

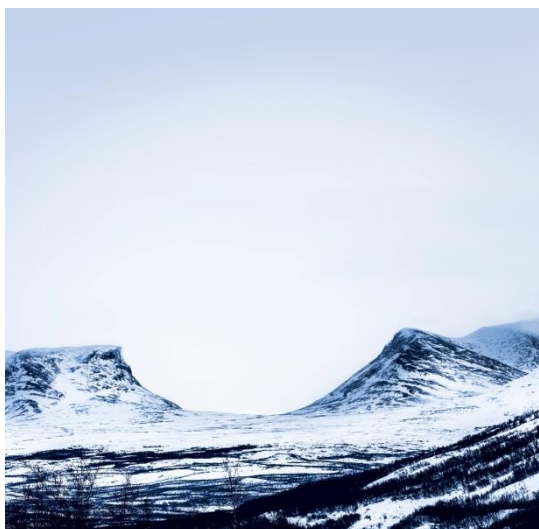


Green Bond Framework

November
2021

ABOUT SPAREBANK 1 NORDMØRE

Sparebank 1 Nordmøre is a part of the Sparebank 1-alliance that consist of 14 individual saving banks across the country. We have 10 offices in 10 municipalities in Møre og Romsdal and a history dating over 180 years back. We have 50 000 clients and a lending portfolio of NOK 27 billion outstanding. It is important for us to contribute to our local community, and we therefore have presence from Ålesund in the south to Smøla in the north. We understand local differences and provide a wide range of financial services including loans, deposits, advisory, insurance and pension for both private and corporate clients. We have a stated goal to develop the local community and region. We want to create and preserve values in the region.



SUSTAINABILITY AT SPAREBANK 1 NORDMØRE

We take pride in being a local and community-based contributor. Our focus on sustainability therefore include both environmental and social aspects. We contribute within culture, youth sports and local infrastructure to develop and build the region where we are present.

We want to create opportunities for our region and the people who live there.

Sustainability is at the very core of everything we do. With our long history and local presence, we want to contribute to a sustainable development with a local focus. As this is where we can make the biggest difference. With our local presence we contribute to all aspects of the ESG term; Environmental, Social and Governance. We have defined this in our sustainability strategy which is available on our website.

In our sustainability strategy we have defined three focus areas. Even though we do we have a holistic view on sustainability, we have decided to focus on these areas as this is where we can make the biggest impact. The focus areas are (1) Our own organization, (2) Products and services, and (3) Local community contribution.

Our own organization

We want to be a competent and sought-after organization for our employees. We focus on improving the work environment, reducing our climate footprint and deliver quality advisory services. We have developed guidelines on how to behave in ethical and environmental aspects and all of our employees are required to go through these annually. We also focus on providing our clients with sustainable advice so that they can make climate friendly and sustainable decisions. Reducing travel, using electric vehicles, focusing on recycling and choosing environmental materials in energy-efficiency improvement measures in our offices are also concrete measures we have implemented and practice. Going forward we will improve our recycling, minimize environmental aspects through

active ownership and reduce our own energy consumption.

Products and services

Through our products and services, we can help our clients to make sustainable choices and reduce their and our climate risk. We contribute both through sustainable financing and responsible investments. We offer green loans to both our private and corporate clients to incentivize sustainable investments. We also work closely with our clients on improving and developing their sustainability strategies and processes. We also manage some of our client's investments. In this aspect we advise and manage their wealth in a sustainable way. Through our subsidiaries such as ODIN Forvaltning we set demands and expectations regarding sustainable investments. We shall invest in sustainable companies by integrating ESG in our investment analyses. We also have demands for our third-party fund managers to include sustainability considerations before offering their funds to our clients.

Local community contribution

By local social and environmental projects, we secure a strong community. We create arenas for the community such as "byttehelg" and "Verdiskaperprisen" to emphasize sustainability in the community. We have also started to include sustainability in our sponsorships. We established the accelerator "Zurf" that promotes sustainable innovations. Going forward we will increase the focus on sustainable initiatives and organizations. We also demand sustainable deliveries from our suppliers.

HOW SPAREBANK1 NORDMØRE WILL CONTRIBUTE TO A SUSTAINABLE FUTURE

We have developed an extensive sustainability strategy that can be found on our website. We have chosen the UN Sustainable Development Goals as our base line. We have a stated goal of contributing to all SDG's but have selected four of them that we find particularly relevant for our business. These are highlighted in the table below:



UNEP FI: We have joined the UN's Principles for Responsible Banking whose purpose is to contribute to developing the global financial sector in line with the UN SGD and the Paris Agreement.

UN Global Compact: In 2020, we endorsed the UN initiative to implement universal sustainability principles (The UN SDG's) and to work continuously to improve within the areas Human Rights, Labor Rights, the Environment and Anti-corruption.

TCFD: We acknowledge the pressing need for transparency and standardization when disclosing and reporting climate challenges and risks. We have therefore incorporated reporting according to the TCFD in our organization.

"Veikart for Grønn Konkurranseskraft": We are committed to contribute to and follow the guidelines in the roadmap for green competitiveness in Norwegian Financial sector developed by Finans Norge, an organization which represents the entire financial industry in Norway. The roadmap points the way to a profitable and sustainable transition of the financial sector towards 2030.



Framework Structure

As part of SpareBank 1 Nordmøre's continued commitment to sustainability, a Green Finance Framework (the "Framework") has been developed together with SEB. The structure of the Framework is developed to be in line with both the ICMA Green Bond Principles (GBP) 2021, as well as the LMA and APLMA Green Loan Principles (GLP) 2021, and therefore consists of the four key pillars and recommended External Review component.

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting
5. External Review

It is SpareBank 1 Nordmøre's intention to follow the best practices in all aspects related to Green Bonds and as the market standards develop, the EU classification system for environmentally sustainable economic activities (the Taxonomy) is implemented, and as the EU Green Bond Standard enters into force. Therefore, SpareBank 1 Nordmøre's Green Finance Framework may be amended and/or updated to reflect the changes in market practice.

Exclusions

Green Bonds net proceeds will not be allocated to assets for which the purpose of Eligible Assets is fossil energy production, or nuclear energy generation, weapons or defense, potentially harmful resource extraction (e.g. rare-earth elements or fossil fuels), gambling or tobacco. nor in assets that breaches SpareBank 1 Nordmøre's responsible and ethical investment guidelines or that violates the ten principles of UN Global Compact.

Green Bond Framework

The international Capital Markets Association (ICMA) Green Bond Principles (GBP) 2021 are a set of voluntary guidelines that recommends and promotes transparency and disclosure. GBP promote integrity in the development of the green bond market by clarifying the approach for issuing a green bond. This Green Bond Framework is based on the 2021 version of GBP. It is SpareBank 1 Nordmøre's intention to follow best practices in the market as the standards develop, and as such the Framework may be updated from time to time. In any such case, a second opinion for the modified framework will be requested and made available.



1. Use of Proceeds

The net proceeds of the Green Bonds issued, will be used to finance or re-finance (in part or in full) *Eligible Assets* that have been evaluated and selected by SpareBank 1 Nordmøre in accordance to

this Green Bond Framework. The table below defines the criteria according to which the Use of Green Bond Proceeds will be determined. An asset that meets the criteria will be eligible for a loan financed with the green funds raised under this Framework.

Categories	Eligible Projects	UN SDG's
Renewable Energy	<i>Loans to finance or refinance acquisition, development, expansion, operation and maintenance of renewable energy power plants, plants for cogeneration of heat/cool and power from renewable energy sources, renewable energy heat recovery plants, generation and transmission of energy from renewable sources, and manufacturing of related technologies and equipment.</i> Renewable energy sources pertain to: - Solar energy: Photovoltaic energy projects (PV), Concentrated Solar Power (CSP) and solar thermal facilities - Biomass or biogas projects with: - LCA emissions < 100gCO₂/kWh OR - ENOVA supported - Hydroelectric power projects: - Small scale < 25MW capacity OR - Large scale > 25MW capacity with: - LCA emissions < 100gCO₂/kWh AND/OR - Power density > 5W/m² <i>Bioenergy from food- or feed crops will be excluded.</i> Infrastructure to support transmission and distribution of renewable energy pertains to: - Improvement of existing transmission systems to facilitate integration of renewable energy sources into the grid - Construction of new transmission systems to facilitate integration of renewable energy sources into the grid Renewable energy technology pertains to:	 7. Ensure access to affordable, reliable, sustainable and modern energy for all  13. Take urgent action to combat climate change and its impacts

	Development and production of renewable energy technology, including equipment and storage of energy (e.g. solar cells, wind turbines)	
Energy Efficiency	<i>Loans to finance or refinance activities, projects, services, installations, equipment, and related infrastructure enabling improved energy efficiency and monitoring of energy use, or the replacement of fossil energy-use. This includes, but is not limited to:</i> Buildings: - Direct costs (e.g. materials, equipment, and labour) for installing energy efficient technologies such as heat pumps, energy management systems, new windows, energy efficient lightning, or costs associated with enabling the use of renewable energy sources - Professional technical consultations, energy audits and management services related to the improvement of energy performance of buildings Other areas: - Energy efficiency measures in agriculture, forestry, fisheries, and aquaculture leading to a transition away from, or a direct substitution of, fossil-energy use in Norway (e.g. replacing diesel generators with electricity from the grid)	 7. Ensure access to affordable, reliable, sustainable and modern energy for all
Green Buildings	<i>Loans to finance or refinance the construction or acquisition of new or existing residential buildings.</i> New Buildings - Built from 1st January 2021 - Buildings that are 20% more energy efficient than current regulations* Existing Buildings - Built between 2019-2021 - Current standard (TEK17) + EPC = A - Built between 2012-2018 - Current standard (TEK10) + EPC = A or B - Built before 2012 - Relevant standard (TEK07 or earlier) + EPC = A or B or C Refurbishments - ENOVA supported projects and solutions - Only project cost may be included	 7. Ensure access to affordable, reliable, sustainable and modern energy for all  11. Make cities and human settlements inclusive, safe, resilient and sustainable  12. Ensure sustainable consumption and production patterns

	• Renovations leading to minimum 30% energy efficiency improvements, measured in specific energy (kWh/m²) compared to the calculated label based on the building code in the year of construction OR • Renovation leading to at least a two-step improvement in the EPC-label relative to the calculated label based on the building code in the year of construction. A lower threshold is set at an achieved EPC "D" • Entire building is eligible for financing <i>Loans to finance or refinance the construction or acquisition of commercial buildings. **</i> <u>New Buildings</u> • Built after 1st January 2021 • Buildings that are at least 10% more energy-efficient than the energy standard enshrined in the Norwegian building code defining a national standard for a NZEB building • That has received, or is expected to receive: ○ A minimum certification of BREEAM or BREEAM-NOR "Excellent" with either: ▪ An EPC "A" ▪ Aligned with being "Paris Proof"*** ○ Nordic Swan Ecolabel ○ Buildings receiving a "FutureBuilt" label <u>Existing Buildings</u> • Built before 1st January 2021 • That has received or expect to receive a minimum certification of: ▪ BREEAM-NOR In-Use "Very Good" and EPC = A or B ▪ Nordic Swan Ecolabel ▪ Buildings receiving a "FutureBuilt" label <u>Refurbishments</u> • ENOVA supported projects and solutions ○ Only project cost may be included • Renovations leading to minimum 30% energy efficiency improvements, measured in specific energy (kWh/m²) compared to the calculated	 13. Take urgent action to combat climate change and its impacts
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	label based on the building code in the year of construction OR - Renovation leading to at least a two-step improvement in the EPC-label relative to the calculated label based on the building code in the year of construction. A lower threshold is set at an achieved EPC "D" - Entire building is eligible for financing	
* In accordance with the EU Delegated Act, all buildings constructed from 1st January 2021 ought to have a primary energy demand (PED) measured in (kWh/m²/yr.), expressed through the EPC-label (Energy Performance Certificate) that is minimum 10% lower than the PED stipulated in the national definition of a NZEB building. In Norway, ENOVA is currently reviewing the current TEK17-standard, and a final definition of what constitutes a NZEB in Norway is expected to be readily available by the end of 2021. SpareBank 1 Nordmøre is committed to apply the 10% < NZEB-criterion for all buildings constructed after 1st January 2021 when the new building standard is implemented. In the meantime, new buildings being 20% more energy-efficient than the current building standard (i.e. TEK17) will be eligible for financing under this framework. ** Buildings heated directly by fossil fuels, airport buildings, gas stations, parking lots or in general heavily emitting industrial buildings are excluded, as well as buildings directly being used for the exploration, extraction, refining and distribution of fossil fuels. Shopping centres are eligible insofar as they are accessible by means of public transportation. *** Microsoft Word - Notat_ParisProof_bygg.docx (byggalliansen.no)		
Clean Transportation	<i>Loans to finance or refinance the production, establishment, acquisition, expansion, upgrades, maintenance and operation of low carbon vehicles and related infrastructures.</i> Low carbon vehicles pertain to: - Vehicles for land-based passenger or freight transportation with new electric, hydrogen-based or zero-emission technologies - Public transportation modalities (e.g. buses, trams, metro) with new electric, hydrogen-based or zero-emission technologies - Marine vehicles for passenger or freight transportation that are zero-emission (e.g. ferries, fishing vessels) Infrastructure pertains to: - Charging stations both private and public, commercial and non-commercial designated for electrical vehicles - Hydrogen fuelling stations - Non-motorized transport infrastructure (e.g. pedestrians or bicycles) - Infrastructure to support zero-emission public transport	 <i>9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</i>  <i>11. Make cities and human settlements inclusive, safe, resilient and sustainable</i>  <i>13. Take urgent action to combat climate change and its impacts</i>
Environmentally Sustainable Management of Living Natural	<u>Agriculture:</u> <i>Loans to farms and projects/activities aligned with the relevant KSL-standards, that limit impacts on soil,</i>	

Resources and Land Use	<i>marine environment and local flora and fauna, and do not deplete existing carbon pools, including:</i> • Loans to finance or refinance agricultural projects or activities where a substantial positive climate impact has been identified based on the use of <i>Landbrukets Klimakalkulator</i> and accompanying advisory services • Projects/techniques/activities aligned with “Klimasmart Landbruk” • Loans to machinery, equipment or vehicles that run on biofuel, biogas and/or electricity, such as tractors • Existing machinery with a contractual commitment to solely use biofuel alternatives • Technologies/techniques enabling reduction of fertilizer use, collection of agricultural waste, improving manure handling, irrigation modernization, rangeland management • ENOVA supported initiatives and solutions • Projects/activities supported by Innovation Norway’s programs: “Renewable energy in agriculture” or “Support to bioeconomy projects” <i>Fossil fueled solutions will be excluded or carved out from the financing.</i> <u>Forestry and Reforestation:</u> <i>Loans to finance or refinance forest activities or projects aligned with environmentally responsible forest management, including:</i> • Loans to reforestation, planting of new forest • Rehabilitation of degraded lands to facilitate reforestation <i>All forest land must be certified in accordance with the FSC or PEFC standard (either at individual or group level)</i>	 <i>13. Take urgent action to combat climate change and its impacts</i>  <i>15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</i>
Terrestrial and Aquatic Biodiversity Conservation	<u>Aquaculture:</u> <i>Loans to companies benefiting from an ASC certification on products, services, or processes, including but not limited to:</i> • Loans to production facilities, fish cages or supporting infrastructure for fish production • ENOVA supported initiatives and solutions <i>Any fossil fuel solutions will be excluded or carved out from financing</i> <i>Any facility using non-certified soy* feed will also be</i>	 <i>13. Take urgent action to combat climate change and its impacts</i>

	<i>excluded</i> <i>*Pro Terra, RTRS, ISCC Plus or ASC Feed Standard v02</i> <u>Fisheries:</u> <i>Loans to companies benefiting from an MSC certification on products, services, or processes, including but not limited to:</i> - Loans to production facilities, equipment and supporting infrastructure for fish-catching and production - Fishing vessels running on 100% electricity or biofuels - ENOVA supported initiatives and solutions <i>Any fossil fuel solutions will be excluded or carved out from financing</i>	 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
Waste Management and Circular Economy	<i>Loans to finance or refinance acquisition, development, expansion, operation and maintenance of waste management facilities and the related infrastructure, equipment or technologies focusing on and enabling the prevention, reduction, re-use or recycling of waste and materials. This includes, but is not limited to:</i> - Recycling facilities and related infrastructure, including treatment and processing of all types of waste, for the purpose of minimizing the amount of waste to landfill and bring back valuable raw material to the market - Measures to reduce methane emissions from existing and discontinued landfills - Investments that enable a circular economy (e.g. tools or systems to re-use and recycle materials to reduce the quantity of raw materials usage) - ENOVA supported initiatives and solutions	 11. Make cities and human settlements inclusive, safe, resilient and sustainable  12. Ensure sustainable consumption and production patterns

2. Selection and Evaluation of eligible assets

SpareBank 1 Nordmøre has established an internal Green Finance Committee (GFC) with the conferred responsibility to evaluate and select assets that are in line with the criteria set out in the “Use of Proceeds” section. The committee meets at least on an annual basis or more frequently when needed. The Green Finance Committee is comprised of representatives from treasury, credit committee, group sustainability and internal audit, where the group sustainability representative holds the

right to veto. Eligible assets for financing under this framework are selected according to the following process:

- The Green Bond Committee is the ultimate approving authority for the adherence of potential green projects and loans to the green bond framework and is finally responsible for ensuring that eligible assets are appropriately registered in SpareBank 1 Nordmøre’s internal systems.
- A decision to allocate net proceeds will require a consensus decision by

the Green Bond Committee. If there is disagreement about the eligibility of a project or a loan, the asset will be excluded from the green bond pool. Approved green projects and loans will be included in SpareBank 1 Nordmøre's pool of approved green assets.

- Decisions are documented and filed.

The Green Bond Committee holds the right to exclude any green project already funded by green bond net proceeds. In the event a green project or loan is sold, or for some other reasons loses its eligibility, funds will follow the procedure under Management of Proceeds until reallocated to other eligible green projects.

Green Finance Framework, and managing any future updates of this document to reflect relevant changes in the Company's corporate strategy, technology and market developments and/or regulatory changes.

The Green Finance Committee is responsible for:

Evaluating the compliance of proposed assets with the eligibility criteria outlined in the Use of Proceeds section above.

Ensuring that the pool of Eligible Assets is aligned with the categories and criteria as specified in the Use of Proceeds section.

Replacing assets that no longer meet the eligibility criteria (e.g. following divestment, liquidation, concerns regarding alignment of underlying activity/asset-characteristics with eligibility criteria, regulatory changes or the like)

On a best effort basis, **reviewing, modifying and updating** the content of the

3. Management of proceeds

SpareBank 1 Nordmøre will establish a Green Bond Register for the purpose of monitoring Eligible Assets financed by the Green Bonds issued by SpareBank 1 Nordmøre, as well as to provide an overview of the allocation of the net proceeds from the Green Bonds issued to the respective Eligible Assets. The value of the Eligible Assets detailed in the Green Bond Register will at least equal the aggregate net proceeds of all outstanding SpareBank 1 Nordmøre Green Bonds. In the event that the total outstanding net proceeds of Green Bonds exceed the value of the Eligible Assets in the Green Bond Register, proceeds yet to be allocated to Eligible Assets will be held in accordance with SpareBank 1 Nordmøre's liquidity management policy and managed as such.

For the sake of clarity, no funds will be allocated to assets defined as "Excluded" under this framework. The Green Bond Register will form the basis for impact reporting.

4. Reporting

SpareBank 1 Nordmøre uses the GRI Reporting Guidelines as a guiding principle for its sustainability reporting. In addition, and for the purposes of Green Bond issuance and to enable investors to follow the development and impact of their investment, and to provide insight to prioritized areas, SpareBank 1 Nordmøre will provide an annual Green Bond Investor Letter. The Investor Letter will consist of an allocation report and an impact report:

The allocation report will include the following information:

- A list of all project categories financed including allocated or eligible amount
- Type of financing instruments utilized and respective outstanding amounts



- Information about the division of Green Bond Proceeds between new projects and loans, and refinancing

The impact reporting will include the following information:

The impact reporting aims to disclose the environmental impact of the Eligible Assets financed under this Framework, based on SpareBank 1 Nordmøre's financing share of each eligible asset. SpareBank 1 Nordmøre will strive to report on the environmental impact of Eligible Assets financed by Green Bonds when feasible and subject to data availability. The information may be provided on an aggregated portfolio basis to the extent that confidentiality agreements, competitive considerations or numerous Eligible Assets deter the extent to which a higher level of detail can be made available.

The impact assessment is provided with the reservation that not all related data can be covered and that calculations

therefore will be on a best effort basis. SpareBank 1 Nordmøre will strive to remain transparent in the methodologies applied in its assessments and estimations of quantitative impacts. The impact assessment may provide, if applicable and feasible, the following Key Performance Indicators (KPIs):

GBP Categories	Examples of impact indicators
Renewable Energy and Energy Efficiency	Installed capacity (kWh) Annual electricity generation (MWh) Annual GHG emissions avoided (in tonnes CO₂eq.) relative to Norwegian grid factor
Green Buildings	New and existing buildings: % of portfolio divided by year and/or EPC label Avoided kWh/m², or in percentage terms (%) relative to national standards or Norwegian average Annual GHG emissions avoided (in tonnes CO₂eq.) Renovations: Reduction in kWh/m² and/or CO₂eq. relative to pre-investment situation
Clean Transportation	Number of clean vehicles financed Number of charging stations financed
Environmentally Sustainable Management of Living Natural Resources and Land Use	Annual GHG emissions avoided (in tonnes CO₂eq.) Area reforested (km² or ha)
Terrestrial and Aquatic Biodiversity Conservation	Number of ENOVA supported initiatives financed % of certified fishery measured in number of certification schemes

	Energy used (kWh) per ton of production
Waste Management and Circular Economy	Amount or share of waste prevented, minimised, reused or recycled before and after project Number of tonnes processed at the facility

Taxonomy Alignment

SpareBank 1 Nordmøre will strive to finance assets that are aligned with Regulation (EU) 2020/852 “The EU Taxonomy” and the complementary TSC (technical screening criteria) going forward. To demonstrate SpareBank 1 Nordmøre’s commitment to Taxonomy alignment, the issuer will report on the fraction of Green Financing that is aligned with the Taxonomy at the time of reporting. This “Partial Alignment approach” will be displayed on a sub-category basis.

5. External Review

Second party opinion (pre-issuance)

SpareBank 1 Nordmøre will have its Green Bond Framework reviewed by CICERO Shades of Green AS who will issue a Second Opinion. The Second Opinion and the Green Bond Framework will be made public ally available on SpareBank1 Nordmøre’s web page.

Third-Party Review (post-issuance)

SpareBank 1 Nordmøre has appointed an external independent auditor to annually assure that the selection process for the financing of Eligible Assets and the allocation of the net proceeds of the Green Bonds are done in accordance with SpareBank 1 Nordmøre’s Green Bond Framework. The Green Bond Framework, the second party opinion issued by CICERO Shades of Green AS, and the investor letter will be made publicly available on SpareBank 1 Nordmøre’s website.