

# Second-Party Opinion

## Sparebanken Møre Green Bond Framework



### Evaluation Summary

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



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Green Buildings, Renewable Energy, and Eco-Efficient and/or Circular Economy Adapted Products – are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7, 8, 9, and 14.



**PROJECT EVALUATION / SELECTION** SBM's internal process in evaluating and selecting projects is managed by the Green Bond Committee (GBC). The GBC has the overall responsibility to oversee the evaluation and selection process against the criteria established in the Framework. Based on these elements, Sustainalytics considers this process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** SBM's process for management of proceeds is overseen by the GBC. The Bank will track net proceeds in an appropriate manner following a portfolio approach. SBM intends to allocate an amount equal to the net proceeds raised by the Green Bond issuance within 36 months of the date of issuance. Unallocated proceeds will be placed on an ordinary bank account or in the short-term money market. Based on these elements, Sustainalytics considers this process to be in line with market practice.



**REPORTING** SBM intends to report on the allocation of proceeds on its website on an annual basis. The allocation reporting will include the total amount of proceeds allocated to eligible green loans, balance of any unallocated proceeds, financing vs refinancing, a description of the eligible categories, and a percentage breakdown of the eligible green loan portfolio across the eligible categories. In addition, SBM is committed to reporting on relevant impact indicators. Based on these elements, Sustainalytics considers this process to be in line with market practice.

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**Evaluation Date** December 1, 2020

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**Issuer Location** Ålesund, Norway

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### Report Sections

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Introduction.....	2
Sustainalytics' Opinion .....	3
Appendices .....	8

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## Introduction

Sparebanken Møre (“SBM”, the “Company” or the “Bank”) is a bank serving the Nordvestlandet region of Norway. Its business is concentrated on mortgages to retail customers and corporate customers. The corporate portfolio is focused on SME, trade/service industry, marine, real estate and offshore/supply industry sectors. SBM traces its roots to 1843 and currently employs 378 people.

SBM has developed the Sparebanken Møre Green Bond Framework (the “Framework”) under which it intends to issue multiple green bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that promote sustainable buildings and construction, transition to low-carbon electricity systems and sustainable consumption and production within aquaculture. The Green Bond Framework comprises both Sparebanken Møre and its fully owned subsidiary Møre Boligkreditt AS. The Framework defines eligibility criteria in three areas:

1. Green Buildings
2. Renewable Energy
3. Eco-Efficient and/or Circular Economy Adapted Products

SBM engaged Sustainalytics to review the Sparebanken Møre Green Bond Framework, dated December 2020, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).<sup>1</sup> This Framework has been published in a separate document.<sup>2</sup>

### Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics independent<sup>3</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible 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 2018, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; 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 1.6.1, 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 SBM’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. SBM representatives have confirmed (1) they understand it is the sole responsibility of SBM to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with 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 SBM.

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

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

<sup>2</sup> The Sparebanken Møre Green Bond Framework is available on Sparebanken Møre’s website at: [www.sbm.no/ESG](http://www.sbm.no/ESG)

<sup>3</sup> 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.

measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realised 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 SBM has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Sparebanken Møre Green Bond Framework

Sustainalytics is of the opinion that the Sparebanken Møre Green Bond Framework is credible and impactful and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of SBM's Green Bond Framework:

- Use of Proceeds:
  - The eligible categories – Green Buildings, Renewable Energy, and Eco-Efficient and/or Circular Economy Adapted Products – are aligned with those recognized by the GBP. Sustainalytics is of the opinion that the financed activities can be expected to contribute to improved energy performance of the Norwegian building stock, increase renewable energy production, and support certified products.
  - Within Green Buildings, SBM may finance or refinance the construction, acquisition and/or refurbishment of residential and commercial buildings that meet the following eligibility criteria:
    - New or existing apartments or other residential dwellings that comply with EPC labels A, B or C, Norwegian building codes of TEK10,<sup>4</sup> TEK17,<sup>5</sup> or any subsequent building codes with construction completed from 2012<sup>6</sup> and onwards.<sup>7</sup>
    - New or existing hotel, restaurant, office, retail and industrial buildings<sup>8</sup> that comply with the Norwegian building codes of TEK10, TEK17 or any subsequent building codes with construction completed from 2012 (2013 for hotel and restaurant buildings) and onwards.<sup>7</sup>
    - Refurbished residential and commercial buildings with at least two steps of improvement in EPC label compared to the calculated label based on building code in the year of construction, or buildings with at least a 30% improvement in energy efficiency measured in specific energy (kWh/m<sup>2</sup>) compared to the calculated label based on building code in the year of construction.
    - New, existing or refurbished commercial buildings which have received or will receive at least one or more of the following minimum certification levels: LEED “Gold”, BREEAM or BREEAM-NOR “Excellent”, Nordic Swan Ecolabel or equivalent certification. Sustainalytics recognizes as robust, credible schemes and positively notes the establishment of minimum certification levels. For Sustainalytics' assessment of these building certification schemes, please refer to Appendix 1.
  - Regarding Renewable Energy, SBM may finance or refinance small-scale run-of-river hydropower projects with a maximum capacity of less than 20MV. Refurbishments and updates of existing

<sup>4</sup> TEK 10 includes a specific energy demand for apartment buildings of 110 kWh/m<sup>2</sup> and 126 kWh/m<sup>2</sup> for other dwellings.

<sup>5</sup> TEK 17 includes a specific energy demand for apartment buildings of 92 kWh/m<sup>2</sup> and 107 kWh/m<sup>2</sup> for other dwellings.

<sup>6</sup> A two-year lag between implementation of a new building code and the buildings built under that code is taken into account. This implies that all residential apartment buildings finished in 2012 and later and all other residential dwellings finished in 2012 and later are eligible for Green Bonds under this criterion. This is in line with the criteria as set by the Climate Bonds Initiative Standard and Guidance on Low Carbon Residential Buildings, <https://www.climatebonds.net/standard/buildings/residential>

<sup>7</sup> Sustainalytics notes that this criterion is consistent with the top 15% most energy efficient buildings, which is aligned with market practice.

<sup>8</sup> Including logistics centres, data centres, warehousing, excluding fossil-fuel related storage and/or distribution.

- medium- and large-scale hydropower plants are also eligible.<sup>9</sup> The Framework notes that all hydropower projects are subject to a direct emissions threshold of less than 100gCO<sub>2</sub>/kWh.
- In the Eco-Efficient and/or Circular Economy Adapted Products category, SBM may provide general-purpose loans to Small and Medium Enterprises (SME)<sup>10</sup> and Larger Enterprises (LE), according to the following eligibility criteria:
    - General-purpose loans to SMEs and LEs that are pure-play companies which derive >90% of turnover from certified products, services, or processes. For such loans, the entire loan principal is eligible for green bond funding.<sup>11</sup>
    - Sparebanken Møre may also provide loans to SME's that derive <90% of revenues from certified products, however, in order to be considered as potentially eligible for financing, the SME must demonstrate that the loan will be used to enable them to increase their total level of certified production. Proceeds will be allocated on a pro-rata basis, calculated based on the percentage of assets that are already certified. Sustainalytics notes that the provision of general purpose loans to non-pure play companies is a deviation from market practice, however, Sparebanken Møre's intent to ensure that loans are used by companies to increase their total certified production is a credible criteria that can facilitate positive impact. Sustainalytics encourages the Issuer to report on the companies financed and achieved outcomes.
    - Eligible certification schemes include the Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC), Best Aquaculture Practices (BAP) minimum 2-stars certifications. Sustainalytics recognizes the contribution of certification schemes towards positive environmental and social outcomes. For Sustainalytics' assessment of the certification schemes, please refer to Appendix 2.
  - Project Evaluation and Selection:
    - SBM's internal process in evaluating and selecting projects is managed by the Green Bond Committee (GBC), which is comprised by the CEO's executive management team and senior officials within SBM's sustainability, credit, funding, risk management and product development teams. The GBC has the overall responsibility to oversee the evaluation and selection process against the criteria established in the Framework. Based on these elements, Sustainalytics considers this process to be in line with market practice.
  - Management of Proceeds:
    - SBM's process for management of proceeds is overseen by the GBC. The Bank will track net proceeds in an appropriate manner and will follow a portfolio approach. SBM intends to allocate an amount equal to the net proceeds raised by the Green Bond issuance within 36 months of the date of issuance. Unallocated proceeds held by SBM placed on an ordinary bank account or in the short-term money market.
    - Any temporarily investments of unallocated proceeds are limited to securities not operating within the following industries: fossil energy production and extraction, nuclear energy generation, tobacco, pornography, weapons and defence, coal, oil sand, or companies in breach with international human rights. Based on these elements, Sustainalytics considers this process to be in line with market practice.
  - Reporting:
    - SBM intends to report on the allocation of proceeds on its website, on an annual basis, until no Green Bonds or Green Covered Bonds are outstanding. The allocation reporting will include details such as the total amount of proceeds allocated to eligible green loans, the balance of any unallocated proceeds, the amount or the percentage of new financing versus refinancing, description of the eligible categories under the Green Bond Framework, and a breakdown of the eligible green loan portfolio in percent across the eligible categories. In addition, SBM is committed to reporting on relevant impact indicators including estimated annual reduced and/or avoided CO<sub>2</sub> equivalents in tonnes or total installed capacity in MWh. For an exhaustive

<sup>9</sup> For hydropower plants above 25MW, Sparebanken Møre's Sustainability Committee will on a case by case basis assess the environmental and social impacts from such an upgrade. This include, but is not limited to, environmental risks, any negative impacts and/or any significant controversy surrounding the project.

<sup>10</sup> SMEs are defined as companies with less than 250 employees, annual turnover below EUR 50 million, and/or

<sup>11</sup> Sustainalytics acknowledges that, although the GBP prefer project-based financing, the financing of pure-play companies that derive more than 90% of their turnover from certified products and services can nonetheless contribute to promoting sustainable products and certification schemes.

list of impact metrics, please refer to Appendix 3: Green Bond/Green Bond Programme External Review Form. Based on these elements, Sustainalytics considers this process to be in line with market practice.

### **Alignment with Green Bond Principles 2018**

Sustainalytics has determined that the Sparebanken Møre Green Bond Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 3: Green Bond/Green Bond Programme External Review Form.

## **Section 2: Sustainability Strategy of Sparebanken Møre**

### **Contribution of framework to Sparebanken Møre's sustainability strategy**

Sustainalytics notes that SBM incorporates sustainability into the Bank's core business strategy and into existing commitments within the Bank's Code of Conduct and Corporate Social Responsibility policy.<sup>12</sup> For 2020, SBM set a goal to develop and implement a strategy and policy to guide credit granting that contribute to a more sustainable society, focused on the environment and transition to a low emissions society.<sup>12</sup>

SBM is actively increasing its financing to small-scale hydropower. Additionally, the Bank has communicated to Sustainalytics that it invests in projects that research the effects of on micro plastics, sustainable aquaculture, and smart cities, as part of its commitment to sustainability. SBM aims to reduce the environmental impact of its own operations, investments, purchasing and property management.<sup>13</sup>

Sustainalytics is of the opinion that the Sparebanken Møre Green Bond Framework is aligned with the Company's overall strategy and initiatives and will further the Company's action on its key environmental priorities. Sustainalytics encourages SBM to develop and make publicly available a sustainability strategy with quantitative, time-bound targets.

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

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are recognized by the Green Bond Principles (2018) to have positive environmental impacts. 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 biodiversity, community relations and occupational health and safety risks.

Sustainalytics is of the opinion that SBM is able to manage and/or mitigate potential risks through respecting the following:

- SBM's responsible credit policies define an obligation to carry assessments when financing businesses or people where the customer's products or activities could be associated with material environmental risk.<sup>13</sup> SBM is in the process of updating its credit framework which will emphasize ESG considerations and incorporation into its credit qualification processes, which was not available at the time of drafting of this second-party opinion. Nevertheless, Sustainalytics recognizes the importance of updating internal risk management policies and we encourage SBM to publish them when available.
- Projects financed by SBM must comply with the Norwegian Working Environment Act, the legislation is intended to ensure a safe working environment, prevent work-related accidents and harm to health.<sup>14</sup>
- Norway is classified as a "Designated Country" under the Equator Principles, implying the presence of robust environment and social governance systems, legislation, and institutional capacity for protecting the environment and communities.<sup>15</sup>
- SBM is a signatory of the UNEP Finance Initiative (UNEP FI) and the UN Principles for Responsible Banking by which it aims to make sustainability considerations of all financial decisions.<sup>12</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that SBM has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

<sup>12</sup> Sparebanken Møre, "Sustainability Report 2019", (2020), at: [https://www.sbm.no/upload\\_images/3D6A5D98A8DA408CA18DE86902AFD7DF.pdf](https://www.sbm.no/upload_images/3D6A5D98A8DA408CA18DE86902AFD7DF.pdf)

<sup>13</sup> Sparebanken Møre, "Guidelines for ethics and social responsibility", at: <https://www.sbm.no/samfunnsansvar/retningslinjer-etikk/882/0/>

<sup>14</sup> EU-OSHA, "Norway", at: <https://osha.europa.eu/en/about-eu-osha/national-focal-points/norway>

<sup>15</sup> Equator Principles, "Designated Countries", at <https://equator-principles.com/designated-countries/>

## Section 3: Impact of Use of Proceeds

All three use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on two below where the impact is specifically relevant in the Norwegian context.

### Renewable Energy

Almost 100% of electricity supply in Norway is from renewable sources, with hydropower delivering 96.27% and wind 1.42%.<sup>16</sup> As a result, electricity generation in Norway is one of the least carbon intensive in Europe, with an estimated emission factor of 18.6 gCO<sub>2</sub>eq/kWh in 2018.<sup>17</sup> while the average carbon intensity of the electricity produced in the EU is estimated at 295.8 gCO<sub>2</sub>eq/kWh (2016).<sup>18</sup> As of 2016, Norway is the world's sixth largest producer of hydropower, taking the top position in Europe.<sup>19</sup> Norway has a particularly high storage capacity, representing close to 50% of Europe's reservoir capacity,<sup>20</sup> furthermore the available potential of hydropower is estimated to be more than 35 TWh.<sup>21</sup>

Sustainalytics believes that SBM's financing of hydropower energy projects will maintain Norway's renewable energy capacity, ensuring long-term sustainability of the electrical grid.

### Contribution of ecolabel certifications to promote responsible production and consumption

The Johannesburg Plan of Implementation of the World Summit on Sustainable Development called on all countries to develop and adopt, on a voluntary basis, consumer information tools relating to sustainable production and consumption.<sup>22</sup> Ecolabels are one such tool to promote long-term sustainable production and consumption, via influencing behaviour of market participants.<sup>23</sup> Ecolabels assist: 1) consumers' product and service selection according to specific environmental and social criteria preferences, and 2) businesses to communicate the environmental performance and credentials of their product or service.<sup>23</sup> There are in excess of 457 ecolabels in 199 countries, and 25 industry sectors.<sup>24</sup> While the abundance of ecolabels does not necessarily translate to improved consumer awareness, particularly of lesser known labels,<sup>25</sup> it can potentially drive innovation and market consolidation leading to higher-quality schemes and improving environmental effectiveness and impact.<sup>26</sup>

By providing finance to businesses that are primarily driven by the sale of certified products, SBM can contribute positively to the promotion of sustainable products. ASC incentivizes aquaculture farms to follow best environmental and social processes.<sup>27</sup> ASC certified farms deliver a cleaner seabed, cleaner water and healthier fish; preserve the diversity of the species and wild population; adhere to strict feed requirements and ensure social responsibility.<sup>28</sup> Another impactful ecolabel is MSC, a certification that is helping to grow and maintain the number of sustainable fish populations.<sup>29</sup> By 2017, 12% of global marine wild catch was MSC certified, 94% of MSC certified fisheries have made at least one improvement of their practices, and stocks targeted by MSC certified fisheries show sustainable levels of stock biomass and in many regions stocks show higher biomass after MSC certification occurred.<sup>30</sup> Additionally, BAP is another well recognized and

<sup>16</sup> Government of Norway, "Renewable energy production in Norway", (2016), at: <https://www.regjeringen.no/en/topics/energy/renewable-energy/renewable-energy-production-in-norway/id2343462/>

<sup>17</sup> Norwegian Electricity Regulatory Authority, "Electricity disclosure 2018", (2019), at: <https://www.nve.no/norwegian-energy-regulatory-authority/retail-market/electricity-disclosure-2018/>

<sup>18</sup> European Environment Agency, "CO2 Emission Intensity", (2018), at: [https://www.eea.europa.eu/data-and-maps/daviz/co2-emission-intensity-5#tab-googlechartid\\_chart\\_11\\_filters=%7B%22rowFilters%22%3A%7B%7D%3B%22columnFilters%22%3A%7B%22pre\\_config\\_ugeo%22%3A%5B%22European%20Union%20\(current%20composition\)%22%5D%7D%7D](https://www.eea.europa.eu/data-and-maps/daviz/co2-emission-intensity-5#tab-googlechartid_chart_11_filters=%7B%22rowFilters%22%3A%7B%7D%3B%22columnFilters%22%3A%7B%22pre_config_ugeo%22%3A%5B%22European%20Union%20(current%20composition)%22%5D%7D%7D)

<sup>19</sup> Government of Norway, "The History of Norwegian Hydropower in 5 Minutes", (2016), at: <https://www.regjeringen.no/en/topics/energy/renewable-energy/the-history-of-norwegian-hydropower-in-5-minutes/id2346106/>

<sup>20</sup> Energi Fakta Norge, "Electricity Production", at: <https://energifaktanorge.no/en/norsk-energiforsyning/kraftproduksjon/>

<sup>21</sup> Statkraft, "Hydropower", at: [https://www.statkraft.com/globalassets/old-contains-the-old-folder-structure/documents/hydropower-09-eng\\_tcm9-4572.pdf/](https://www.statkraft.com/globalassets/old-contains-the-old-folder-structure/documents/hydropower-09-eng_tcm9-4572.pdf/)

<sup>22</sup> UN, "Plan of Implementation of the World Summit on Sustainable Development", (2002), at: [https://www.un.org/esa/sustdev/documents/WSSD\\_POI\\_PD/English/WSSD\\_PlanImpl.pdf](https://www.un.org/esa/sustdev/documents/WSSD_POI_PD/English/WSSD_PlanImpl.pdf)

<sup>23</sup> UNEP, "Eco-labeling", at: <https://www.unenvironment.org/explore-topics/resource-efficiency/what-we-do/responsible-industry/eco-labeling>

<sup>24</sup> Ecolabel Index, "Who's deciding what's green?", at: <http://www.ecolabelindex.com/>

<sup>25</sup> Song, L., et al (2019), "Ecolabel's role in informing sustainable consumption: A naturalistic decision making study using eye tracking glasses", Journal of Cleaner Production, at: <https://www.sciencedirect.com/science/article/pii/S0959652619303105>

<sup>26</sup> OECD, "Environmental labelling and information schemes", (2016), at: <https://www.oecd.org/env/policy-perspectives-environmental-labelling-and-information-schemes.pdf>

<sup>27</sup> ASC, "Our Approach", at: <https://www.asc-aqua.org/what-we-do/our-approach/>

<sup>28</sup> ASC, "The need for responsible aquaculture", at: [https://www.asc-aqua.org/wp-content/uploads/2017/07/ASC\\_flyer\\_Need\\_for\\_MQ\\_20nov.pdf](https://www.asc-aqua.org/wp-content/uploads/2017/07/ASC_flyer_Need_for_MQ_20nov.pdf)

<sup>29</sup> MSC, "Our collective impact", at: <https://www.msc.org/what-we-are-doing/our-collective-impact>

<sup>30</sup> MSC, "Global Impacts Report 2017", (2017), at: <https://www.msc.org/docs/default-source/default-document-library/what-we-are-doing/global-impact-reports/msc-global-impacts-report-2017-interactive.pdf>

credible aquaculture certification scheme which certifies farms in accordance to criteria related food safety, environmental responsibility, social accountability, and animal health and welfare of farmed seafood.<sup>31</sup>

#### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following 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 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
Eco-Efficient and/or Circular Economy Adapted Products	8. Decent work and economic growth	8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead
	14. Life below water	14.1 By 2025, prevent and significantly reduce marine pollution of all kinds from land-based activities, including marine debris and nutrient pollution

## Conclusion

SBM has developed the Sparebanken Møre Green Bond Framework under which it intends to issue green bonds and the use of proceeds to finance projects that promote sustainable buildings and construction, transition to low-carbon electricity systems and sustainable consumption and production within aquaculture. Sustainalytics expects that the projects funded by the green bond proceeds will provide positive environmental impact.

The Sparebanken Møre Green 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 the use of proceeds. Furthermore, Sustainalytics believes that the Sparebanken Møre Green Bond Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7, 8, 9, and 14. Additionally, Sustainalytics is of the opinion that SBM has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Sparebanken Møre is well-positioned to issue green bonds and that the Sparebanken Møre Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

<sup>31</sup> BAP, "Best Aquaculture Practices", at: <https://www.bapcertification.org/>

## Appendices

### Appendix 1: Certification Schemes for Green Buildings

	LEED	BREEAM BREEAM-NO	Nordic Swan
<b>Background</b>	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC).	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings. BREEAM-NO is tailored to the Norwegian market	Svanen is owned by "Ecolabelling Sweden", a Swedish state company responsible for both the Swan ecolabel and the EU Ecolabel. Svanen was first released in 1989 by the Nordic Council of Ministers.
<b>Certification levels</b>	<ul style="list-style-type: none"> <li>• Certified</li> <li>• Silver</li> <li>• Gold</li> <li>• Platinum</li> </ul>	<ul style="list-style-type: none"> <li>• Pass</li> <li>• Good</li> <li>• Very Good</li> <li>• Excellent</li> <li>• Outstanding</li> </ul>	<ul style="list-style-type: none"> <li>• Certified</li> </ul>
<b>Areas of Assessment</b>	<ul style="list-style-type: none"> <li>• Energy and atmosphere</li> <li>• Sustainable Sites</li> <li>• Location and Transportation</li> <li>• Materials and resources</li> <li>• Water efficiency</li> <li>• Indoor environmental quality</li> <li>• Innovation in Design</li> <li>• Regional Priority</li> </ul>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Land Use and Ecology</li> <li>• Pollution</li> <li>• Transport</li> <li>• Materials</li> <li>• Water</li> <li>• Waste</li> <li>• Health and Wellbeing</li> <li>• Innovation</li> </ul>	<ul style="list-style-type: none"> <li>• General requirements</li> <li>• Resource efficiency</li> <li>• Indoor environment</li> <li>• Chemicals and materials</li> <li>• Construction Management</li> <li>• Regulatory requirements</li> <li>• Point-score requirements (including energy)</li> </ul>
<b>Requirements</b>	<p>Prerequisites independent of level of certification, and credits with associated points.</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>Prerequisites depending on the levels of certification and credits with associated points</p> <p>This number of points is then weighted by item<sup>32</sup> and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.</p> <p>BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>	<p>Points-based assessment.</p> <p>For apartment buildings at least 17 out of 44 possible points must be achieved.</p> <p>For small houses at least 16 out of 42 possible points must be achieved.</p> <p>For pre-school and school buildings at least 15 out of 39 possible points must be achieved.</p>
<b>Performance display</b>			

<sup>32</sup> BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

<b>Qualitative Considerations</b>	Widely recognized internationally, and strong assurance of overall quality.	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.	Widely recognized within the region, strong assurance of quality.
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## Appendix 2: Fishery and Aquaculture Certifications

	<b>Marine Stewardship Council<sup>33</sup></b>	<b>Aquaculture Stewardship Council<sup>34</sup></b>	<b>Best Aquaculture Practices<sup>35</sup></b>
<b>Background</b>	Marine Stewardship Council (MSC) is a non-profit organization founded in 1996, that issues eco-label certifications for fisheries which are sustainable and well-managed.	The Aquaculture Stewardship Council (ASC) is an independent, international NGO that manages the ASC certification and labelling program for responsible aquaculture.	The BAP certification is administered by the Global Aquaculture Alliance (GAA), a non-profit organization focused on advocacy, the education and leadership of on responsible aquaculture matters.
<b>Clear positive impact</b>	Promoting sustainable fisheries practices.	Promoting sustainable aquaculture practices.	Promoting sustainable aquaculture practices.
<b>Minimum standards</b>	A minimum score must be met across each of the performance indicators.  As a condition to certification, low-scoring indicators must be accompanied by action plans for improvement.	Quantitative and qualitative thresholds which are designed to be measurable, metric- and performance-based.  Certification may be granted with a “variance” to certain requirements of the standard. This variance is designed to allow the standard to adapt to local conditions but has been criticized for weakening the standard and overriding the consultations involved in the standard-setting process.	The BAP assessment has mandatory minimums, but also includes indicators which allow the proponent to define individual targets.  As the certification process is fishery-specific, the standard may be more robust for some species. For example, the Monterey Bay Aquarium’s Seafood Watch programme recommends BAP as a reputable label for freshwater fish, mussels, and shrimp, but not salmon, scallops, or clams. <sup>36</sup>
<b>Scope of certification or programme</b>	The MSC standard consists of a fisheries standard and a chain of custody standard.  The Fishery Standard assesses three core principles: sustainable fish stocks, minimising environmental impact, and effective fisheries	ASC encompasses nine farm standards, covering 15 fish species as well as the harvest of seaweed. These farm standards lay out minimum requirements regarding both environmental and social performance.	Different certifications are available for different parts of the supply chain: farms, processing plants, hatcheries, feed mills. In practice, that means that a processing plant that does not necessarily source all of its fish from certified farms can still be certified

<sup>33</sup> Marine Stewardship Council, at: <https://www.msc.org/standards-and-certification/fisheries-standard>.

<sup>34</sup> Aquaculture Stewardship Council, at: <https://www.asc-aqua.org/what-we-do/our-standards/farm-standards/>.

<sup>35</sup> Best Aquaculture Practices, at: <https://www.bapcertification.org/About>

<sup>36</sup> Monterey Bay Aquarium Seafood Watch, at: <https://www.seafoodwatch.org/seafood-recommendations/eco-certification>.

	<p>management; collectively these account for the major environmental and social impacts.</p> <p>The Chain of Custody standard addresses certified purchasing, product identification, separation, traceability and records, and good management.</p>	<p>Additionally, a Chain of Custody Standard is mandatory for all supply chain actors in order to ensure traceability.</p>	<p>(a star rating display on the label provides this information).</p> <p>Within each fishery-specific standard there are requirements and recommendations which apply to social, environmental, animal health &amp; welfare, and food safety issues.</p>
<b>Verification of standards and risk mitigation</b>	<p>Third-party conformity assessment bodies (CABs), certified by Accreditation Service International (ASI) carry out assessments in line with the MSC standard and ISO 17065.</p> <p>Certification is valid for up to five years.</p>	<p>Third-party conformity assessment bodies (CABs), certified by Accreditation Service International (ASI) carry out assessments in line with the ASC standard and ISO 17065.</p> <p>Major non-compliances must be remedied within three months.</p>	<p>Third-party certification bodies such as Global Trust, Bureau Veritas, Control Union, Lloyd's Register, NSF, SGS assess compliance against the standard.</p> <p>Non-compliance precludes recertification until the violation is remedied.</p>
<b>Third party expertise and multi-stakeholder process</b>	<p>Aligned with the UN Code of Conduct for Responsible Fishing, and further informed by the Global Sustainable Seafood Initiative (GSSI), World Trade Organization (WTO), and International Social and Environmental Accreditation and Labelling (ISEAL)</p>	<p>Developed in line with United Nation's Food and Agriculture Organization (UN FAO) and International Labour Organization (ILO) principles.</p> <p>Managed in accordance with the International Social and Environmental Accreditation and Labelling (ISEAL) Codes of Good Practice.</p>	<p>The standard is managed by an oversight committee, which takes development input from a technical committee as well as public comments.</p> <p>Aligned with Global Food Safety Initiative (GFSI), Global Social Compliance Programme (GSCP) and Global Sustainable Seafood Initiative (GSSI).</p>
<b>Performance display</b>			
<b>Qualitative considerations</b>	<p>The MSC label is the most widely recognized sustainable fisheries label worldwide and is generally accepted to have positive impacts on marine environments.</p> <p>Proponents of the label cite the transparent science-based process for approval and its successful engagement with industry groups. Criticism from various observers include lack of focus on preventing by-catch, protecting marine mammals and endangered species, follow-up on</p>	<p>Widely recognized and modelled on the successful MSC certification.</p> <p>Some criticism has been focused on the ability to certify with a "variance", in which certain aspects of the standard can be interpreted or waived during the audit procedure.</p> <p>While a reputable certification overall, the standard does not fully mitigate all the risks associated with aquaculture.</p>	<p>Widely recognized within the industry.</p> <p>As the certification process is fishery-specific, the standard may be more robust for some species than for others.</p> <p>While a reputable certification overall, the standard does not fully mitigate all the risks associated with aquaculture. GSSI's recognition shows that the two-star Best Aquaculture Practices Certification, for their</p>

	<p>conditions, crew safety, and live tracking of supply chains.</p>		<p>Salmon Farms, and Finfish and Crustacean Farms standards, is in alignment with all applicable Essential Components of the GSSI Global Benchmark Tool. The Tool is underpinned by the FAO Technical Guidelines on Aquaculture Certification and consists of performance areas related to scheme governance, operational management (including chain of custody) and applied aquaculture farm audit standards.</p>
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## Appendix 3: Green Bond / Green Bond Programme - External Review Form

### Section 1. Basic Information

<b>Issuer name:</b>	Sparebanken Møre and/or Møre Boligkreditt AS (a fully-owned subsidiary of Sparebanken Møre)
<b>Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:</b>	Sparebanken Møre Green Bond Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	December 1, 2020
<b>Publication date of review publication:</b>	

### Section 2. Review overview

#### SCOPE OF REVIEW

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

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

- |  |  |
|--|--|
| <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 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
|---|--|

- Verification
- Rating
- Other (*please specify*):

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, and Eco-Efficient and/or Circular Economy Adapted Products – are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7, 8, 9, and 14.

#### Use of proceeds categories as per GBP:

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

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

#### 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

SBM's internal process in evaluating and selecting projects is managed by the Green Bond Committee (GBC). The GBC has the overall responsibility to oversee the evaluation and selection process against the criteria

established in the Framework. Based on these elements, Sustainalytics considers this process to be in line with market practice.

#### Evaluation and selection

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives            | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories    |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available                  | <input type="checkbox"/> Other ( <i>please specify</i> ):  |

#### Information on Responsibilities and Accountability

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

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

SBM's process for management of proceeds is overseen by the GBC. The Bank will track net proceeds in an appropriate manner following a portfolio approach. SBM intends to allocate an amount equal to the net proceeds raised by the Green Bond issuance within 36 months of the date of issuance. Unallocated proceeds will be placed on an ordinary bank account or in the short-term money market. Based on these elements, Sustainalytics considers this process to be in line with market practice.

#### Tracking of proceeds:

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

#### Additional disclosure:

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

#### 4. REPORTING

Overall comment on section (if applicable):

SBM intends to report on the allocation of proceeds on its website on an annual basis. The allocation reporting will include the total amount of proceeds allocated to eligible green loans, balance of any unallocated proceeds, financing vs refinancing, a description of the eligible categories, and a breakdown of the eligible green loan portfolio in percentage across the eligible categories. In addition, SBM is committed to reporting on relevant impact indicators. Based on these elements, Sustainalytics considers this process to be in line with market practice.

#### Use of proceeds reporting:

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

#### Information reported:

- Allocated amounts
  Green Bond financed share of total investment  
 Other (*please specify*):

#### 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*):

Eligible Category	Potential Reporting Indicators
Green Buildings	•Estimated ex-ante annual energy consumption in kWh/m <sup>2</sup> or energy savings in MWh •Estimated annual reduced and/or avoided CO <sup>2</sup> equivalents in tonnes
Renewable Energy	•Total installed capacity in MWh •Estimated annual avoided emissions of CO <sup>2</sup> equivalents measured in tonnes
Eco-efficient and/or circular economy within aquaculture	•Breakdown of lending within the selected certificates •Relevant impact indicators as provided by the certifying body

#### 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): 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:

- Consultancy (incl. 2<sup>nd</sup> opinion)       Certification
- Verification / Audit       Rating
- Other (*please specify*):

**Review provider(s):**

**Date of publication:**

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

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

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a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

## Disclaimer

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Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).



**Named**  
2015: Best SRI or Green Bond Research or Rating Firm  
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