially aligned with this DNSH criterion of the EU Taxonomy.</p>	
<p>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. Operators limit waste generation in processes related to 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>Building designs and construction techniques support circularity and in particular demonstrate, with reference to ISO 20887 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>Sustainalytics notes that the Norwegian building code TEK17 requires 60% (by weight) of construction waste to be sorted, which is under the requirement of 70%.</p> <p>Sustainalytics notes that Norwegian Building Code TEK17⁶⁶ stresses the need to reduce waste and prolong the life-time of any new constructions/ rehabilitation. SSF stated that where possible, long-living materials will be chosen. Buildings should also be constructed in a flexible way, so as to be easily dismantlable to optimize reuse of materials. Sustainable use of natural resources must be documented under the forskrift om dokumentasjon av byggevarer⁶⁷.</p> <p>Therefore, Sustainalytics considers this to be partially aligned with this DNSH criterion of the EU Taxonomy.</p>	<p>Partially Aligned</p>

⁶⁵ <https://www.nve.no/vann-og-vassdrag/vassdragsforvaltning/vanndirektivet-vannforskriften/>

⁶⁶ <https://dibk.no/regelverk/byggteknisk-forskrift-tek17/9/9-5/>

⁶⁷ <https://dibk.no/regelverk/dok/>

<p>Pollution prevention and control</p>	<p>Building components and materials used in the construction comply with the following 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>(a) Sustainalytics notes that the Norwegian Building codes stipulates avoidance of materials containing dangerous materials (including mercury, which is listed on the Norwegian authorities' priority list).⁶⁸ SSF has further communicated to Sustainalytics that the Regulation (EU) 2019/1021 has been adopted into Norwegian regulation (Produktforskriften §4-1)⁶⁹, 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)⁷⁰ 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)⁷¹ detailing that it is forbidden to produce, import, export, sell or use substances that deplete the ozone layer.</p> <p>(d) SSF has communicated to Sustainalytics that Regulation 2011/65/EU has been included in the EEA agreement in 2013, and has been adopted into Norwegian law (Produktforskriften §2a-3)⁷² detailing that it is forbidden to produce, import, export, sell or use substances that deplete the ozone layer.</p> <p>(e) Sustainalytics notes that the REACH Directive has been adopted into Norwegian Law.⁷³</p>	<p>Aligned</p>
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⁶⁸ <https://miljostatus.miljodirektoratet.no/tema/miljogifter/prioriterte-miljogifter/>

⁶⁹ https://lovdata.no/dokument/SF/forskrift/2004-06-01-922/KAPITTEL_6#%C2%A74-1

⁷⁰ https://lovdata.no/dokument/SF/forskrift/2004-06-01-922/KAPITTEL_2#KAPITTEL_2

⁷¹ <https://lovdata.no/dokument/LTI/forskrift/2013-06-26-791>

⁷² https://lovdata.no/dokument/SF/forskrift/2004-06-01-922/KAPITTEL_3#KAPITTEL_3

⁷³ <https://lovdata.no/dokument/LTI/forskrift/2015-12-15-1603>

<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>Building components and materials used in the construction that may come into contact with occupiers 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 16000-3:2011 or other equivalent standardised test conditions and determination methods.</p> <p>Where the new construction is located on a potentially contaminated site (brownfield site), the site has been subject to an investigation for potential contaminants, for example using standard ISO 18400.</p> <p>Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.</p>	<p>(f) Sustainalytics notes that the REACH Directive has been adopted into Norwegian Law.⁷⁴</p> <p>(g) The Bank confirmed that the REACH Directive has been adopted into Norwegian Law.⁷⁵</p> <p>SSF confirmed that during the planning-phase, all ground will be checked for contamination according to TEK17 §9-3, the Norwegian Building Code related to pollution in the ground.⁷⁶</p> <p>(a) SSF complies with this criterion as the Bank confirmed that this is covered under TEK17:</p> <ul style="list-style-type: none"> Emissions to air (§9-10⁷⁷, and chapter 14)⁷⁸ <ul style="list-style-type: none"> a. Emissions to ground and water (§9-3)⁷⁹ b. Noise, dust and vibrations (chapter 13)⁸⁰ (b) SSF has further communicated to Sustainalytics that Norway is a member in CEN through the organization Standard Norge. <p>Therefore, Sustainalytics considers this to be aligned with this DNSH criterion of the EU Taxonomy.</p>	
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⁷⁴ <https://lovdata.no/dokument/LTI/forskrift/2015-12-15-1603>

⁷⁵ <https://lovdata.no/dokument/LTI/forskrift/2015-12-15-1603>

⁷⁶ <https://dibk.no/regelverk/byggteknisk-forskrift-tek17/9/9-3/>

⁷⁷ <https://dibk.no/regelverk/byggteknisk-forskrift-tek17/9/9-10/>

⁷⁸ <https://dibk.no/regelverk/byggteknisk-forskrift-tek17/14/innledning-til-kapittel-14-energi/>

⁷⁹ <https://dibk.no/regelverk/byggteknisk-forskrift-tek17/9/9-3>

⁸⁰ <https://dibk.no/regelverk/byggteknisk-forskrift-tek17/13/i/innledning/>

<p>Protection and restoration of biodiversity and ecosystems</p>	<p>Refer to the assessment set out in Appendix 3, Table 10</p> <p>The new construction is not built on one of the following:</p> <p>(a) arable land and crop land with a moderate to high level of soil fertility and below ground biodiversity as referred to the EU LUCAS survey;</p> <p>(b) greenfield land of recognised high biodiversity value and land that serves as habitat of endangered species (flora and fauna) listed on the European Red List or the IUCN Red List;</p> <p>(c) land matching the definition of forest as set out in national law used in the national greenhouse gas inventory, or where not available, is in accordance with the FAO definition of forest.</p>	<p>Sparebanken Sogn og Fjordane confirmed that all buildings under the Framework will be in compliance with Norwegian regulation, including the law on Biodiversity (Naturmangfoldloven). Sustainalytics note that the Bank has not been able to demonstrate compliance with criteria (a),(b), and (c).</p> <p>Sustainalytics notes that while DNSH sub-criterion in Appendix 3 table 10 is aligned, the other sub-criterion is not aligned and therefore Sustainalytics considers SSF to be partially aligned with this DNSH criterion of the EU Taxonomy</p>	<p>Partially Aligned</p>
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Table 4

<p>Framework Activity assessed</p>	<p>New and existing green residential buildings; Older green residential buildings; New and existing green commercial buildings – hotels and restaurants; New and existing green commercial buildings – offices, shops, industry and Older green commercial buildings</p>		
<p>EU Activity</p>	<p>7.7. Acquisition and ownership of buildings</p>		
<p>NACE Code</p>	<p>L68</p>		
<p>EU Technical Screening Criteria</p>		<p>Alignment with Technical Screening Criteria</p>	
<p>Mitigation</p>	<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 Section 7.1 of this Annex that are relevant at the time of the acquisition.</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 Bank confirmed that buildings built before 31 December 2020, financed under the Framework, will be among the top 15% of the national building stock in Norway (either through building code TEK10 / TEK17, or EPC label A/ B).</p> <p>SSF confirmed compliance with this criterion in accordance with answers provided under 7.1.</p> <p>SSF confirmed that all buildings financed under the Framework will be among the top 15% of the national building mass, ensuring they are run with high levels of energy efficiency- SSF does not itself own the buildings and as such cannot ensure continuous energy performance monitoring and assessment.</p>	<p>Aligned</p>

DNSH Criteria		Alignment with DNSH Criteria
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 9	Partially Aligned

Table 5

Framework Activity assessed	Renovated green residential buildings and renovated green commercial buildings		
EU Activity	7.2. Renovation of existing buildings		
NACE Code	F41 and F43		
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	<p>The building renovation complies with the applicable requirements for major renovations.</p> <p>Alternatively, it leads to a reduction of primary energy demand (PED) of at least 30 %.</p>	SSF confirmed that they will only allocate green proceeds to renovation costs for buildings which achieve a minimum 30% reduction of PED, compared to requirements in the applicable building code at time of construction.	Aligned
DNSH Criteria		Alignment with DNSH Criteria	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 9		Partially Aligned
Sustainable use and protection of water and marine resources	<p>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:</p> <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>	SSF has communicated to Sustainalytics that to date, the Bank does not comply with these EU Taxonomy thresholds when financing buildings. Therefore, Sustainalytics considers SSF to be not aligned with this DNSH criterion of the EU Taxonomy.	Not Aligned

	<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 $38 \pm 1\text{ }^\circ\text{C}$.</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>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. 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>Building designs and construction techniques support circularity and in particular demonstrate, with reference to ISO 20887 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>Sustainalytics notes that the Norwegian Building Code TEK17 requires 60% (by weight) of construction waste to be sorted, which is under the requirement of 70%.</p> <p>Sustainalytics notes that the Norwegian Building Code (§9-5)⁸¹ stresses the need to reduce waste and prolong the life-time of any new constructions / rehabilitation. SSF stated that where possible, long-living materials will be chosen. Buildings should also be constructed in a flexible way, so as to be easily dismantlable to optimize reuse of materials. Sustainable use of</p>	<p>Partially Aligned</p>

⁸¹ <https://dibk.no/regelverk/byggteknisk-forskrift-tek17/9/9-5/>

		<p>natural resources must be documented under the forskrift om dokumentasjon av byggevarer.⁸²</p> <p>Therefore, Sustainalytics considers SSF to be partially aligned with this DNSH criterion of the EU Taxonomy.</p>	
<p>Pollution prevention and control</p>	<p>Building components and materials used in the construction complies with the following 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 Council³³¹, 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>(a) Sustainalytics notes that the Norwegian Building codes stipulates avoidance of materials containing dangerous materials (including mercury, which is listed on the Norwegian authorities' priority list).⁸³ SSF has further communicated to Sustainalytics that the Regulation (EU) 2019/1021 has been adopted into Norwegian regulation (Produktforskriften §4-1)⁸⁴, 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:)⁸⁵ 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:)⁸⁶ detailing that it is forbidden to produce, import, export, sell or use substances that deplete the ozone layer</p> <p>(d) SSF has communicated to Sustainalytics that Regulation 2011/65/EU has been included in the EEA agreement in 2013, and has been adopted into Norwegian law (Produktforskriften §2a-3)⁸⁷ detailing that it is forbidden to produce, import, export, sell or use substances that deplete the ozone layer.</p> <p>(e) Sustainalytics notes that the REACH Directive has been adopted into Norwegian Law.⁸⁸</p>	<p>Aligned</p>

⁸² <https://dibk.no/regelverk/dok/>

⁸³ <https://miljostatus.miljodirektoratet.no/tema/miljogifter/prioriterte-miljogifter/>

⁸⁴ https://lovdata.no/dokument/SF/forskrift/2004-06-01-922/KAPITTEL_6#%C2%A74-1

⁸⁵ https://lovdata.no/dokument/SF/forskrift/2004-06-01-922/KAPITTEL_2#KAPITTEL_2

⁸⁶ <https://lovdata.no/dokument/LTI/forskrift/2013-06-26-791>

⁸⁷ https://lovdata.no/dokument/SF/forskrift/2004-06-01-922/KAPITTEL_3#KAPITTEL_3

⁸⁸ <https://lovdata.no/dokument/LTI/forskrift/2015-12-15-1603>

	<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>Building components and materials used in the building renovation that may come into contact with occupiers 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 16000-3:2011 or other equivalent standardised test conditions and determination methods.</p> <p>Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.</p>	<p>(f) Sustainalytics notes that the REACH Directive has been adopted into Norwegian Law.⁸⁹</p> <p>(g) Sustainalytics notes that the REACH Directive has been adopted into Norwegian Law.⁹⁰</p> <p>SSF complies with this criterion as the Norwegian Building Code stipulates choice of building materials with low content of dangerous substances (for both health and environment).</p> <p>SSF complies with this criterion as the Bank confirmed that this is covered under TEK17, the Norwegian Building Code:</p> <ul style="list-style-type: none"> - Emissions to air (§9-10, and chapter 14)⁹¹ - Emissions to ground and water (§9-3)⁹² - Noise, dust and vibrations (chapter 13)⁹³ <p>SSF has further communicated to Sustainalytics that Norway is a member in CEN through the organization Standard Norge.</p>	
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Table 6

Framework Activity assessed	Renewable Energy
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⁸⁹ <https://lovdata.no/dokument/LTI/forskrift/2015-12-15-1603>

⁹⁰ <https://lovdata.no/dokument/LTI/forskrift/2015-12-15-1603>

⁹¹ <https://dibk.no/regelverk/byggteknisk-forskrift-tek17/9/9-10/>

<https://dibk.no/regelverk/byggteknisk-forskrift-tek17/14/innledning-til-kapittel-14-energi/>

⁹² <https://dibk.no/regelverk/byggteknisk-forskrift-tek17/9/9-3>

⁹³ <https://dibk.no/regelverk/byggteknisk-forskrift-tek17/13/i/innledning/>

EU Activity		4.5. Electricity generation from hydropower	
NACE Code		D35.11 and F42.22	
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
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 Bank confirmed that the Framework does only allow allocation to projects aligned with:</p> <p>(a) the electricity generation facility is a run-of-river plant and does not have an artificial reservoir.</p>	Aligned
DNSH Criteria		Alignment with DNSH Criteria	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 9		Partially 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>1. and 2.1 Sustainalytics notes that 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, vannressursloven and naturmangfoldloven (laws on construction of buildings, pollution, water resources and biodiversity). As such, all projects included in SSF's Framework, being compliant with Norwegian regulation, will be compliant with the Directive.⁹⁴</p>	Aligned

⁹⁴ <https://www.nve.no/vann-og-vassdrag/vassdragsforvaltning/vanndirektivet-vannforskriften/>

	<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>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>2.2 (a) SSF has communicated to Sustainalytics that the assessment⁹⁵ includes the mapping of fish species in the area of the planned project, and considers mitigation actions such as adjusted minimum water flow and measures to improve biotope environments.</p> <p>(b) SSF has confirmed that the assessment builds on "vannressursloven"⁹⁶ which lays out the obligation to ensure a minimum flow of water based on criteria related to impact on ecosystems, water quality and aquifers.</p> <p>(c) SSF has communicated to Sustainalytics that the assessment performed by NVE also takes into consideration the law on biodiversity (Naturmangfoldloven), which includes applying the precautionary principle in any new project.</p> <p>2.3. SSF has communicated to Sustainalytics that all hydropower plants financed are approved by the Norwegian Water Resources and Energy Directorate (NVE) and that NVE performs environmental audits after the license has been obtained.</p> <p>3.1 SSF confirmed that all projects in Norway follow Norwegian regulation, including Naturmangfoldloven which ensures limited negative impacts of projects on biodiversity.</p>	
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⁹⁵ http://publikasjoner.nve.no/veileder/2010/veileder2010_03.pdf

⁹⁶ <https://lovdata.no/lov/2000-11-24-82/§10>

	<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>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, state-of-the-art fully functional fish passes, measures to stop or minimise operation and discharges during migration or spawning);</p>	<p>3.2. SSF has confirmed that these criteria are covered in the assessment and licensing from NVE.</p> <p>3.3 SSF has communicated that these criteria need to be covered to obtain a license from NVE, otherwise the project cannot proceed.</p>	
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	<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>3.4 and 3.5: Sustainalytics notes that River Basin Management is conducted on a regional level, and hydropower plants need to be incorporated in the existing river basin management plans. This is regulated in “Vanndirektivet”. The impact of any project on the connected river basin district is considered in the assessment performed by NVE and is utilized to define the minimum water flow requirement for the plant (Vannressursloven §10).⁹⁷</p>	
<p>Protection and restoration of biodiversity and ecosystems</p>	<p>Refer to the assessment set out in Appendix 3, Table 10</p>		<p>Aligned</p>

Table 7

Framework Activity assessed	Renewable Energy		
EU Activity	7.6. Installation, maintenance and repair of renewable energy technologies		
NACE Code	F42, F43, M71, C16, C17, C22, C23, C25, C27 or C28		
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	The activity consists in one of the following individual measures, if installed on-site as technical building systems:	Sparebanken Sogn og Fjordane confirmed to comply with the criterion (a) installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment.	Aligned

⁹⁷ <https://lovdata.no/lov/2000-11-24-82/§10>

	<p>(a) installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment;</p> <p>(b) installation, maintenance and repair of solar hot water panels and the ancillary technical equipment;</p> <p>(c) installation, maintenance, repair and upgrade of heat pumps contributing to the targets for renewable energy in heat and cool in accordance with Directive (EU) 2018/2001 and the ancillary technical equipment;</p> <p>(d) installation, maintenance and repair of wind turbines and the ancillary technical equipment;</p> <p>(e) installation, maintenance and repair of solar transpired collectors and the ancillary technical equipment;</p> <p>(f) installation, maintenance and repair of thermal or electric energy storage units and the ancillary technical equipment;</p> <p>(g) installation, maintenance and repair of high efficiency micro CHP (combined heat and power) plant;</p> <p>(h) installation, maintenance and repair of heat exchanger/recovery systems.</p>		
DNSH Criteria		Alignment with DNSH Criteria	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 9		Partially Aligned

Table 8

Framework Activity assessed	Energy Efficiency		
EU Activity	7.3. Installation, maintenance and repair of energy efficiency equipment		
NACE Code	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22 and C33.12		
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	The activity consists in one of the following individual measures provided that they comply with minimum requirements set for individual components and systems in the applicable national measures implementing Directive 2010/31/EU and, where applicable, are rated in the highest two populated classes of energy efficiency in accordance	Sparebanken Sogn og Fjordane confirmed to comply with criteria:	Aligned

	<p>with Regulation (EU) 2017/1369 and delegated acts adopted under that Regulation:</p> <p>(a) addition of insulation to existing envelope components, such as external walls (including green walls), roofs (including green roofs), lofts, basements and ground floors (including measures to ensure air-tightness, measures to reduce the effects of thermal bridges and scaffolding) and products for the application of the insulation to the building envelope (including mechanical fixings and adhesive);</p> <p>(b) replacement of existing windows with new energy efficient windows;</p> <p>(c) replacement of existing external doors with new energy efficient doors;</p> <p>(d) installation and replacement of energy efficient light sources;</p> <p>(e) installation, replacement, maintenance and repair of heating, ventilation and airconditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies;</p> <p>(f) installation of low water and energy using kitchen and sanitary water fittings which comply with technical specifications set out in Appendix E to this Annex and, in case of shower solutions, mixer showers, shower outlets and taps, have a max water flow of 6 L/min or less attested by an existing label in the Union market.</p>	<p>(a) addition of insulation to existing envelope components, such as external walls (including green walls), roofs (including green roofs), lofts, basements and ground floors (including measures to ensure air-tightness, measures to reduce the effects of thermal bridges and scaffolding) and products for the application of the insulation to the building envelope (including mechanical fixings and adhesive);</p> <p>(b) replacement of existing windows with new energy efficient windows;</p> <p>(e) installation, replacement, maintenance and repair of heating, ventilation and airconditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies;</p>	
DNSh Criteria		Alignment with DNSh Criteria	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 9		Partially Aligned
Pollution prevention and control	<p>Building components and materials comply with the criteria set out in Appendix C to this 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</p>	<p>(a) Sustainalytics notes that the Norwegian Building codes stipulates avoidance of materials containing dangerous materials (including mercury, which is listed on the Norwegian authorities' priority list⁹⁸SSF has further communicated to Sustainalytics that the Regulation (EU) 2019/1021 has been adopted into Norwegian regulation (Produktforskriften §4-1)⁹⁹, which restricts the use of Persostent organic pollutants.</p>	Aligned

⁹⁸ <https://miljostatus.miljodirektoratet.no/tema/miljogifter/prioriterte-miljogifter/>

⁹⁹ https://lovdata.no/dokument/SF/forskrift/2004-06-01-922/KAPITTEL_6#%C2%A74-1

	<p>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 Council³³¹, 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>(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>(b) Sustainalytics notes that regulation (EU) 2017/852 has been adopted into Norwegian law (Produktforskriften §2-4)¹⁰⁰ 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)¹⁰¹ detailing that it is forbidden to produce, import, export, sell or use substances that deplete the ozone layer.</p> <p>(d) SSF has communicated to Sustainalytics that Regulation 2011/65/EU has been included in the EEA agreement in 2013, and has been adopted into Norwegian law (Produktforskriften §2a-3)¹⁰² detailing that it is forbidden to produce, import, export, sell or use substances that deplete the ozone layer.</p> <p>(e) Sustainalytics notes that the REACH Directive has been adopted into Norwegian Law.¹⁰³</p> <p>(f) Sustainalytics notes that the REACH Directive has been adopted into Norwegian Law.¹⁰⁴</p> <p>(g) Sustainalytics notes that the REACH Directive has been adopted into Norwegian Law.¹⁰⁵</p> <p>SSF complies with this criterion as the Bank will requires all construction and renovation works to be carried out in accordance with Norwegian law.¹⁰⁶</p>	
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¹⁰⁰ https://lovdata.no/dokument/SF/forskrift/2004-06-01-922/KAPITTEL_2#KAPITTEL_2

¹⁰¹ <https://lovdata.no/dokument/LTI/forskrift/2013-06-26-791>

¹⁰² https://lovdata.no/dokument/SF/forskrift/2004-06-01-922/KAPITTEL_3#KAPITTEL_3

¹⁰³ <https://lovdata.no/dokument/LTI/forskrift/2015-12-15-1603>

¹⁰⁴ <https://lovdata.no/dokument/LTI/forskrift/2015-12-15-1603>

¹⁰⁵ <https://lovdata.no/dokument/LTI/forskrift/2015-12-15-1603>

¹⁰⁶ <https://lovdata.no/dokument/LTI/forskrift/2005-04-26-362>

	<p>In case of addition of thermal insulation to an existing building envelope, a building survey is carried out in accordance with national law by a competent specialist with training in asbestos surveying. Any stripping of lagging that contains or is likely to contain asbestos, breaking or mechanical drilling or screwing or removal of insulation board, tiles and other asbestos containing materials is carried out by appropriately trained personnel, with health monitoring before, during and after the works, in accordance with national law.</p>		
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Appendix 3: Criteria for Do No Significant Harm (“DNSH”) to Climate Change Adaptation and Protection and Restoration of Biodiversity and Ecosystems

Table 9

Criteria for DNSH to Climate Change Adaptation		
<i>DNSH Criteria</i>	<i>Alignment with DNSH Criteria</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.¹⁰⁷ 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 this 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>SSF confirmed that during the loan application assessment process, the Bank applies standard questions on environmental footprint and climate risk. The list of questions has just been extended. It includes physical risk, transition risk, reputational risk for all corporate loan applications of 3 million NOK and above. The Bank confirmed that in addition to the above, the loan assessment process includes ESG questions for the sectors power, industry, real estate, transportation, agriculture, construction.</p> <p>The Bank stated that all underlying assets have received a building permit. Thus, an environmental risk assessment is conducted at the planning stage and relevant measures are applied to reduce identified risks.</p> <p>SSF stated that the processes for selection of green projects are aligned with Norwegian environmental legislations.</p> <p>SSF stated that all potential adaptation efforts must be aligned with National adaptation plans and regulations. SSF will in general insist that any measures taken by borrowers are in accordance with national laws and regulations.</p> <p>SSF confirmed that national adaptation efforts, such as minimum elevation levels above any near waters for buildings, or restrictions in areas which are prone to slides for new constructions, are enshrined in updated laws and regulations which determine for which areas building permits can be issued.</p> <p>SSF does not own the underlying assets in the Framework and therefore cannot commit to fixed timeframes for adaptation solutions to be implemented as this depends on the borrowers.</p>	<p>Partially Aligned</p>

¹⁰⁷ 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

	<p>Given that it is uncertain whether the adaptation solutions will be implemented within five years from the start of the activities for the underlying assets, Sustainalytics considers this criterion to be partially aligned. Furthermore, Sustainalytics encourages the Bank to include a process that ensures clients commitment to implementing adaptation solutions in order to manage climate risks before the loan disbursal process and report on them.</p>	
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Table 10

Criteria for the Protection and Restoration of Biodiversity and Ecosystems		
DNSH Criteria	Alignment with DNSH Criteria	
<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>SSF confirmed that for larger projects in Norway, environmental impact assessments are typically required. For all other projects, Norwegian national laws and regulations apply.</p> <p>SSF states that the Bank is not directly involved in the construction of infrastructure, therefore it falls outside the scope of their activity to follow-up on mitigating actions identified as part of an EIA. In cases where EIAs are required, SSF will require the fulfilment of all mandatory measures presented in the EIA. SSF has further communicated to Sustainalytics that the two following EU directives are covered in the Norwegian "forskrift om konsekvensutredninger":</p> <ul style="list-style-type: none"> - Directive 2014/52/EU (called the EIA Directive) on the assessment of the environmental impact of certain projects; and - Directive 2001/42/EEC (called the SEA Directive) on the assessment of the environmental impacts of certain plans and programmes <p>Sustainalytics notes that construction projects in Norway abide by Norwegian regulation, including the Biodiversity Law (Naturmangfoldloven) which ensures limited negative impacts of projects on biodiversity.</p>	<p>Aligned</p>

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

Section 1. Basic Information

Issuer name:	Sparebanken Sogn og Fjordane
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Sparebanken Sogn og Fjordane Sustainability Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	September 13, 2022
Publication date of review publication: Original publication date <i>[please fill this out for updates]:</i>	

Section 2. Review overview

SCOPE OF REVIEW

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

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

- | | |
|--|--|
| <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 – Green Buildings, Renewable Energy, Energy Efficiency, Environmentally Sustainable Management of Living Natural Resources and Land Use, Sustainable Aquaculture & Fisheries, and Access to Essential Services – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental and social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3,7,9,14 and 15.

Use of proceeds categories as per GBP:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input 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 GBP | <input checked="" type="checkbox"/> Other <i>(please specify)</i> : Sustainable Aquaculture & Fisheries, and Access to Essential Services |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)*:

Sparebanken Sogn og Fjordane's Sustainable Finance Committee which consists of members from the Bank's Sustainability Group will be responsible for overseeing and selecting eligible projects. SSF has in place an environmental and social risk management system that is applicable to all allocation decisions in the Framework. Sustainalytics considers the project selection process 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 Sustainability 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

- Evaluation / Selection criteria subject to external advice or verification In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

Sparebanken Sogn og Fjordane's Sustainable Finance Committee will be responsible for management and allocation of proceeds using a portfolio approach and will track the use of proceeds through a sustainable bond register. The Bank will use a portfolio approach to manage the proceeds. Unallocated proceeds will be held or invested in money market instruments and allocated within 24 months of issuance, which is in line with market practice.

Tracking of proceeds:

- Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other *(please specify)*:

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other *(please specify)*:

4. REPORTING

Overall comment on section *(if applicable)*:

SSF will provide annual allocation and impact reporting on its website as long as bonds are outstanding. Allocation reporting will contain information such as the total amount of green and sustainability bonds issued. SSF will report on qualitative and quantitative impact metrics in some categories, while in some others, SSF will provide examples of financed projects. Sustainalytics encourages SSF to report on the impact of the projects at a category level, where feasible, to demonstrate the substantial contribution to environmental/social objectives.

Use of proceeds reporting:

- Project-by-project On a project portfolio basis

- Linkage to individual bond(s) Other (*please specify*):

Information reported:

- Allocated amounts Sustainability Bond financed share of total investment
- Other (*please specify*): *the share of proceeds allocated to each of the project categories, the share of proceeds used for financing versus refinancing, and the share of unallocated proceeds.*

Frequency:

- Annual Semi-annual
- Other (*please specify*):

Impact reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (*please specify*):

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
- Decrease in water use Other ESG indicators (*please specify*): *qualitative and quantitative impact metrics.*

Frequency

- Annual Semi-annual
- Other (*please specify*):

Means of Disclosure

- Information published in financial report Information published in sustainability report
- Information published in ad hoc documents Other (*please specify*): *SSF's annual impact and allocation report will be published on the Bank's website.*
- 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 Sustainability 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 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 Sustainability 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 Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognized external sustainability 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, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialized 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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For more information, visit www.sustainalytics.com

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