



**Den
Gule
Banken**
Sandnes Sparebank

**Green Bond Framework
October 2022**

WHO WE ARE

Sandnes Sparebank (“the bank”) is a Norwegian savings bank headquartered in Rogaland county, and the largest member of the Eika Alliance¹. Since the beginning of 1875, Sandnes Sparebank has gained a strong position in the southern region of Rogaland, Norway, offering a broad range of investment- and banking products. In addition, Sandnes Sparebank is involved in real estate brokerage through its subsidiary Aktiv Eiendomsmegling Jæren AS, in which it owns 60%.

With total assets of NOK 30,5. billion and 147 FTE as of Q2 2022, Sandnes Sparebank has a strong position in its region. The customer base consists of 42 000 retail- and 5 000 corporate clients. In 2008, SSB Boligkreditt AS (“SSB”) was established as a fully owned subsidiary of Sandnes Sparebank to secure long-term funding for the bank through issuance of covered bonds. This framework, including all potential future updates, can be applied both by Sandnes Sparebank and SSB to issue green bonds. Throughout this document, the companies will collectively be referred to as “Sandnes Sparebank”.

WHAT WE DO

Sandnes Sparebank actively seeks to reduce its carbon footprint and looks for new ways to implement sustainable practices into our business strategy. We aim to integrate sustainability across the organisation, from engaging in activities that contribute to lower energy consumption, to encouraging customers to choose electric transportation by offering green car loans. Through activities, products and services, our objective is to strengthen our customers’ and client’s ability to increase their positive climate impact.

Sustainability at Sandnes Sparebank

Corporate responsibility and sustainability has been included in all our internal guidelines, such as our credit-, [investments](#)- and risk evaluation-policies, as well as our [sourcing and supplier policy](#). As a bank, we are an enabler of sustainable value creation through responsible banking. We comply with the local Norwegian laws and regulations, which also apply to our customers. However, we are of the opinion that the role of a responsible societal actor extends beyond the scope of regulation, and have therefore defined higher expectations for ourselves and the companies we finance or invest in. We follow the recommendations and guidance presented in the UN convention on Human Rights, the UN Global Compact, the UN Principles for responsible banking (UNEP FI), UN Principles for Responsible Investments (UN PRI) and the International Labour Organization’s Labour Standards.

To ensure the sustainable use of economic, social and natural resources we require transparency both internally for our own employees and partners, and externally to the bank’s customers and other related parties. New employees are taken through, and sign, the bank’s internal guidelines as part of their onboarding, and all employees are prompted to revisit our ethical guidelines on a regular basis. This includes an annual update on the bank’s corporate citizenship and sustainability [policy](#) to ensure that the bank does not contribute to violation of human and employee rights, corruption, serious environmental damage and other unethical acts. Additionally, to strengthen our organizational culture and ethical awareness, our financial advisors receive a yearly ethical test and update from the Eika-school.

We are conscious about our own environmental footprint, and work continuously to reduce emissions and negative impacts from our own operations. Sandnes Sparebank’s BREEAM-certified head office was the first commercial building in Sandnes municipality with status of a passive building. Furthermore, the building is located in a car-free area, encouraging the use of public transportation. Some of our other efforts include:

- Our head office utilized 100% renewable energy with certificates of origin
- In 2021, we acquired an electrical van and an electrical car, ensuring that our employees can get to customer-meetings in an environmentally friendly way, and that all van-activity has transitioned from using diesel to electricity.

¹ An alliance consisting of 50 local banks, the the Eika Group and Eika Boligkreditt (<https://eika.no/eika-alliansen>)

- Aligned with our environmentally policy, Sandnes Sparebank is using digital solutions such as video conferences and mobile solutions to reduce travel.
- We require all our suppliers to adhere to principles of human- and labour- rights, environmental protection and anti-money laundering. In 2021, we engaged with several of our suppliers to ensure that their business is run as sustainably as possible. Furthermore, a large group of our suppliers are covered by the Eika Group's ESG screening, which follows the supplier criteria set out in the Eco Lighthouse certification scheme.
- Every year we re-distribute millions of the bank's profits to our local community. All donations can be mapped to at least 1 of the UN SDGs, and 10% have been tagged to fight climate change and protect biodiversity.

Sustainable products

Working to reduce our own environmental footprint is important to us. However, we recognise that the finance industry can increase our positive impacts by offering sustainable products and focusing on responsible credit- and investment- policies.

Our green loans aim to reward those customers that actively contribute to a greener society, by offering favourable conditions for these products. We also work continuously to develop new products that can aid our customers in the transition to a low-carbon society. To date, the bank offers five separate green loan-products green mortgages, car- and agricultural- loans facilitate purchases of more environmentally friendly homes and transportation, and the use of renewable energy through installation of rooftop solar panels. Our green business loans are granted to business making sustainable choices, and can be used to finance amongst other things energy efficient commercial buildings, investments facilitating a low-carbon society, and renewable energy systems. In addition, we offer green adjustment loans which cover a broad range of environmentally friendly home improvement initiatives²

On the capital management side, we make sure that all investment products we recommend and invest in live up to the highest standards for responsibility, sustainability, transparency and business ethics. We follow the exclusion list published by *Statens Pensjonfond Utland's* when considering what companies we can finance or invest in. Providing a good starting point, this list doesn't provide sufficient criteria for products or behaviour, and we have therefore chosen to add additional criteria for companies we associate with. In cooperation with Eika Kapitalforvaltning (EKF) we offer asset management services following their guidelines for responsible investment, ensuring alignment with human and labour rights, corruption laws, no large environmental damages or other harmful actions. This includes, amongst other efforts, making sure that we don't directly or indirectly finance any negative impacts on UN World Heritage sites.

Who our customers are, and what they do, are important factors when we consider who to lend to. ESG-considerations, including evaluation of adherence to human- and worker rights, and assessment of risks related to corruption, governance, transparency and the environment, play a central role in our credit approval process and are considered on an equal basis to other risk drivers. The evaluation and the criteria for our customers are integrated in our credit policy, credit strategy and daily operations. Certain sectors are wholly excluded from our financing, including those involved in the production of weapons, tobacco or pornography. We pay extra attention to companies with higher ESG-risk exposure, or companies that have triggered concern in relation to any ESG factors. In these cases we collect information and documentation from the customers, to check whether they align with our expectations. Potential sanction-schemes in cases where our criteria are not met include the drafting of an action plan for the relevant customer, or to include specific measures in the loan agreements. Additionally, we pay closer attention to companies in sectors that experience a higher occurrence of breaches with our standards. All our business customers are required to sign a self-declaration, promising to uphold Norwegian regulation, respect human rights, and work actively to minimize discrimination, harassment and money laundering.

² These initiatives have been mapped to a [list](#) made by ENOVA

Working with the UN Sustainable Development Goals

The Paris agreement and the UN sustainable Development Goals have served as guiding stars for prioritizing and identifying arenas where the bank have the largest potential positive impacts. As part of defining the bank's sustainability strategy, we have chosen six goals where we believe we can make a difference:



Through seminars, presentations, social media presence and targeted work with local high schools, the bank contributes to lift the local competency levels relating to economics and sustainability.



We expect an equal and diverse workforce, and require the same from our customers and suppliers. We contribute to economic equality through knowledge sharing and advisory services, clearly demonstrated in our work to reduce the gender pay gap. Recognising that work still needs to be done to achieve gender equality, we have included this in our own policies and participate in the 50/50 group I *Næringsforeningen*, which have established concrete equality targets for businesses in the Stavanger region.



We promote inclusive and sustainable economic growth and decent work through our business and requirements for customers and suppliers. The bank works to ensure all companies we finance or invest in respect not only Norwegian laws and regulations, but adhere to good business ethics and the expectations from international conventions and guidelines. All new customers sign a form declaring compliance with the bank's criteria.



As a local savings bank we contribute to the sustainability of our communities through the yearly donation from Sandnes Sparebank's gift fund. We also work actively with initiatives targeted at aiding our customer's transition to a low-carbon society.



Through our green products, advisory-services, education, and evaluation of climate risk, we contribute to reduce climate emissions. We track our own emissions, and work continuously to reduce our negative environmental footprint both directly and indirectly through our financing and investments.



We seek active cooperation and collaboration to facilitate larger impacts and faster achievement of targets. Internationally we contribute as a member of the UNEPFI, and locally, we collaborate with the Eika Alliance, and *Finans Norges (Finance Norway) referansegruppe for bærekraft*, amongst others. Finance Norway advocate the views of the Norwegian financial industry, among others concerning national climate policies. As a member of the Eika Alliance, SSB is contributing to the sustainability strategy in the Alliance.

Green Bond Framework

Sandnes Sparebank bank aims to support the shift towards a low carbon economy and is with the creation of this Green bond Framework (“Framework”) aligning its sustainability ambitions with its financing solution. The framework is based on the 2021 version of Green Bond Principles published by the International Capital Markets Association.

USE OF PROCEEDS

The net proceeds of the Green Bonds issued by Sandnes Sparebank will be used to finance or re-finance Eligible Assets that have been evaluated and selected by Sandnes Sparebank in accordance with this Green Bond Framework. Refinancing of Eligible Projects will have a look-back period of no longer than three 5 years from the time of issuance.



Eligible Project Categories

ICMA Category	Description	Criteria
Green Residential Buildings	New and Existing green residential buildings that are among the top 15 % in energy-efficiency in Norway	<ul style="list-style-type: none"> Are in accordance with building code from 2010 (TEK 10) or 2017 (TEK 17), i.e. the building was completed in 2012 or later (2013 or later for hotels and restaurants) OR Have received an energy performance certificate with character A or B.
Green Commercial Buildings	New and Existing green commercial buildings that are among the top 15 % in energy-efficiency in Norway	<ul style="list-style-type: none"> Are in accordance with building code from 2010 (TEK 10) or 2017 (TEK 17), i.e. the building was completed in 2012 or later (2013 or later for hotels and restaurants) OR Have received an energy performance certificate with character A or B
Renovation of buildings		<ul style="list-style-type: none"> Cost of renovations leading to an Improvement of primary energy demand (kWh/m2) per year by at least 30%
Renewable energy	Loans to finance the project development, construction and maintenance of renewable energy production, including related equipment	<ul style="list-style-type: none"> Solar Energy: i.e. installation of solar-panels and related equipment
Energy efficiency	Replace the use of fossil energy; Measures to increase the energy efficiency of e.g. buildings.	<ul style="list-style-type: none"> Replacing Diesel generators with electricity from the grid. Procurement of electric machinery Local energy solutions (e.g. excess heat but excluding from fossil fuel-based sources) LED lighting Installation, maintenance and repair of energy efficiency measures supported by ENOVA. The current list includes: <ul style="list-style-type: none"> Energy advisory services water borne heat and accumulator tanks heat pumps energy management systems, including: smart thermostat systems, energy management systems, central steering systems, smart water heaters, balanced ventilation systems, heat management systems Energy efficiency upgrades to the building envelope leading to a 30% reduction in heat loss and an increase in energy efficiency equivalent to minimum TEK10 requirements. energy-efficient lighting, LED lighting, post-isolation, low-energy windows, installation of sealing strips

ICMA Category	Description	Criteria
		<ul style="list-style-type: none"> ○ Heat reuse from grey water <p>The electrification of the production of oil and gas, as well as measures to improve the energy efficiency of such activities, is excluded.</p>
Environmentally Sustainable Management of Living Resources and Land Use	Loans to finance or refinance sustainable agricultural projects / activities	<ul style="list-style-type: none"> • Agricultural activities that are organic and accredited under the DEBIO certification scheme. • Greenhouses utilizing excess heat and CO2 (excluding from fossil fuel-based sources) for heating and plant growth <p>Large-scale holders of livestock and the industrial production of meat are not eligible under this framework.</p>
Clean transportation	Expenditures in cars and vehicles with zero tailpipe emissions, e.g. battery electric or based on green hydrogen	<p>Expenditures in connection with clean transportation</p> <ul style="list-style-type: none"> • Battery electric vehicles • Vehicles which run on green hydrogen • Charging infrastructure for electric vehicles • Charging infrastructure for hydrogen vehicles <p>Financing of companies that derive 90% of revenues from clean transportation</p>

Exclusions

Net proceeds from Green Bonds issued under this framework will not be put towards financing assets related to the production, storing or transportation of fossil fuels, nuclear energy production, weapons or defence, potentially harmful resource extraction, gambling, tobacco or other drugs. Assets not in accordance with Sandnes Sparebank's investment policy or that breaches internationally recognised frameworks (such as the ten principles of the UN Global Compact) will also be excluded.

SELECTION AND EVALUATION OF ELIGIBLE PROJECTS

Sandnes Sparebank has designed and implemented a process to ensure that only projects aligned with the criteria set out above will be selected as Eligible Assets and Projects for its Green Bond issuances. To oversee the selection process, a Green Bond Committee has been established with members from selected departments across the organization, including Heads of Retail and Corporate Divisions, Head of ESG, Head of Risk and Head of Treasury.

The Green Bond Committee follows the below process when selecting and evaluating projects for the Eligible Projects.

1. Relevant business units will propose potential projects and assets to be financed in accordance with the above criteria
2. The Green Bond Committee will assess the eligibility of proposals according to the criteria in above table and remove projects that do not meet the criteria. The committee will then decide on projects to be financed and submit final approval.

The Green Bond Committee will also manage any future updates to the Green Bond Framework, including any expansion of the Eligible Categories, and oversee its implementation.

In addition to the criteria included in this framework, Sandnes Sparebank's assessment process for loan applications by commercial clients includes a standard set of ESG questions. Questions cover areas such as climate risk, emissions, equality, human rights, financial crime risks, and measures to reduce emissions in the future.

MANAGEMENT OF PROCEEDS

Sandnes Sparebank will establish a Green Bond Register for the purpose of monitoring the Eligible Assets and Projects and the allocation of the net proceeds from Green Bonds issued under this Framework. The Green Bond Register will be managed by the Treasury Department, and net proceeds will be managed on a portfolio basis.

Sandnes Sparebank will over the duration of the outstanding Green Bonds build up and maintain an aggregate amount of Asset and Projects in the Green Bond Register that is at least equal to the aggregate net proceeds of all outstanding Green Bonds.

There may be periods when the total outstanding net proceeds of Green Bonds exceed the value of the Eligible Assets and Projects in the Green Bond Register. Any such portion will be placed on an ordinary bank account or in the short-term money market. To avoid doubt, no allocated proceeds will be temporarily placed in investments as set out in the section "Exclusions".

The Green Bond Register will form the basis for the impact reporting.

REPORTING

Sandnes Sparebank will at least annually publish a report on the allocation and impact of Green Bonds issued under this framework. The report will be made available on Sandnes Sparebank's website each year until full allocation. Where relevant Sandnes Sparebank will seek to align the reporting with the latest standards and practices as identified by ICMA and the guidelines in the Nordic Public Sector Issuer's Position Paper on Green Bond Impact Reporting. The impact report will, to the extent feasible, also include a section methodology, baselines and assumptions used in impact calculations.

Allocation Report

The allocation report will, to the extent feasible, include the following components:

- A list of all Eligible Assets and Projects funded including amounts allocated
- Detailed descriptions and case studies of selected Eligible Assets and Projects financed
- Amounts invested in each category as defined in the Use of Proceeds section and the relative share of new financing versus refinancing
- Total amount of unallocated proceeds, if any

Impact Report

Sandnes Sparebank will strive to report on the actual environmental impact of the investments financed by their Green Bonds. If/when actual impact for some reason is not observable, or unreasonably difficult to source, estimated impact will be reported.

The impact indicators may vary with investment category, as defined in this Green Bond Framework. The impact metrics selected may include the following:

- Green Buildings
 - Estimated ex-ante annual energy consumption in KWh/m² or energy savings in MWh
 - Estimated annual GHG emissions reduced/avoided in tonnes of CO₂ equivalents
 - Further indicators might be reported wherever practicable
- Renewable Energy
 - Installed Capacity (MW)
 - Annual electricity generation (MWh)
- Energy Efficiency
 - Examples of projects financed
 - (energy metric avoided)
- Sustainable Agriculture
 - Examples of projects financed
- Clean transportation
 - Estimated annual GHG emissions reduced/avoided in tonnes of CO₂ equivalents

EXTERNAL REVIEW

Second Party Opinion

Sandnes Sparebank has engaged Sustainalytics to act as an external verifier of this Green Bond Framework and the Eligible Assets and Projects. The Second Party Opinion is publicly available on Sandnes Sparebank's webpage.

Third-Party Review

Sandnes Sparebank may, on an annual basis, until maturity or until full allocation of proceeds, request a limited assurance report concerning the allocation of proceeds.

