



August 2022

Green Bond Framework



SKUE SPAREBANK

- vi bryr oss om folk -

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Introduction of Skue Sparebank



At Skue Sparebank, we believe in a local presence and local knowledge. With our long-standing history, Skue Sparebank has the ambition to be the leading local bank in the area in which we operate.

Skue Sparebank history goes back to 1842 when Nes Prestegjelds Sparebank was established. In 2013 the bank merged with Hol Sparebank. In 2020 Skue Sparebank merged with Hønefoss Sparebank, which was established in 1876. Today, Skue Sparebank has 11 offices, being represented in Geilo, Hol, Gol, Nesbyen, Flå, Noresund, Vikersund, Sigdal, Numedal, Hønefoss and Drammen.



Our most important target groups are private individuals in Buskerud as well as corporate customers (SMEs) in the area we are represented. Skue Sparebank aims to improve competitiveness and profitability for the benefit of customers, employees, owners and local communities. By being an attractive local employer and creating strong pro-

fessional environment in our bank we want to contribute to strengthen our local community.

Our objective is to offer our customers better services than our competitors on customer care and follow-up. Our promise to our customers is personal contact where you live, through local knowledge, engagement and presence. In addition, we have sufficient scale to offer expertise in line with larger banks. We perceive our main competitive advantage to be accessibility and proximity to our customers and be able to offer personal advisory services

Skue Sparebank is one of the largest in the Eika Alliance, which consists of more than 50 banks, the Eika Group and Eika Boligkreditt, [representing together of more than NOK 360 billion in total assets, close to one million customers and more than 3,000 employees]. This makes the Eika Alliance to one of the largest players in the Norwegian banking market and one of the most important players in Norwegian local communities.

Sustainability

Skue Sparebank has chosen to take an active approach to sustainability. This is an area we need to continue to develop and implement in all aspects of our operations in the years to come. We create ownership to sustainability among our employees and make it a natural part of our business activities towards our customers.

Until only a few years ago banks and businesses could decide whether it should actively relate to sustainability or not. This is no longer the case – sustainability is something all of us have to relate to whether we run a bank or a business, work in the public sector or in an association, or – keeping one's own household in order. Today, sustainability intervenes in most parts of our society. In Skue Sparebank we take this seriously.

Skue Sparebank's sustainability efforts covers all of the three core elements in E-S-G:

Environment

- We intend to act responsibly in relation to the climate and the environment at large. The bank promotes the use of environmentally friendly products as far as possible. Skue Sparebank is committed to exercise caution in using products which could cause harm to health and the environment, and shall take reasonable action to prevent causing harm.

Social

- Social responsibility is integrated in all parts of Skue Sparebank's activities and responsibilities, expressed through the strategies, measures and activities the bank plans and carries out. Social responsibility is shown through how we manage the resources we dispose and our dialogue with employees, owners, customers, communities and other stakeholders. This also includes the bank's strategy for distribution of gifts and agreements for sponsorships.
- Skue Sparebank's ethical guidelines applies to all employees of the bank. There is zero tolerance for money laundering and corruption, and there are specific rules against money laundering with ongoing customer control. Suspicious transactions are reported to the relevant police authorities ("Økokrim") in accordance with the guidelines set by the authorities. The procedures are regularly reviewed by the Board of Directors and is integrated into our daily operations.

- We support and respect the protection of internationally recognized human rights principles, and shall not in any way contribute to human rights violations. Since our operations is in Norway we do not meet major challenges related to human rights in the daily activities. Through the selection of products and suppliers we are conscious that we want to promote support and respect human and labor rights.

Governance

- The responsibility for the implementation of Skue Sparebank's risk management and control system is shared between the Board of Directors, the executive management and the operational units. The Board of Directors has the overall responsibility for the bank's risk management and decide on the bank's risk profile and adopt frameworks and general guidelines for risk management. The CEO has the responsibility to operationalize the objectives and guidelines decided by Board of Directors', and, together with the rest of the executive management, establish, maintain and develop the framework for risk management, consisting of methods, processes, specific guidelines and routines that are introduced to carry out the activities of risk management.
- The risk control function ensures compliance of the Board of Directors' decisions and prepares quarterly risk reports to the Board of Directors and the executive management. Risk management is part of the bank's ongoing internal control process. The compliance function identifies and assesses compliance with laws, regulations, industry standards, etc. and prepares reports to the management and the board.
- All managers in Skue Sparebank are responsible for managing risk and ensure good control within their own business area in line with the bank's adopted risk profile. To ensure good financial and administrative management, the individual manager must have the necessary knowledge of significant risk factors within its own area of responsibility.

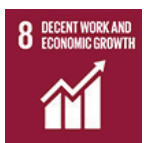

Sustainability and Environmental Focus Areas

The area of sustainability is where we have identified the greatest potential for improvement in relation to ESG related to our operations. For Skue Sparebank this involves careful consideration and continuous improvement related to procurement of products and services, waste management and our climate related footprint from traveling and energy consumption at our offices.

In early 2020, Skue Sparebank completed a situation analysis of several areas related to ESG. The result of this analysis formed the basis for the preparation of the document «Guidelines for sustainability and social responsibility», approved by the bank's Board of Directors. These

guidelines, which set out the overarching approach to the work related to ESG in Skue Sparebank going forward, will be subject to annual revision to ensure compliance in accordance with our standards.

Skue Sparebank supports the UN's 17 Sustainable Development Goals (UN SDGs), and following the before mentioned situation analysis we have chosen to highlight two of the goals as these are the SDGs we believe are the most relevant to us and where we can have the greatest positive impact:

	<p>Sustainability goal number 8: Decent work and economic growth.</p> <p>At Skue Sparebank we consider this to be highly relevant to us as a financial institution in order to contribute to economic growth in the local communities in which we operate. Securing decent work conditions, including combating money laundering and corruption which is a major threat to societal development and economic growth for all, is fundamental to our business activities.</p>
	<p>Sustainability goal number 11: Sustainable cities and communities</p> <p>Our strategy is targeted towards contributing to the sustainable development of our local communities, and this goal is therefore embedded into our business operation. This also include sponsorships of local sport clubs or associations as well as our annual distribution of gifts for non-profit purposes which most citizens in our local community can enjoy, funded by a share of the previous year's net profit.</p>

In addition to reduce our own emission footprint, the most important thing we can do in relation to the climate and environment is to be qualified advisors and a discussion partner for our customers on this subject. We will give our customers advice on what sustainability and climate risk can mean for their operation and profitability. Furthermore, to create one more sustainable credit portfolio we must set certain minimum requirements to customers. We will discuss with the customer who do not meet our sustainability requirements if and how improvements can be made and find satisfactory solutions to both parties.

So far, we have implemented these measures:

- Adopted and implemented «Guidelines for sustainability in credit assessments»
- Training of the customer advisers
- Implemented module for ESG analysis in the credit process for the corporate market
- Offer green mortgages to retail customers
- Offer green car loans (through Eika Kredittbank)
- Offer green loans to corporates

We have decided to commence reporting our scope 1, 2 and 3 emissions¹ from 2023 for the accounting year 2022, and have set the following goals and targets:

- Obtain Eco-lighthouse certification by 2023
- Measure greenhouse gas emissions related to our credit portfolio by 2023
- Reduce greenhouse gas emissions related to our own operation with 30% by 2027 and with 50% by 2030

Going forward, we are also working on improving our competence level and service offering related to the environment:

- Improvement of existing and assessment of new products and services with green focus, including introducing green loans for renovation of residential buildings
- Include, and continuously evaluate and develop, ESG analysis and other relevant tools for use in credit case reports and customer establishment procedures (in collaboration with Eika Group)
- Continue to increase the customer advisers' ESG competence

¹ Scope 1 will be related to the employees' use of cars to/from the office (bank owned and private cars), and scope 3 will be emissions from air travel.

Sustainable Lending Practices

For Skue Sparebank the risk related to climate change is a result of how our customers are affected by both physical events caused by climate change which can increase costs (physical risk) and financial risk associated with the conversion to a low-emission society (transition risk). Therefore, as a bank we shall engage in matters related to our society and the climate and environment in our lending practices. Sustainability and climate risk are included as part of the bank's risk management and credit assessment. ESG and climate risks are part of the risk assessment both in the individual credit case and in the bank's assessment of capital requirements / ICAAP.

We believe our customers should contribute to a sustainable development by focusing on environmental, social and governance conditions in their own business. Among other things, this means that we as a bank must ensure that products and services are produced in a sustainable way and does not contribute to increased pollution of the environment, as well as making sure that our customers respect human rights. As a bank we will also try to increase our customers' awareness and practice related to the environment, ethics, social responsibility, business operations and corporate governance.

We have guidelines for risk assessment related to climate and sustainability at large in the overall credit assessment, especially for corporate customers, where we conduct an assessment of the customer's industry, serviceability, mortgage objects, their suppliers and customers. Industries which are exposed to climate and sustainability risks are considered to be agriculture and forestry, transport, large construction projects, commercial buildings (especially older), tourism (including hotels and restaurants).

In our credit case report template for corporate customers, we have included a section with questions to help assessing sustainability matters. The purpose is to reveal if the customer takes a proactive approach towards ESG matters related to their business activities, as well as to advise them how to improve their own business operation. In addition, as an organization we will over time build up insight and expertise on sustainability risk (transition risk and physical risk) within our credit portfolio. Environmental and climate risk shall also be included in the assessment of the pricing of the individual credit given to our customers.

Skue Sparebank have decided to not grant credit to the

following industries:

- weapons, tobacco, pornography, gambling,
- coal and nuclear power generation,
- commercial fishing and fish farming (but not exclude small-scale fish farming in freshwater),
- mining, aviation, oil and gas.

Skue Sparebank's overall credit portfolio is dominated by the retail customers segment and traditional mortgage loans, which has a relative low risk in relation to sustainability matters. Skue Sparebank offers green loans to our retail customers financing investments which contribute to lower greenhouse gas emissions, energy efficiency or climate change adaptation. We require a certain energy class for green mortgage loans to qualify.

Skue Sparebank also offers green loans to corporates in a variety of industries and has defined a set of criteria which must be met in order to qualify. As of today, apart from hydropower the corporate green loan portfolio is small, but could potentially increase going forward in line with increasing focus on climate changes and a realization of the need to find new ways to operate which emits less greenhouse gases. As an example, Skue Sparebank is participating in a local alliance (together with Glitre Energi, Kraftia Energi, NOMAS and Modum municipality) to assess the possibility for local production of green hydrogen, with the objective to establish new industries and increase the speed of a green transition.

With the Green Bond Framework (the "Framework") we want to promote our ambition of driving sustainable development in our region through the financing we offer our clients. The Framework defines the criteria for which loans can be financed by Green Bonds ("Green Loans"), and it also outlines the process to evaluate, select, track and report on such lending activities. Each Green Bond issued under this Framework will in their relevant transaction documentation refer to this Green Bond Framework. The terms and conditions contained in the underlying documentation for each issued Green Bond will specify the actual terms of the instrument.

This Framework may over time be updated, however new versions of the Framework shall have no implications for the Green Bonds issued under this version of the Framework.

Skue Sparebank and Green Bonds

Since our largest contribution towards a low-carbon and climate-resilient future is through the lending we provide to our clients, we can positively influence our customers behavior towards a green direction by including the topic of sustainability as a natural part of our dialogue with clients. More concretely we can enable our clients to take part of the green transition by providing funding for environmentally sustainable investments and projects.

With this Green Bond Framework (the “Framework”) we want to promote our ambition of driving sustainable development in our region through the financing we offer our clients. The Framework defines the criteria for which loans can be financed by Green Bonds (“Green Loans”), and it also outlines the process to evaluate, select, track and report on such lending activities. Each Green Bond issued under this Framework will in their relevant transaction documentation refer to this Green Bond Framework.

The terms and conditions contained in the underlying documentation for each issued Green Bond will specify the actual terms of the instrument.

This Framework may over time be updated, however new versions of the Framework shall have no implications for the Green Bonds issued under this version of the Framework.

Alignment with Relevant Market Standards and Guidelines

With this Framework, our aim is to meet best market practices by adhering to relevant standards and guidelines in the green finance market.

The Framework is aligned with the guidelines of the Green Bond Principles, published by the International Capital Markets Association in 2021 (“ICMA GBP”) and has been prepared in cooperation with DNB. Each Green Loan category has been mapped against the different categories of the ICMA GBPs, as well as the UN Sustainable Development Goals (“UN SDGs”) and the relevant economic activities included in the EU Taxonomy. Our aim is also to adhere to the preliminary recommendations of the EU Green Bond Standard published in July 2021 in order to facilitate for a possible alignment once this standard becomes implemented.

The EU Taxonomy provides a classification system for identifying environmentally sustainable economic activities. The Taxonomy Regulation, which entered into force in July 2020, states that to qualify as environmentally

sustainable, an economic activity should 1) make a substantial contribution to the achievement of one or several of EU’s six overarching environmental objectives, 2) do no significant harm to the achievement of any of the other environmental objectives, and 3) meet minimum social safeguards.

We believe the Green Loans financed under this Framework align with the metrics and thresholds of the EU Taxonomy and have the potential to make a significant contribution to one of the environmental objectives in the EU Taxonomy, Climate Change Mitigation.

The metrics and thresholds in the EU Taxonomy and set thresholds may change over time, and it is our aim to monitor the development. If deemed necessary by Skue Sparebank, its Green Bond Framework may be updated to align with the EU Taxonomy. In our annual Green Bond report, we aim to provide information about relevant changes in the EU Taxonomy and the possible implications for our Green Loan criteria.

Use of Proceeds

An amount equal to the net proceeds from Green Bonds issued under this Green Bond Framework will be used to finance a portfolio of loans that promote the transition towards low-carbon and climate-resilient development ("Green Loan Portfolio").

Only such loans that comply with the list of Green Loans below are deemed eligible to be financed by Green Bonds. Green Bond net proceeds can be used for the financing of new loans, as well as for refinancing purposes.

For the avoidance of doubt, Green Bonds will not be used to finance investments linked to fossil energy generation, nuclear energy generation, research and/or development within weapons and defense, potentially environmentally negative resource extraction, gambling, pornography or tobacco, nor other activities in violation of the bank's established sector guidance.

Alignment with Relevant Market Standards and Guidelines

Green Bonds issued under this Framework will finance and refinance loans within the following Green Loan categories:

- Green Buildings
- Renewable Energy

Green Buildings

ICMA Green Bond Principles category:	Green buildings
UN Sustainable Development Goal:	 
EU Taxonomy Environmental Objective:	Climate Change Mitigation

Green Loan Criteria

Loans financing the acquisition, ownership, construction, and renovation of residential buildings¹ subject to meeting one of the following criteria:

Buildings built in 2021 or later:

- Buildings with an energy consumption that is 10% lower than national minimum requirements (TEK17); or

Buildings built before 2021:

- Buildings with Energy Performance Certificate A; or
- Buildings within the top 15% of the national or regional stock in terms of primary energy demand, defined as buildings built according to Norwegian building codes of 2010 (TEK10) or 2017 (TEK17)², however for buildings built prior to 2012, to have at least Energy Performance Certificate B; or

Renovated buildings:

- Costs related to renovations leading to a reduction in primary energy demand of at least 30%.
- For the full building to qualify, it should after renovations be expected to meet the criteria above for buildings built either before or after 2021.

¹ Residential buildings used for leisure (cabins) are excluded.

² To ensure TEK10-alignment, we use a conservative 2-year time lag and include buildings built from 2012 and onwards, for hotels and restaurants we use a 3-year time lag

Alignment with the EU Taxonomy

1. Substantial contribution:

The applicable criteria for Green Buildings are well aligned with those defined in Annex 1 of the EU Taxonomy Regulation (listed in the Appendix) for ensuring substantial contribution to EU's first environmental objective – Climate Change Mitigation:

- **7.1 Construction of new buildings:** The EU Taxonomy states that buildings built in 2021 or later should have an energy consumption that is 10% lower than Nearly-Zero Energy Buildings (NZEB). NZEB requirements are yet to be implemented in Norway, and therefore this Framework uses the latest Norwegian building code available (TEK17) as a proxy.
- **7.7 Acquisition and ownership of buildings:** Buildings built before 2021 should, according to the EU Taxonomy, either have an Energy Performance Certificate A or be within the top 15% of the national or regional stock in terms of primary energy demand. We believe that by limiting our scope to buildings built between 2012 and 2020 (based on TEK10 and TEK17) the portfolio of residential buildings will meet the highest domestic regulatory requirements for energy performance while also staying within the top 15% threshold.
- **7.2 Renovation of existing buildings:** Our criteria mirror that in the EU Taxonomy, which require that the building renovation complies with the national and regional building applicable requirements for major renovations, or alternatively leads to a reduction of primary energy demand (PED) of at least 30 %.



2. Do no significant harm

Alignment with the criteria for ensuring do no significant harm towards other environmental objectives of the EU Taxonomy are assessed in the Appendix.

3. Minimum social safeguards

Skue Sparebank's governance policies and code of conduct guidelines secure alignment with minimum social safeguard requirements.

Renewable Energy

ICMA Green Bond Principles category:	<ul style="list-style-type: none"> Renewable energy Energy efficiency
UN Sustainable Development Goal:	 
EU Taxonomy Environmental Objective:	Climate Change Mitigation
Green Loan Criteria Loans financing the acquisition, ownership, installation, construction, development, operation, maintenance, and improvement/upgrading of: <ul style="list-style-type: none"> Hydropower plants and installations, as well relating technologies, equipment and infrastructure, with (i) a power density above 5W/m², (ii) life-cycle emissions below 100g CO₂e/kWh, or (iii) run-of-river plants without artificial reservoirs Loans may be for specific assets and projects, or to companies with ≥90% of their revenues from activities aligned with defined criteria.	

Alignment with the EU Taxonomy

1. Substantial contribution:

The criteria for Renewable Energy is aligned with those defined in Annex 1 of the EU Taxonomy Regulation (listed in the Appendix) for ensuring substantial contribution to the environmental objective – Climate Change **Mitigation**:

- Electricity generation from hydropower: A study performed in 2019 by the Norwegian Institute for Sustainability Research (NORSUS) on Norwegian hydropower, indicates average life-cycle emissions of around 3.3g CO₂e/kWh. In addition, the study notes that hydropower plants in Norway tend to be located at high altitudes where there is little vegetation as well as colder climate, which leads to limited extra methane emissions from algae growth with could develop in the water storage basin where the climate is warmer¹.

2. Do no significant harm

Alignment with the criteria for ensuring no significant harm towards other environmental objectives of the EU Taxonomy are assessed in the Appendix.

3. Minimum social safeguards

Skue Sparebank's governance policies and code of conduct guidelines secure alignment with minimum social safeguard requirements.

¹ AR-01.19-The-inventory-and-life-cycle-data-for-Norwegian-hydroelectricity.pdf (norsus.no)

Process for Project Evaluation and Selection



To ensure the transparency and accountability around the selection of Green Loans, Skue Sparebank has established an internal Green Bond Committee responsible for this Green Bond Framework and the Green Loan criteria included herein. The committee will be responsible for the evaluation and selection of loans for inclusion in the Green Loan Portfolio.

The Green Bond Committee consists of members from the Credit Management, Sustainability and Treasury teams in Skue Sparebank. Other internal representatives with specific expertise may be invited from time to time when deemed necessary. All decisions will be made in consensus.

All lending activities in Skue Sparebank must go through the regular and applicable credit approval processes. The terms and conditions that govern our business lending require borrowers to comply with all applicable laws, regulations and practices and that they comply with all authorisations, consents, approvals, waivers, resolutions, licenses, permits, exemptions or registrations related to the projects financed. In addition, to qualify as a Green Loan, the loan must meet the Green Loan criteria defined in the Use of Proceeds section of this Framework. Only

such loans that meet these criteria are eligible to be financed with Green Bonds being issued under this Framework. Relevant business units in Skue Sparebank, such as representatives from our corporate and retail banking segments, can nominate loans for inclusion in the Green Loan Portfolio. Skue Sparebank's Treasury team will, on behalf of the Green Bond Committee, keep a register of the portfolio of identified Green Loans.

The Green Bond Committee holds the right to exclude, at their own discretion, any Green Loans already funded by Green Bonds. If a Green Loan already included in the Green Loan Portfolio no longer meets the criteria in this Framework, as evaluated by the Green Bond Committee, it will be removed from the Green Loan Portfolio.

To ensure traceability, all decisions made by the committee will be documented and filed.

The Green Bond Committee is also in charge of potential future oversight and updates of this Framework. Potential future updates of this Framework will have no impact on the Green Bonds issued under this version of the Framework.

Management of Proceeds



An amount equal to the net proceeds from issued Green Bonds will be allocated toward the financing and refinancing of our Green Loan Portfolio.

Allocation of the proceeds from a Green Bond is done on a portfolio level, where the proceeds are allocated pro-rata to all assets included in the Green Portfolio.

The Treasury department of Skue Sparebank will, on behalf of the Green Bond Committee, endeavor to ensure that the value of the Green Loan Portfolio at all times exceeds the total nominal amount of Green Bonds outstanding.

In the event that the Green Loan Portfolio does not exceed the net proceeds from Green Bonds being issued and thus awaiting allocation to the Green Loans Portfolio, such unallocated amounts will be managed according to the regular liquidity management policy of our Treasury department. To the extent possible the exclusions listed in the Use of Proceeds section of this Framework also apply for such temporary holdings of net proceeds.

Reporting

To enable investors and other stakeholders to follow our issuance of Green Bonds, and the developments and impact of our Green Loan Portfolio, a Green Bond Report will be made available on our website. The Green Bond Report will include an Allocation Report and an Impact Report and will be published within one year from the date of a Green Bond issuance and annually thereafter, until the proceeds have been fully allocated.

Allocation Report

The allocation report will include the following information.

- Size of the identified Green Loan Portfolio and each Green Loan category
- Nominal amount of Green Bonds outstanding
- Share of the Green Loan Portfolio currently financed by Green Bonds
- Amount of net proceeds awaiting allocation (if any)
- If applicable, information on changes in the EU Taxonomy regulation and delegated acts criteria or Norwegian laws and regulations that is relevant for our Green Loan criteria

Impact Report

The impact report aims to disclose the environmental impact of the Green Loans financed by Green Bonds.

Impact reporting will be aggregated for each Green Loan category, and depending on data availability, calculations will be made on a best intention basis. Skue Sparebank will contract an independent third party to assist with impact calculation and analysis. Skue Sparebank will align, on a best effort basis, our impact reporting with the portfolio approach described in the ICMA's "Handbook – Harmonized Framework for Impact Reporting"¹.

The impact assessment may, where applicable, be based on the metrics listed below.

Impact reporting metrics

Green Buildings

- Estimated annual energy consumption (kWh/m²) and annual GHG emissions (tCO₂e) compared to baseline.

Renewable Energy

- Financed energy generation capacity
- Estimated annual avoidance of GHG emissions (tCO₂e)

¹ [Handbook-Harmonised-Framework-for-Impact-Reporting-June-2021-100621.pdf \(icmagroup.org\)](https://www.icmagroup.org/standards/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2021-100621.pdf)

External Review



Second Party Opinion

Skue Sparebank has obtained a pre-issuance Second Party Opinion from [TBN] to confirm the transparency of this Green Bond Framework and its alignment with the ICMA Green Bond Principles, published in 2021.

The Second Party Opinion also includes an assessment around the Taxonomy-alignment of the Green Loan criteria included in this Framework.

The Second Party Opinion will be made available on our website, together with this Green Bond Framework.

Post-issue verification

An independent auditor appointed by Skue Sparebank will provide a limited assurance report confirming that an amount equal to the net proceeds from issued Green Bonds has been allocated in line with the criteria of this Green Bond Framework.

This report will be made publicly available on our website.

Appendix

Relevant activities described in EU Taxonomy Delegated Acts Annex 1:

Description of Activity:		7.1. Construction of new buildings Development and/or construction of residential and non-residential building projects
Technical Screening Criteria for Substantial Contribution to Climate Change Mitigation		
<div>1. The Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures. The energy performance is certified using an as built Energy Performance Certificate (EPC).</div> <div>2. For buildings larger than 5000 m2 (upon completion):<ul style="list-style-type: none">the building undergoes testing for air-tightness and thermal integrity (unless robust and traceable quality control processes are in place during the construction process), and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed.the life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand.</div>		
Do No Significant Harm to other Environmental Objectives:		
Climate Change Adaptation	<div>The activity complies with the criteria set out in Appendix A.</div> <div><i>Appendix A summary:</i> <i>The physical climate risks that are material to the activity have been identified by performing a robust climate risk and vulnerability assessment related to temperature, wind, water and solid mass with the following steps:</i><ol style="list-style-type: none"><i>Identification of the activity's physical climate risks;</i><i>Assessment of materiality of identified risk;</i><i>Assessment of adaptation solutions;</i><i>For activities with lifespan above 10 years, apply high-resolution state-of-the-art climate projections.</i></div>	<div>Skue Sparebank:</div> <div>Aligned as physical risks are assessed in connection with providing loans.</div>
Sustainable use and protection of water resources	<div>Where installed (except for installations in residential building units) the specified water use is attested by product datasheets or a building certification to meet:<ul style="list-style-type: none">wash hand basin taps and kitchen taps have a water flow of maximum 6 litres/min;showers have a water flow of maximum 8 litres/min;WCs have full flush volume of maximum 6 litres and maximum average flush volume of 3,5 litres, and flushing urinals have full flush volume of maximum 1 litre and urinals use maximum of 2 litres/bowl/hour.</div> <div>To avoid impact from the construction site, the activity complies with the criteria set out in Appendix B.</div> <div><i>Appendix B summary:</i> <i>Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed with the aim of achieving good water status and good ecological potential, and a water use and protection management plan developed thereunder for the potentially affected water body, in consultation with relevant stakeholders.</i></div>	<div>Skue Sparebank:</div> <div>Not aligned as TEK10/TEK17 does not specify such requirements in detail.</div>

Transition to circular economy	<p>At least 70 % (by weight) of non-hazardous construction and demolition waste (excluding naturally occurring material) generated on the construction site is prepared for reuse, recycling, and other material recovery, including backfilling operations using waste to substitute other materials. Operators limit waste generation in processes related to construction and demolition, taking into account best available techniques, using selective demolition to enable removal and safe handling of hazardous substances, to facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.</p> <p>Building designs and construction techniques to support circularity, and, in particular demonstrate how they are designed to be more resource efficient, adaptable, flexible and dismantlable to enable reuse and recycling.</p>	Skue Sparebank: Not aligned for <u>residential buildings</u> as TEK10/TEK17 does not specify such requirements in detail. Partly aligned for <u>commercial buildings</u> as this is part of the assessment to provide loans.
Pollution prevention and control	<p>Building components and materials used in the construction comply with the criteria set out in Appendix C.</p> <p>Building components and materials used in the construction that may come into contact with occupiers emit less than 0,06 mg of formaldehyde per m³ of material or component, and less than 0,001 mg of other categories 1A and 1B carcinogenic volatile organic compounds per m³ of material or component, upon testing in accordance with standardised test conditions and determination methods.</p> <p>Where the new construction is located on a potentially contaminated site (brownfield site), the site has been subject to an investigation for potential contaminants.</p> <p>Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.</p> <p><u>Appendix C summary:</u> <i>The activity does not lead to manufacture, placing or use of substances such as toxic fluid, mercury, ozon depleter, electrical and electronic equipment, unregistered use or mixture of hazard chemicals.</i></p>	Skue Sparebank: Partly aligned as (i) although TEK10/TEK17 does not specify such requirements in detail it refers to EU requirements, and (ii) for commercial buildings specifically this is part of the assessment to provide loans.
Protection of ecosystems	<p>The activity complies with the criteria set out in Appendix D.</p> <p>The new construction is not built on:</p> <ol style="list-style-type: none"> 1. arable land and crop land with a moderate to high level of soil fertility; 2. greenfield land of recognised high biodiversity value and land that serves as habitat of endangered species (flora and fauna) listed on the European Red List or the IUCN Red List; 3. land matching the definition of forest as set out in national law used in the national greenhouse gas inventory, or where not available, is in accordance with the FAO definition of forest. <p><u>Appendix D summary:</u> <i>An Environmental Impact Assessment (EIA) or screening has been completed. Where EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. For sites/operations located in or near biodiversity-sensitive areas, an appropriate assessment has been conducted and based on its conclusions the necessary mitigation measures are implemented.</i></p>	Skue Sparebank: Partly aligned as although TEK10/TEK17 does not specify such requirements in detail, the approval process for the construction of buildings will include an assessment of this.

Description of Activity:	7.2. Renovation of existing buildings Construction and civil engineering works or preparation thereof.	
Technical Screening Criteria for Substantial Contribution to Climate Change Mitigation		
1. The building renovation complies with the applicable requirements for major renovations as set in the applicable national and regional building regulations. - Alternatively, it leads to a reduction of primary energy demand (PED) of at least 30 %.		
Do No Significant Harm to other Environmental Objectives:		
Climate Change Adaptation	The activity complies with the criteria set out in Appendix A. <i>Appendix A summary: The physical climate risks that are material to the activity have been identified by performing a robust climate risk and vulnerability assessment related to temperature, wind, water and solid mass with the following steps:</i> <ol style="list-style-type: none">1. Identification of the activity's physical climate risks;2. Assessment of materiality of identified risk;3. Assessment of adaptation solutions;4. For activities with lifespan above 10 years, apply high-resolution state-of-the-art climate projections.	Skue Sparebank: Aligned as physical risks are assessed in connection with providing loans.
Sustainable use and protection of water resources	Where installed as part of the renovation works, except for renovation works in residential building units, the specified water use for the following water appliances is attested by product datasheets, a building certification or an existing product label in the Union, in accordance with the technical specifications laid down in Appendix E: <ul style="list-style-type: none">• wash hand basin taps and kitchen taps have a water flow of maximum 6 litres/min• showers have a water flow of maximum 8 litres/min• WCs have full flush volume of maximum 6 litres and maximum average flush volume of 3,5 litres, and flushing urinals have full flush volume of maximum 1 litre and urinals use maximum of 2 litres/bowl/hour. <i>Appendix E summary:</i> <ol style="list-style-type: none">1. The flow rate is recorded at the standard reference pressure 3 -0/+ 0,2 bar or 0,1 -0/+0,02 for products limited to low pressure.2. The flow rate at the lower pressure 1,5 -0/+ 0,2 bar is ≥ 60 % of the maximum available flow rate.3. For mixer showers, the reference temperature is 38 ± 1 C.4. Where the flow has to be lower than 6 L/min, it complies with the rule set out in point 2.	Skue Sparebank: Not aligned as TEK10/TEK17 does not specify such requirements in detail.
Transition to circular economy	At least 70 % (by weight) of non-hazardous construction and demolition waste (excluding naturally occurring material) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials. Operators limit waste generation in processes related to construction and demolition, taking into account best available techniques, using selective demolition to enable removal and safe handling of hazardous substances, to facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste. Building designs and construction techniques to support circularity, and, in particular demonstrate how they are designed to be more resource efficient, adaptable, flexible and dismantlable to enable reuse and recycling.	Skue Sparebank: Not aligned for <u>residential buildings</u> as TEK10/TEK17 does not specify such requirements in detail. Partly aligned for <u>commercial</u>

Pollution prevention and control	<p>Building components and materials used in the construction complies with the criteria set out in Appendix C.</p> <p>Building components and materials used in the construction that may come into contact with occupiers emit less than 0,06 mg of formaldehyde per m³ of material or component, and less than 0,001 mg of other categories 1A and 1B carcinogenic volatile organic compounds per m³ of material or component, upon testing in accordance with standardised test conditions and determination methods.</p> <p>Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.</p> <p><u>Appendix C summary:</u> The activity does not lead to manufacture, placing or use of substances such as toxic fluid, mercury, ozon depleter, electrical and electronic equipment, unregistered use or mixture of hazard chemicals</p>	<p>Skue Sparebank:</p> <p>Not aligned for <u>residential buildings</u> as TEK10/TEK17 does not specify such requirements in detail.</p> <p>Partly aligned for <u>commercial buildings</u> as this is part of the assessment to provide loans.</p>
Protection of ecosystems	<p>N/A</p>	<p>N/A</p>

Description of Activity:	7.7. Acquisition & ownership of buildings Buying and exercising ownership of real estate.	
Technical Screening Criteria for Substantial Contribution to Climate Change Mitigation		
<div>1. For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class A.<div><div>• As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings.</div></div></div> <div>2. For buildings built after 31 December 2020, the building meets the criteria specified in Section 7.1.</div> <div>3. Where the building is a large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW) it is efficiently operated through energy performance monitoring and assessment.</div>		
Do No Significant Harm to other Environmental Objectives:		
Climate Change Adaptation	<div>The activity complies with the criteria set out in Appendix A.</div> <div><i>Appendix A summary: The physical climate risks that are material to the activity have been identified by performing a robust climate risk and vulnerability assessment related to temperature, wind, water and solid mass with the following steps:</i></div> <div><div>1. Identification of the activity's physical climate risks;</div><div>2. Assessment of materiality of identified risk;</div><div>3. Assessment of adaptation solutions;</div><div>4. For activities with lifespan above 10 years, apply high-resolution state-of-the-art climate projections.</div></div>	<div>Skue Sparebank:</div> <div>Aligned as physical risks are assessed in connection with providing loans.</div>
Sustainable use and protection of water resources	N/A	N/A
Transition to circular economy	N/A	N/A
Pollution prevention and control	N/A	N/A
Protection of ecosystems	N/A	N/A

Description of Activity:	4.5. Electricity generation from hydropower Construction or operation of electricity generation facilities that produce electricity from hydropower	
Technical Screening Criteria for Substantial Contribution to Climate Change Mitigation		
The activity complies with either of the following criteria:		
<div>1. the electricity generation facility is a run-of-river plant and does not have an artificial reservoir;</div> <div>2. the power density of the electricity generation facility is above 5 W/m2;</div> <div>3. the life-cycle GHG emissions from the generation of electricity from hydropower, are lower than 100gCO2e/kWh. ... calculated using Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018, ISO 14064-1:2018 or the G-res tool. Quantified life-cycle GHG emissions are verified by an independent third party.</div>		
Do No Significant Harm to other Environmental Objectives:		
Climate Change Adaptation	<div>The activity complies with the criteria set out in Appendix A.</div> <div><i>Appendix A summary: The physical climate risks that are material to the activity have been identified by performing a robust climate risk and vulnerability assessment related to temperature, wind, water and solid mass with the following steps:</i></div> <div><div>1. Identification of the activity's physical climate risks;</div><div>2. Assessment of materiality of identified risk;</div><div>3. Assessment of adaptation solutions;</div><div>4. For activities with lifespan above 10 years, apply high-resolution state-of-the-art climate projections.</div></div>	Skue Sparebank: Aligned as (i) construction and operation of hydropower plants in Norway is strictly regulated, and (ii) physical risks are being assess when loans are provided.
Sustainable use and protection of water resources	<div>1. The activity complies with the provisions of Directive 2000/60/EC, in particular with all the requirements laid down in Article 4 of the Directive.</div> <div>2. For operation of existing hydropower plants, including refurbishment activities to enhance renewable energy or energy storage potential, the activity complies with the following criteria:<div>2.1. ..., all technically feasible and ecologically relevant mitigation measures have been implemented to reduce adverse impacts on water as well as on protected habitats and species directly dependent on water.</div><div>2.2. Measures include, where relevant and depending on the ecosystems naturally present in the affected water bodies:<div>(a) measures to ensure downstream and upstream fish migration (such as fish friendly turbines, fish guidance structures, state-of-the-art fully functional fish passes, measures to stop or minimise operation and discharges during migration or spawning);</div><div>(b) measures to ensure minimum ecological flow (including mitigation of rapid, short-term variations in flow or hydro-peaking operations) and sediment flow;</div><div>(c) measures to protect or enhance habitats.</div><div>2.3. The effectiveness of those measures is monitored in the context of the authorisation or permit setting out the conditions aimed at achieving good status or potential of the affected water body.</div></div></div> <div>3. For construction of new hydropower plants, the activity complies with the following criteria:<div>3.1. ..., prior to construction, an impact assessment of the project is carried out to assess all its potential impacts on the status of water bodies within the same river basin and on protected habitats and species directly dependent on water, considering in particular migration corridors, free-flowing rivers or ecosystems close to undisturbed conditions.</div></div> <div>The assessment is based on recent, comprehensive and accurate data, including monitoring data on biological quality elements that are specifically sensitive to hydromorphological alterations, and on the expected status of the water body as a result of the new activities, as compared to its current one.</div> <div>It assesses in particular the cumulated impacts of this new project with other existing or planned infrastructure in the river basin.</div>	Skue Sparebank: Aligned as construction and operation of hydropower plants in Norway is strictly regulated

Transition to circular economy	N/A	N/A
Pollution prevention and control	N/A	N/A
Protection of ecosystems	<p>The activity complies with the criteria set out in Appendix D.</p> <p><i>Appendix D summary:</i> <i>An Environmental Impact Assessment (EIA) or screening has been completed. Where EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented.</i> <i>For sites/operations located in or near biodiversity-sensitive areas, an appropriate assessment has been conducted and based on its conclusions the necessary mitigation measures are implemented.</i></p>	<p>Skue Sparebank:</p> <p>Aligned as construction and operation of hydropower plants in Norway is strictly regulated.</p>



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