

SR-Bank

SR-Boligkreditt



Green Bond Framework

May 2024

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1. SR-Bank Sustainability Strategy

SpareBank 1 SR-Bank ASA (SR-Bank) is a responsible corporate citizen. SR-Bank's goal is to be an organisation that takes a proactive approach to sustainability and responsibility for the environmental challenges society faces. Three main areas must be focused on in order to create sustainable development: the climate and environment, the economy, and social conditions.

Our sustainability responsibilities encompass our products, advice and sales, investment and credit decisions, marketing, purchases, and corporate governance. Our internal work on HSE, ethics and environmental efficiency are also encompassed by our definition of sustainability.

Even though we, as Southern and Western Norway's largest and leading financial group, primarily focus on our immediate surroundings, we are just as interested in ensuring that everything we do is sustainable in a global perspective.

The group's sustainability principles are based on the 17 UN Sustainable Development Goals, and as a group we support the UN Global Compact's ten principles for sustainability. SpareBank 1 SR-Bank has signed up to, and complies with, the UN Principles for Responsible Banking (UN PRB) and the group also uses the framework prepared by the Task Force on Climate-Related Financial Disclosures (TCFD) when reporting on climate risk.

Incorporating sustainability into SpareBank 1 SR-Bank:

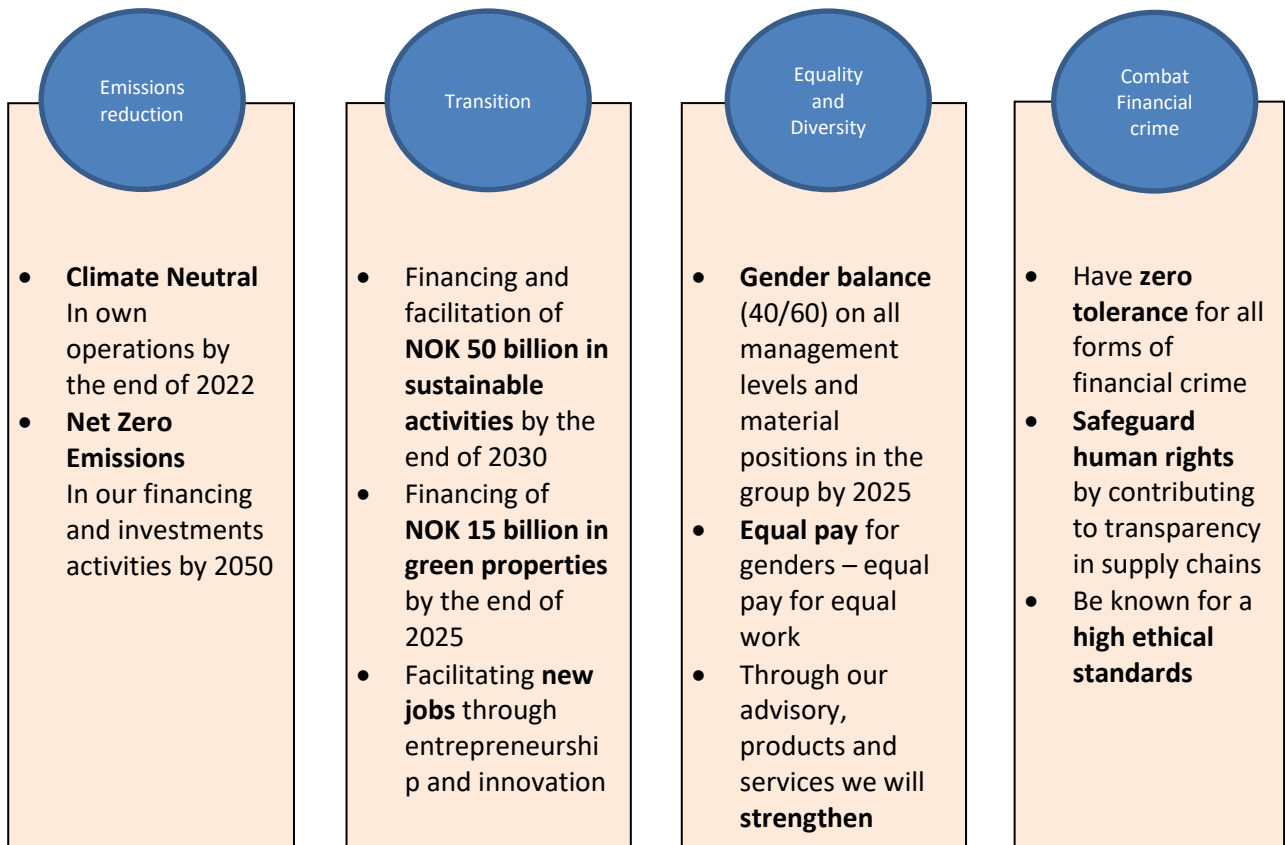


SpareBank 1 SR-Bank's sustainability and climate strategy

The sustainability and climate strategy is anchored in SpareBank 1 SR-Bank's corporate strategy and tailored to suit the objectives of the Paris Agreement. ESG will be deeply integrated into all of the business areas by the end of 2025. This will incorporate ESG risks and opportunities into all activities, thus giving the group the ability to exploit the opportunities that will arise in line with the coming regulations. These could be experienced in everything the SpareBank 1 SR-Bank does, for example in how the group creates valuable customer experiences, delivers results, operates, as well as how the group collaborates internally and externally, and, not least, in how the group contributes to sustainable social development. All employees must take a proactive, responsible approach to sustainability.

SpareBank 1 SR-Bank has achieved good scores over the years, from both leading sustainability indices and rating agencies, for the group's commitment to promoting sustainability in the financial services sector and for continuously improving its sustainability work. This shows that the group has focused on relevant topics in its sustainability work and that its systematic work has produced results. SpareBank 1 SR-Bank will measure its general progress in the 2022-2025 strategy period based on four selected external assessment sources.

The following four objectives have been defined with specific goals and targets:



Net Zero Ambition & Transition Planning

Given our support for the Paris Agreement, SpareBank 1 SR-Bank has the ambition to steer our portfolio to net zero emissions by 2050.

We are in the process of preparing transition plans per industry that we finance. Based on the emissions analysis, the preparation of transition plans will be prioritised with reference to each industry’s emissions intensity. The transition plans will contribute to our effort to reduce financed greenhouse gas emissions and at the same time reduce our customers’ vulnerability to climate changes, in particular transition risk.

Since 2018, we have registered energy and climate accounts based on the international “Corporate Accounting and Reporting Standard” for the first time. This standard was developed by the Greenhouse Gas Protocol Initiative – the GHG Protocol. The climate accounts show tonnes of CO2 that are direct and indirect emissions related to the group. These are greenhouse gas emissions that come from consumption due to, for example, travel, waste management, and energy use. Based on the climate accounts, the group can identify which sources impact the external environment and implement concrete measures to minimise them.

The group’s corporate sustainability and climate strategy aims to make the group climate neutral from and including 2022. This concerns Scope 1 and Scope 2 emissions. As part of reducing Scope 2 emissions, renewables guarantees of origin were purchased for most of the electricity SpareBank 1 SR-Bank consumed. No guarantees of origin were bought for subsidiaries’ energy consumption and individual locations.

The group continuously works to reduce its own emissions, both Scope 1 and Scope 2, as well as Scope 3 emissions. CO2 emissions were compensated for in 2022 by buying biochar. Biochar is a product that binds and stores 50 tCO2e, so-called bio carbon capture and storage. Climate forest that sequesters CO2 amounting to 500 tCO2e has also been purchased.

Initiatives and frameworks that Sparebank 1 SR-Bank is affiliated with:

- Sustainable Developments Goals
- United Nations Global Compact
- UNEP FI Principles for Responsible Banking
- GRI
- CDP
- PCAF
- TCFD
- Responsible Ship Recycling Standards (RSRS)
- Poseidon Principles
- EU Taxonomy
- Norwegian State Pension Fund
- Norsif
- PRI
- Skift
- Women in Finance Charter

All SpareBank 1 SR-Bank's sustainability related initiatives, frameworks, guidelines etc. can be found in our [Sustainability Library](#)

Corporate Responsibility

It is important for SpareBank1 SR-Bank that it is able to give back to local communities by directly supporting activities and initiatives. The bank's goal is to help create flourishing communities and good living conditions, increase cooperation between people and businesses, and ensure enterprising people get a higher return on their commitment.

SpareBank 1 SR-Bank's goal is to ensure that around 50 percent of the group's profit is distributed as dividends and with Sparebankstiftelsen SR-Bank (29.3 percent) and SpareBank1-stiftinga Kvinnherad (2.4 percent) as two of the largest owners, this results in the return of value created through donations to good causes. This is to be done in line with the foundation's vision of "Creating Values Together" as well as the foundation's values of "Together we are to create, enrich and develop healthy communities". This reinforces the bank's local presence and local engagement. In 2022, the two foundations donated NOK 179 million in donations to local communities across Southwestern Norway.

Responsible Finance

As a major Norwegian financial services institution, we have a responsibility to ensure that the capital we manage and lend out is not used in ways that harm people or nature. This is not new, but what is perhaps new is that the industry is beginning to look beyond its responsibility simply not to cause harm to setting requirements for how capital can make a positive contribution. Stipulating sustainability related conditions is hard, and it is definitely not something that either SpareBank 1 SR-Bank or the industry in general is fully adept at, although a process is underway.

Principles for Responsible Banking

There are a number of global initiatives that encourage the banking and finance sector to play its part and contribute to transition. The group signed up to the UN Principles for Responsible Banking in 2019. The six principles define the global standard for what being a responsible bank means. The group bases its work on the principles and reports every year

As a bank, we primarily finance small and medium-sized Norwegian enterprises. We aim to be a positive contributor and sparring partner in order to improve companies' awareness and practices related to

sustainability. Overarching guidelines specifying sustainability were adopted for the corporate market in 2018 and are renewed annually. According to the guidelines, the group should not give loans to companies that extract, or produce power based on coal, nuclear power, tar sand or shale oil. The guidelines require sustainability to be assessed as part of our credit processes and the purpose of the guidelines is to provide corporate advisers with a framework for assessing a company in relation to sustainability. For corporate clients with an exposure larger than NOK 50 million, we have developed an ESG due diligence questionnaire which must be completed.

In the same way as the business sector must undergo a demanding transition process, so too must the financial services industry, and it is important to acknowledge that it will not be easy. The industry cannot simply be guided by customers and regulatory authorities. The individual market participants must take a point of view and choose their priorities. SpareBank 1 SR-Bank's priorities in this context are clearly set out in its sustainability strategy and the goals linked to its lending activities.

We are actively seeking to finance green initiatives both from new and existing clients and the last few years we have seen an increase in these types of products. We expect this growth to continue in the coming years.

Responsible Investments

SR-Bank seeks to ensure that sustainability issues are always considered when making investment decisions. This goes for investments made by the bank itself, or through our fully owned asset management company, SR-Forvaltning. SR-Forvaltning is a signatory of the UN Principles of Responsible Investment and use ESG integration and active ownership to ensure that the funds are managed responsibly. Our guidelines for responsible investments can be found in our [sustainability library](#).

Climate risk (TCFD)

SpareBank 1 SR-Bank reports climate risk in line with the recommendations issued by the TCFD. Climate change and climate adaptation both represent risks and opportunities that could impact SpareBank 1 SR-Bank's activities. SpareBank 1 SR-Bank is indirectly exposed to climate risks and opportunities through its lending, investments and insurance, and directly through its own operations. The group conducts annual stress tests and financial simulations on its loan portfolio. The results show that the group is well-equipped to deal with the financial consequences of major downturns, including any transition risk related to less activity in the business sector. The stress tests also correspond well with the Financial Supervisory Authority of Norway's analysis in which the Norwegian financial services industry is considered well equipped to handle potential losses in the transition to a low emission society. SpareBank 1 SR-Bank reports in line with the CDP's climate module every year and the report is publicly available on the CDP's website.

Risk management & ESG Due Diligence

Climate risk is an integral part of the group's risk management processes and SpareBank 1 SR-Bank identifies and assesses climate risks and opportunities that can affect customers, business areas and operations at various levels.

SpareBank 1 SR-Bank's greatest exposure to climate risk is in the corporate market portfolio, which is why managing the climate risk in this area has been made a priority. Going forward, work on the corporate market's climate risk will focus on the following areas:

- Using a new model for ESG risk assessments for corporate market customers in connection with all credit cases with a total exposure of more than NOK 10 million, see description above (in the section ESG scoring of corporate loans under responsible lending).
- Using the sustainable product framework to identify opportunities within sustainable financing
- Monitoring the pace of restructuring in industries exposed to climate risk and adapting the risk management accordingly.

The purpose of the new ESG scoring model is, in addition to improving the quality of sustainability assessments, to enable the SpareBank 1 banks to include sustainability and climate factors in their credit models at some point in the future. This requires common data capture from a common ESG model.

The group also monitors the development of regulations related to ESG in order to keep an eye on any possible operational risk related to upcoming regulations. It is important to understand how different industries might be

affected by changes to regulations, technology and market dynamics so that the transition risk in the group's loan portfolio can be assessed.

Green products and green innovation

SR-Bank expects the demand from customers and investors for green products to grow in the coming years. Green products are savings and credit agreements that contain conditions concerning whether the investment object is sustainable from a climate and environmental sense. SR-Bank offers retail customers green car loans aimed at electric cars and we offer a car app for smart car insurance that is intended to encourage greener driving behavior through Fremtind, our insurance provider.

The group wants to help make customers more aware of sustainability and to help customers make more sustainable choices. "My carbon footprint" is a digital service that shows the customer their climate footprint based on their transaction history. The bank hopes to improve this online tool going forward to enable a greater outreach and use from our customers.

To support the bank in reaching its overall sustainability commitment of being a proactive ally in the transition and its contribution to the sustainability goals the bank has the ambition to ensure that its clients have access to financial products that promote sustainability. SR-Bank has developed a Sustainable Finance Framework to guide SR-Bank employees in identifying and developing Green and Sustainable Loans / Products. Further detail regarding our approach to sustainability can be found in our [sustainability report](#).

Rationale for issuing Green Bonds

SR-Bank believes that Green Bonds are an effective tool to channel financings to projects that have demonstrated clear environmental or climate benefits and contribute to the achievement of the UN Sustainable Development Goals (UN SDGs) and Paris Agreements. By issuing Green Bonds, SR-Bank intends to align its funding strategy with its mission, sustainability strategy and net-zero objectives. In fact, SR-Bank sees responsibility for the environment and the society as a sustainability priority and intends to create sustainable developments, while respecting the environmental resources.

In addition, SR-Bank aims to contribute to the development of the green bond market and to the growth of SRI investing. Lastly, Green Bonds will help to identify SR-Bank's investor base and broaden discussions with existing investors.

2. SR-Bank Green Bond Framework

In line with SR-Bank's Sustainability Strategy and commitment to sustainable development, SR-Bank has established this Green Bond Framework under which it can issue Green Bonds (as defined below) and Green Deposits, to finance or refinance loans promoting positive environmental impact.

There are two types of bonds that SR-Bank can issue under this Green Bond Framework:

- a) "**Green Covered Bonds**" issued by SR-Boligkreditt. Bonds where the proceeds will be used to finance or re-finance, in part or in full, new and/or existing residential green buildings (as defined in the section "Use of Proceeds" below)
- b) "**Green Unsecured Bonds**" issued by SR-Bank. Bonds where the proceeds will be used to finance or re-finance, in part or in full, an array of new and/or existing green projects (as defined in the section "Use of Proceeds" below)

The ICMA Green Bond Principles are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market by clarifying the approach for issuing a green bond. In alignment with the ICMA Green Bond Principles 2021¹, SR-Bank Green Bond Framework is presented through the following key pillars:

¹ https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External review

For each Green Bond issued, (i) Use of Proceeds (ii) Project Evaluation and Selection (iii) Management of Proceeds, (iv) Reporting, and (v) External review will be adopted subject to and in accordance with this Green Bond Framework as amended from time to time. The Framework also follows the GBP's key recommendation of External Review for heightened transparency².

Under the Green Bond Framework, SR-Bank and any of its subsidiaries can issue Green Bonds and Green Deposits to finance and refinance assets and projects which contribute to the UN Sustainable Development Goals and the sustainability strategy of SR-Bank. The Green Bond Framework defines the loans, credits, and investments (hereinafter defined as the "Eligible Green Loan Portfolio") eligible to be funded by the proceeds of Green Bonds and Green Deposits issued by SR-Bank.

For the avoidance of doubt, any future changes to the Eligibility Criteria may not apply to Green Bonds and Green Deposits issued under this or previous versions of the Framework. Future changes in relevant Green Bond standards may be implemented in future versions of this Green Bond Framework. Any future update of this Green Bond Framework that may exist will either keep or improve the current levels of transparency and reporting disclosure.

3. Use of Proceeds

An amount equal to the net proceeds of the Green Bonds and Green Deposits issued by SR-Bank under this Framework shall be used to finance and/or re-finance a portfolio of "Eligible Green Loans" as defined by the eligibility criteria in this Framework (see below under the "Eligibility Criteria").

While SR-Bank aims to document an exact project or asset financed, also general corporate purposes loans to "pure play" green companies can be funded with net proceeds from Green Bond issuances and Green Deposits. A pure play company is defined as a company deriving over 90% of its revenue from the Green Loan categories as defined below.

Alignment with the Environmental Objectives of the EU and the EU Taxonomy Climate Delegated Act

The definition of the Eligibility Criteria takes into account where possible the EU Environmental Objectives from the EU Taxonomy Regulation and the EU Taxonomy Climate Delegated Act with the intention to apply them on a best-efforts basis as long as there are feasible practical applications in the geographies where SR-Bank's assets are located (in terms of local regulation).




Alignment with the UN SDGs

In alignment with SR-Bank's broader sustainability strategy and support of the UN SDG 2030 agenda, the Eligibility Criteria contemplated under this Framework, directly contribute to the achievement of UN SDGs.

The eligible loans are to be funded in whole or in part by an allocation of the bond proceeds in the following categories:

² https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/External-Review-Guidelines_June-2022-280622.pdf

ICMA GBP category	Eligible category description	UN SDGs	Contribution to EU Environmental Objectives	EU Economic Activities
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<p>Green Buildings</p>	<p>Loans, credit and investments to finance/refinance new or existing residential or commercial buildings in Norway.</p> <p>Eligible Green Buildings must meet one or more of the following eligibility criteria:</p> <ol style="list-style-type: none"> Residential buildings in Norway <ul style="list-style-type: none"> ➤ Buildings built ≥2021 : NZEB-10%^{3 4} <ul style="list-style-type: none"> - Buildings complying with the relevant NZEB-10% threshold⁵ ➤ Buildings built <2021 : EPC A label or within the top 15% low carbon buildings in Norway <ul style="list-style-type: none"> - Buildings complying with TEK10 & TEK17 building codes (built ≥2012)⁶ - Buildings with EPC labels reflecting the top 15%⁷ Commercial buildings in Norway <ul style="list-style-type: none"> ➤ Buildings built ≥2021: NZEB-10%^{3 4} <ul style="list-style-type: none"> - Buildings complying with the relevant NZEB-10% threshold⁵ ➤ Buildings built <2021: EPC A label or within the top 15% low carbon buildings in Norway: <ul style="list-style-type: none"> - Hotel and restaurant buildings complying with the Norwegian building code TEK10 & TEK17 (built ≥2013)⁵ - Office, retail and industrial buildings complying with the Norwegian building code TEK10 & TEK17 (built ≥2012)⁵ - Buildings with EPC labels reflecting the top 15%⁷ ➤ Buildings which received at least one or more of the following classifications <ul style="list-style-type: none"> - LEED “Gold” - BREEAM or BREEAM-NOR “Very Good”, or equivalent or higher level of certification - Nordic Swan Ecolabel Refurbished Residential and Commercial buildings in Norway with an improved energy efficiency of 30%⁸ <ul style="list-style-type: none"> - Refurbished Norwegian residential and commercial buildings with at least a 30% improvement in energy efficiency, measured in kWh/m² - Where EPC labels are available to select eligible assets under this criterion, only labels of ‘D’ or better will be considered. 	  	<p>EU Environmental Objective</p> <p>1: Climate Change Mitigation</p> <p>Substantial contribution to Climate Change Mitigation (1.b): Improving energy efficiency in all sectors, except energy generation using solid fossil fuels, and at all stages of the energy chain, in order to reduce primary and final energy consumption</p>	<p>EU Economic Activity</p> <p>7.2. Renovation of existing buildings</p> <p>7.7. Acquisition and ownership of buildings</p>
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³ In accordance with the EU Taxonomy Climate Delegated Act, buildings built from 1 January 2021 onwards should meet the ‘NZEB -10%’ criterion. In Norway, NZEB definitions were announced on 31 January 2023.



⁴ Previously eligible TEK17 buildings originated between 01/01/2021 - 31/01/2023 have been grandfathered as of 31/01/2023 following the publication of the official Norwegian NZEB definitions

⁵ Compliant buildings are assessed against the respective NZEB threshold published by the Norwegian Ministry, expressed as specific energy demand in kWh/m². At the time of writing all Norwegian buildings with EPC labels of A and some EPC B labels are in scope. The full methodology and selection approach used for NZEB-10% compliant buildings will be published in Multiconsult’s technical report.

⁶ Qualifying building codes will be determined with the support of a specialised external consultant. A two-year lag (for residential, office, retail and industrial buildings) and a three-year lag (for hotel and restaurant buildings) between implementation of a new building code and the buildings built under that code must be taken into account. Previously eligible TEK07 commercial buildings have been grandfathered as of 31/12/2022.

⁷ Qualifying EPCs will be determined with the support of a specialised external consultant. At the time of writing Norwegian residential buildings with EPC labels of A and B are in scope. Previously eligible TEK07 small residential buildings and EPC C labels built before 2012 have been grandfathered as of 30/06/2021 and 31/12/2020 respectively.

⁸ Qualifying buildings will be determined with the support of a specialised external consultant.

<p>Renewable Energy</p>	<p>Loans, credit and investments to finance or refinance equipment, development, manufacturing, construction, operation, distribution and maintenance of renewable energy generation sources</p> <ol style="list-style-type: none"> 1. Solar Energy: Photovoltaics (PV), concentrated solar power (CSP) and solar thermal facilities 2. Wind Energy: Onshore and offshore wind energy generation facilities 3. Hydropower in Norway, that meet one of the following criteria: <ul style="list-style-type: none"> - the electricity generation facility is a run of river plant and does not have an artificial reservoir - the power density of the electricity generation facility is above 5W/m2 - the lifecycle emissions from the generation of the electricity from hydropower are lower than 100g CO2e/Kw 		<p>Substantial contribution to Climate Change Mitigation (Article 10), including but not limited to:</p> <p>1.a) Generating, transmitting, storing, distributing or using renewable energy in line with Directive (EU) 2018/2001, including through using innovative technology with a potential for significant future savings or through necessary reinforcement or extension of the grid</p>	<p>4.1. Electricity generation using solar photovoltaic technology</p> <p>4.2. Electricity generation using concentrated solar power (CSP) technology</p> <p>4.3. Electricity generation from wind power</p> <p>4.5. Electricity generation from hydropower 4.21 Production of heat/cool from solar thermal heating</p>
<p>Clean Transportation</p>	<p>Loans, credit and investments aiming at financing or refinancing production, establishment, acquisition, expansion, upgrades, maintenance and operation of low carbon vehicles and core and/or auxiliary sustainable transport infrastructures ⁹</p> <ul style="list-style-type: none"> • Low carbon vehicles: <ul style="list-style-type: none"> - Fully electric, hydrogen or otherwise zero emissions vehicles for the transportation of passengers or freight • Core and/or auxiliary sustainable transport infrastructure: <ul style="list-style-type: none"> - Infrastructure to support zero emissions passenger or freight vehicles and public transportation, such as charging stations for electric vehicles, urban and intercity electric transit infrastructure 		<p>Substantial contribution to Climate Change Mitigation (Article 10), including but not limited to:</p> <p>1.c) Increasing clean or climate-neutral mobility</p>	<p>6.3. Urban and suburban transport, road passenger transport</p> <p>6.5. Transport by motorbikes, passenger cars and light commercial vehicles</p> <p>6.6. Freight transport services by road</p> <p>6.15. Infrastructure enabling low-carbon road transport and public transport</p> <p>7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)</p>

⁹ No transport activities that are dedicated for the transport of fossil fuels.

4. Process for Project Evaluation and Selection

A dedicated Green Bond Committee has been established to create this Green Bond Framework. Projects financed and/or refinanced through the Green Bond and Green Deposit proceeds are evaluated and selected based on compliance with the Eligibility Criteria. The committee consists of members of the Corporate Division, Communication and Social Responsibility and senior officials within SR-Bank's funding team.

The Green Bond Committee is responsible for:

- Reviewing the content of SR-Bank's Green Bond Framework and updating it to reflect changes in corporate strategy, technology, market, or regulatory developments on a best effort basis;
- Updating external documents such as Second Party Opinion (SPO) and related documents from external consultants and accountants;
- Evaluating and defining the Eligible Green Loans Portfolio in line with the Eligibility Criteria as set out in the Framework, excluding projects that no longer comply with the Eligibility Criteria or have been disposed of and replacing them on a best effort basis;
- Overseeing, approving and publishing the allocation and impact reporting, including external assurance statements. SR-Bank also rely on external consultants and their data sources, in addition to its own assessment;
- Monitoring internal processes to identify known material risks of negative social and/or environmental impacts associated with the Eligible Green Loans Portfolio and appropriate mitigation measures where possible;
- Ensuring that the environmental and social risks potentially associated with the Eligible Green Loans Portfolio are properly mitigated via the due-diligence processes conducted by SR-Bank's at group level;
- Liaising with relevant business finance segments and other stakeholders on the above

Green buildings:

SR-Bank has relied on the support of an external real estate expert consultant Multiconsult to identify the eligible buildings that comply with these criteria within SR-Bank's portfolio of residential and commercial real estate, including (1) investigating a suitable NZEB-10% selection approach, (2) defining the associated eligibility criteria for the top 15% of low carbon buildings and the eligible regulations, standards and certifications, (3) identifying the buildings that comply with above eligible criteria within SR-Bank's existing portfolio of real estate. Information from the Land Register regarding building year as well as the EPC label from the national EPC database is used. The information is typically received from third-party Eiendomsverdi¹⁰, which is an entity that supports the reporting of mortgage data for a large number of Norwegian bond issuers. The Green Bond Committee will oversee the process for the evaluation and selection of Eligible Green Loans according to the methodology defined by the consultant

Renewable Energy and Clean Transportation:

SR_Bank intends to select Eligible Loans, screening the Transportation and Renewable Energy Lending Portfolios, based on the Eligibility Criteria defined within this Framework.

SR-Bank ascertains, on a reasonable effort basis, that all selected Eligible Green Loans comply with official national standards and local laws and regulations. In addition, SR-Bank handles minimum environmental and social requirements for all lending businesses, including those financed with the proceeds of the Green Finance Instruments. These eligibility criteria and minimum requirements are continuously developed and renewed. Some of these requirements have been specified above, as given in the use of proceeds SR-Bank's environmental and social policies can be found on here: [Sustainability](#).

¹⁰ <https://eiendomsverdi.no/>

5. Management of Proceeds

The Green Bonds and Green Deposit proceeds will be managed by SR-Bank in a portfolio approach.

SR-Bank intends to allocate the proceeds from the Green Bonds and Green Deposits to a portfolio of loans that meet the use of proceeds eligibility criteria and in accordance with the evaluation and selection process presented above, the Eligible Green Loan Portfolio. The Green Bond portfolio is considered as a sub-portfolio internally and tracked and assessed over time at least on a semi-annual basis as per the scheduled meets of the Green Bond Committee.

SR-Bank will strive, over time, to achieve a level of allocation for the Eligible Green Loan Portfolio that matches or exceeds the balance of net proceeds from its outstanding Green Bonds and Green Deposits. Eligible Green Loans will be added to or removed from SR-Bank's Eligible Green Loan Portfolio to the extent required.

While any Green Bond and Green Deposit net proceeds remain unallocated, SR-Bank will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short term and liquid instruments, the balance of net proceeds not yet allocated to the Eligible Green Loan Portfolio.

6. Reporting

SR-Bank intends to make and keep readily available green bond and green deposit reporting after a year from the issuance, to be renewed annually until full allocation.

SR-Bank intends to show the allocation and impact of the green bond and green deposit proceeds to the Eligible Green Loan Portfolio at least at the category level and on an aggregated basis for all of SR-Bank's green bonds, green deposits, and other potential green funding outstanding.

SR-Bank intends to align the reporting with the portfolio approach described in "Green Bonds- working towards a Harmonised Framework for Impact Reporting (April 2022)"¹¹.

Allocation Reporting

The allocation report may provide, on a portfolio basis, on indicators such as:

- the total amount of proceeds allocated to the Eligible Green Loan Portfolio, per Green Eligible Category
- the size of the identified Eligible Green Loan portfolio, per Green eligible Category
- the balance (if any) of unallocated proceeds
- the amount or the percentage of new financing and refinancing
- the portion of loans that are alignment with the EU Taxonomy Climate Delegated Act
- the geographical distribution of the assets (at country level)

Impact Reporting

The impact report* may provide:

- Description of the Green Eligible Loans
- The breakdown of Green Eligible Loans by nature of what is being financed (financial assets)
- Metrics regarding projects' environmental impacts as described below:

¹¹ https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Green-Bonds_June-2022-280622.pdf

Eligible Project Category	Potential Impact Indicators
Green Buildings	<ul style="list-style-type: none"> ▪ Estimated ex-ante annual energy consumption in KWh/m² or energy savings in MWh ▪ Estimated annual reduced and/or avoided emissions in tons of CO₂ equivalent
Renewable Energy	<ul style="list-style-type: none"> ▪ Total installed capacity in MWh and/or tH₂ ▪ Estimated annual avoided emissions in tons of CO₂ equivalent
Clean Transportation	<ul style="list-style-type: none"> ▪ Low carbon vehicles: Number of vehicles (units per year) ▪ Low carbon infrastructure: Number of charging stations ▪ Estimated ex-ante annual GHG emissions reduced / avoided in tons of CO₂ equivalent vs fuel-based powertrain vehicles

*SR-Bank has appointed a specialised green consultant Multiconsult to develop the methodology for the estimation and calculation of the impacts for all categories. The impact report will be provided on a portfolio basis.

Both allocation report and impact report will be made available via SR-Bank's [website](#).

7. External review

Second party opinion

SR-Bank has obtained an independent verification assessment from ISS Corporate Solutions to confirm the alignment of the SR-Bank Green Bond Framework with the ICMA Green Bond Principles 2021 (including the updated Appendix I of June 2022). SR-Bank has also obtained an assessment of the alignment of this framework with the EU Taxonomy from ISS Corporate Solutions. The SPO and Framework are published on the bank's website.

Verification

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

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