



Fana Sparebank

# Green Finance Framework

August 2024





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## 1 About Fana Sparebank

Fana Sparebank (“the Bank”) is an independent savings bank established in Bergen in 1878. Our main business is to supply local and regional retail and corporate customers with a broad range of financial services, including lending, deposits, and payment services. As a savings bank, we have a particular interest in serving the local community both with commercial services and by contributing to sustainable development. Fana Sparebank holds a retail market share of approximately eight percent in the greater Bergen region.

Moody’s Investor Services rates the Bank A3 and the subsidiary Fana Sparebank Boligkreditt AS issues Aaa-rated covered bonds.

Fana Sparebank Boligkreditt AS is a fully owned subsidiary of Fana Sparebank, established in 2009 as a vehicle for the Fana Sparebank Group’s access to the covered bond market.



## 2 Sustainability at Fana Sparebank

Fana Sparebank’s sustainability strategy covers financial, environmental, and social responsibility efforts, and we have defined Society as one of five strategic target areas. We are committed to playing an active role in the social and environmental development of the local community and to promote sustainable development. Our overall sustainability ambition is to noticeably enhance the Bank’s positive, as well as reduce the Bank’s negative, impact on people, the environment and society.



We strive to take an integrated approach to sustainability and related risks, which influences our customer experiences, how we deliver results and how we run the bank. Sustainability is an integral part of the bank’s credit, market, liquidity, and operational risks. We believe that sustainability and climate risks and opportunities affect the bank’s long-term value creation.

Our ESG strategy was revised in 2022 to focus on areas where Fana Sparebank has the greatest impact, both in terms of reducing negative impact and enhancing our positive impact on people, environment, and society. We have used the UN Sustainable Development Goals (SDG) as the starting point for our ESG strategy and conducted a materiality analysis to define our five main sustainability goals.

## 2.1 UN Sustainable Development Goals

Fana Sparebank has adopted the 17 UN Sustainable Development Goals (SDG) as guidelines for future business conduct. The Bank is committed to achieve Net Zero Emissions by 2050. For each of our five prioritised SDGs, we have identified points of action and goals that will help us develop a sustainable business model. Of these, goals #11 and #13 are of particular interest for this Green Finance Framework.

### 2.1.1 #11 Sustainable Cities and Communities



Fana Sparebank shall offer products and services that support the bank's aim to build sustainable cities and communities. By considering sustainability aspects as a lender, we can reduce both our customers' and our own sustainability-related risks. Our main target is to consider ESG risk in all loan and credit engagements.

### 2.1.2 #13 Climate action



Fana Sparebank is committed to becoming a Net-Zero emissions company by 2050, which includes our own operations, lending, and investment portfolios. We also work to strengthen the bank's and our clients' ability to mitigate and adapt to the effects of climate change. In particular, we aim to incentivise renovations and improvements to reduce energy consumption and carbon emissions. By providing a possible discount, we aim to encourage an increased use of heat pumps and renewable energy sources.

As a member of the Net Zero Banking Alliance (NZBA), we have set science-based climate targets to achieve net zero for our lending activities and our own operations by 2050, along with intermediate targets for 2030.

Our climate targets	
Business operations (scopes 1-3)	Reduce emissions by 50% by 2030
Corporate banking portfolio	Target pathway <ul style="list-style-type: none"> <li>By 2030, at least 50 percent of lending to Commercial Real Estate shall be green in accordance with the criteria of this Framework.</li> <li>Reduce the emission intensity (CO<sub>2</sub>e per million in lending) by 50% by 2030.</li> </ul>
Retail banking portfolio	Target pathway <ul style="list-style-type: none"> <li>Reduce the emission intensity (CO<sub>2</sub>e per square meter) by 50% by 2030.</li> </ul>

### 2.1.3 #17 Partnerships for the goals



To achieve the UN SDGs, Fana Sparebank recognizes the importance of cooperation and partnerships, and we actively participate in relevant local, national, and international initiatives.

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## 2.2 ESG and climate risk in the lending portfolio

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In line with the overall sustainability strategy of Fana Sparebank, ESG risks shall be considered for corporate clients alongside other risk factors. In 2021, we launched an ESG risk module, whereby corporate clients must answer questions related to the environmental and social impact of their business, as well as good governance.

The module is an integrated part of the lending process for new corporate credit engagements, the refinancing of corporate clients and existing corporate clients with credit engagements above 10 MNOK. Our clients' readiness to sustainable transition is central to the ESG risk assessment, hereunder their intention and ability to reach relevant sustainability targets. Based on the collected information, we can identify whether a corporate client represents a high, medium, or low ESG and climate risk for the bank.

The results of the assessments shall be included in the loan processing document and integrated into the final credit assessment.

Fana Sparebank shall not be exposed to companies that are in non-compliance with regulations and standards pertaining to human rights, environmental regulations, and anti-corruption. We will not finance clients with exposure to weapons, gambling, tobacco, or production of energy from non-renewable energy sources.

### 2.2.1 Climate risk – Task Force on Climate-Related Financial Disclosure

Fana Sparebank reports according to the TCFD recommendations, but we acknowledge that reporting, disclosure, and transparency within climate-related issues represent challenges.<sup>1</sup> Complete adoption of the TCFD requirements is an ongoing process.

Mortgages make up approximately 80 percent of our lending portfolio. We therefore have significant potential to reduce financed emissions by motivating our personal banking customers to improve the energy efficiency of their homes. To map climate transition risk in our mortgage portfolio, we began mapping the portfolio's financed emissions in 2022 based on Energy Performance Certificate ("EPC") data from Enova and estimates from Eiendomsverdi AS.<sup>2</sup>

Our corporate lending portfolio is also associated with considerable financed emissions. In 2022, we conducted a first high-level analysis to estimate the financed emissions and emissions intensity for four sectors: real estate, retail, services, and construction. The estimates cover 76 percent of the total lending portfolio but are marked by a high

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<sup>1</sup> See page 136 of the Annual Report for Fana Sparebank's TCFD reporting.

<sup>2</sup> See note from Eiendomsverdi "Green homes and the EU Taxonomy" for description of methodology.

degree of uncertainty. We are working to improve the data quality for financed emissions in the corporate lending portfolio, where the first step is to map the energy rating of the commercial real estate portfolio in 2024. Our work to map financed emissions is based on the methodology developed by the Partnership for Carbon Accounting Financials (PCAF).

Activities to reduce financed emissions from both mortgages and commercial real estate focus on incentivising energy efficiency measures and investments in alternative energy, through both financial products and advisory services.

We have also modelled the physical climate risk of our mortgage- and commercial real estate portfolio based on various scenarios for sea level rise, flooding, avalanche, and quick clay exposure. As of 2023, approximately 14 percent of our mortgages are exposed to some form of physical climate risk. The physical risk exposure is monitored and incorporated in the bank's risk mitigation work.

Fana Sparebank has incorporated climate risk in governing documents and the results of the ESG risk assessment module are included in the credit assessment for corporate clients. We are further exploring how to conduct scenario analysis to stress test the bank's key indicators against potential losses arising from different climate scenarios.

### 2.2.2 Eco-lighthouse



The Bank became a certified Eco-lighthouse enterprise in 2015 and recertified in 2018 and 2021. Eco-lighthouse is Norway's most widely used certification scheme for enterprises seeking to document their environmental efforts and demonstrate social responsibility. Eco-lighthouse enterprises work towards satisfying requirements and implementing environmental measures on a systematic and ongoing basis to create more environmentally friendly operations and safer work environments.

We have kept a climate account for our internal business operations since 2014. In 2022, we increased the level of detail of our climate reporting by including commuting to and from work and procurement of IT equipment in scope 3. The climate accounts can be found in full in our Annual Report.

### 2.2.3 Anti-Money Laundering and Terror Financing

As a bank, there is special emphasis on high-level measures within anti-corruption, as well as anti-money laundering (AML) and terror financing. We work systematically to prevent that the bank's products and services are misused for criminal activity, inter alia by building a strong compliance culture. All employees completed digital training in AML and terror financing in 2023, in addition to tailored training for different roles and functions.

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## 2.3 Sustainable product offering

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To reach our net-zero ambition, we must help our clients to improve energy efficiency and reduce their greenhouse gas emissions. Through advice, competence sharing and financing products, we want to motivate our clients to reduce their climate impact.

We offer green mortgages to properties with EPC label A, or EPC label B for buildings built before 2019. We were also the first bank in Norway to offer green deposits. To encourage low-carbon construction and energy-efficiency improvements, green mortgages will be offered with a price incentive.

In 2022, we began work on refurbishment loans for both corporate and personal banking customers, which aim to motivate energy efficiency measures on existing buildings. The product will be launched in 2024.

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## 2.4 Our sustainability commitments

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Through several global and national initiatives and frameworks, we have committed to take responsibility for sustainable development.

### 2.4.1 UN Global compact



Fana Sparebank has been committed to UN Global Compact since 2018. UN Global Compact is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals. This means that we will conduct our operations in accordance with ten principles for responsible business related to Human Rights, Labour, Environment and Anti-corruption. We further require that our suppliers commit to the principles.

### 2.4.2 UNEP FI



PRINCIPLES FOR RESPONSIBLE BANKING

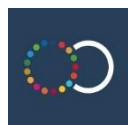
Fana Sparebank is a Founding Signatory of UNEP FI, United Nations Environment Programme Finance Initiative. At the launch in September 2019, Fana Sparebank was one of 130 banks globally to adhere to the Principles for Responsible Banking. UNEP FI is a partnership between the UN and the global financial sector, with a mission to promote sustainable finance.

### 2.4.3 Net Zero Banking Alliance



The Bank joined the Net Zero Banking Alliance (NZBA) at its establishment in April 2021. The initiative is committed to financing climate action to transition the real economy to net-zero emissions by 2050.

### 2.4.4 Future Proof



In 2022, we joined the Future Proof initiative, which facilitates cooperation and knowledge sharing on labour and human rights issues. Future Proof was initiated in 2020 by Bergen Næringsråd and Raftostiftelsen in Bergen, Norway.

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## 2.5 Corporate Social Responsibility

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We have had a strong and close relationship with our local community for more than 140 years. As part of this commitment, a share of the Bank's earnings is reserved for gift allotment to local initiatives and social programs. Of the NOK 30,1 million in gifts for the fiscal year 2023, NOK 6,3 million were allocated to recipients with a sustainability goal.

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## 2.6 Sustainability governance

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The Board of Directors is responsible for Fana Sparebank's ESG strategy and related goals. The Board receives updates on progress and activities related to sustainability twice a year, as well as through the annual reporting process.

The Bank's management is responsible for integrating sustainability in day-to-day operations. Department heads are responsible for monitoring of climate-related risks for their respective areas. An overview of ESG risks and action plans are registered and monitored in the bank's Governance, Risk management and Compliance (GRC) system. The CFO has responsibility for climate risk assessment and monitoring in the Bank's management.

To secure sufficient sustainability competence in the management group, as well as the organization as a whole, we have established a Sustainability Committee. The Committee consists of leaders and employees from finance, compliance, legal, human resources, retail, and corporate banking. The purpose of the Committee is to ensure coordination and progress of the bank's sustainability work, hereunder strategic sustainability initiatives, assessment of the bank's total climate risk exposure, as well as development of the bank's human rights commitments. Group management receives quarterly status reports on the Committee's work as well as matters of importance to the bank's sustainability work.





### 3 Fana Sparebank's Green Finance Framework

Fana Sparebank wishes to promote the transition towards a low-carbon and climate resilient society by encouraging sustainable behaviour among our clients. We want this Green Finance Framework (the "Framework") to support our sustainability ambition through the financing of energy efficient buildings.

This Framework is aligned with the Green Bond Principles published by the International Capital Markets Association (ICMA GBPs), updated as of June 2021, and covers public deposits as well as the issuance of senior and covered bonds (collectively referred to as "Green Finance Instruments"). Green Finance Instruments may be issued by Fana Sparebank and its wholly owned subsidiaries, including Fana Boligkreditt AS.



The Framework defines the criteria for which loans in our portfolio can be financed by Green Finance Instruments ("Green Loans"), and it also outlines the process to evaluate, select, track and report on such lending activities. Each Green Finance Instrument issued under this Framework will in their relevant transaction documentation refer to this Green Finance Framework. The terms and conditions contained in the underlying documentation for each issued Green Finance Instrument will specify the actual terms of the instrument.

Our aim is to meet best market practices by adhering to relevant standards and guidelines in the green finance market. Each Green Loan category has been mapped against the different categories of the ICMA GBPs, the UN Sustainable Development Goals (the "UN SDGs"), as well as the substantial contribution criteria of the EU Taxonomy for relevant economic activities.





This Framework may in the future be updated, however new versions shall have no implications for the Green Finance Instruments issued under this version of the Framework.

### 4 USE OF PROCEEDS

An amount equal to the net proceeds from Green Finance Instruments issued under this Framework will be used by Fana Sparebank to, in whole or in part, finance and refinance a selected pool of Green Loans that promote the transition towards low-carbon and climate-resilient development.

Only such projects and assets that comply with the Green Loans criteria of this Framework are deemed eligible to be financed by Green Finance Instruments. Green Finance Instruments net proceeds can be used for the financing of new loans as well as for refinancing purposes.

## 4.1 Green Loans Criteria

ICMA GBPs category	Green Loans criteria	UN SDGs	EU Taxonomy
<b>Green buildings</b>	<p>Loans financing the acquisition, ownership, and renovation of residential, commercial, and public buildings meeting any of the following criteria:</p> <p><b>Buildings built in 2021 or later:</b></p> <ul style="list-style-type: none"> <li>Primary energy demand (PED)<sup>3</sup> is 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures<sup>4</sup>.</li> <li>For commercial buildings, a BREEAM-NOR or BREEAM In-use certificate notation as “Excellent” or better.</li> </ul> <p><b>Buildings built before 2021:</b></p> <ul style="list-style-type: none"> <li>Buildings with Energy Performance Certificate A, or within the top 15% of the national stock in terms of primary energy demand: <ul style="list-style-type: none"> <li>The top 15% of the national stock is determined based on estimates by Eiendomsverdi AS<sup>5</sup></li> </ul> </li> <li>For commercial buildings, a BREEAM-NOR or BREEAM In-use certificate notation as “Excellent” or better.</li> </ul> <p><b>Renovated buildings:</b></p> <ul style="list-style-type: none"> <li>Major renovations leading to a reduction in primary energy demand of at least 30%<sup>6</sup>, or</li> <li>For residential buildings, major renovations leading to an improvement of at least two energy grades.<sup>7</sup></li> <li>For the full building to qualify after renovation, it should be expected to meet the criteria above for buildings built either before or after 2021.</li> </ul> <p><b>Portfolio level criteria:</b></p> <ul style="list-style-type: none"> <li>The average emission intensity of Fana Sparebank’s portfolio of Green Loans, calculated as kgCO<sub>2</sub>/sqm/year, shall be aligned with the science-based carbon reduction pathways for the 1.5C degree scenario set by Carbon Risk Real Estate Monitor (“CRREM”), measured on an annual basis<sup>8</sup></li> </ul>	 	<p>7.7 Acquisition and ownership of buildings</p> <p>7.3 Renovation of existing buildings</p>
<b>Renewable energy</b>	Loans financing the acquisition, ownership, and installation of solar PV panels on residential or commercial buildings.	 	7.6 Electricity generation using solar photovoltaic technology

<sup>3</sup> The calculated amount of energy needed to meet the energy demand associated with the typical uses of a building expressed in kWh/m<sup>2</sup> per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC).

<sup>4</sup> In accordance with the EU Taxonomy Climate Delegated Act, buildings built from 1 January 2021 onwards should meet the ‘NZEB -10%’ criterion. In Norway, NZEB definitions were announced on 31 January 2023 [veiledning-om-beregning-av-primarenergibehov-og-nesten-nullenergibygg.pdf \(regjeringen.no\)](https://www.regjeringen.no/en/dokumenter/veiledning-om-beregning-av-primarenergibehov-og-nesten-nullenergibygg/id2841144/).

<sup>5</sup> See Box 1 for more details on Eiendomsverdi AS estimates of the top 15% of the national stock.

<sup>6</sup> The initial primary energy demand and the estimated improvement is based on an energy audit conducted by an independent expert. The 30% improvement results from an actual reduction in primary energy demand and can be achieved through a succession of measures within a maximum of three years.

<sup>7</sup> As displayed on the Energy Performance Certificate (EPC).

**Box 1 | Calculating the top 15% of the national stock with Eiendomsverdi AS**

Since year 2000, Eiendomsverdi has been collecting data on the Norwegian real estate market and offers a comprehensive real estate database.

Eiendomsverdi is among the leaders in Europe for advanced statistical valuation of residential properties and offer a portfolio of products and services aimed at professional participants in the real estate market, including residential, leisure, agricultural, and commercial properties. Eiendomsverdi also holds the responsibility for producing the housing price statistics published by Real Estate Norway (Eiendom Norge). Their clients include entities within the banking and finance sectors, insurance, real estate agents, appraisers, property developers, lawyers, and public enterprises.

One of Eiendomsverdis major focus areas is energy calculation. In collaboration with Simien AS (formerly Simenergi AS), a Norwegian technology company in energy calculation for residential and commercial buildings, the company has developed an advanced statistical calculation model to evaluate the energy efficiency of Norwegian homes that lack official energy labels from Enova. By merging Eiendomsverdi's comprehensive housing data with Simien's analytical model, they can assess the energy consumption and efficiency of homes across Norway. This model accounts for various factors, including location, construction year, housing type, and size, and it adjusts for additional elements such as heated space and energy sources. This approach enables them to determine whether homes rank within the top 15% of the most energy-efficient properties in Norway.

**Box 2 | Carbon reduction pathways from Carbon Risk Real Estate Monitor (CRREM)**

The European Union intends to decarbonize the building sector by 2050, where key challenges include poor energy efficiency of existing buildings and low refurbishment rates in virtually all member states of the European Union. The reduction of the EU carbon footprint requires a significant increase of energetic retrofits in the existing property stock. The reduction of carbon-risk factors associated with premature obsolescence and potential depreciation due to changing market expectations and legal regulations are key objectives of the EU-funded research project CRREM (Carbon Risk Real Estate Monitor). CRREM aims at supporting the industry to tackle these risks and foster investments in energy efficiency as many assets will become 'stranded' properties that will not meet future energy efficiency standards and whose energy upgrade will not be financially viable. CRREM aims at developing a tool that allows investors and property owners to assess the exposure of their assets to stranding risks based on energy and emission data and the analysis of regulatory requirements. By setting science-based carbon reduction pathways, CRREM aims to estimate risk and uncertainty associated with real estate decarbonization, building a methodological body and empirically quantify the different scenarios and their impact on the investor portfolios.

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## 4.2 Exclusion criteria

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Residential buildings that are found to be exposed to physical climate risk, on the basis of Fana Sparebank's physical climate risk assessment described above, are not eligible to be financed under this Framework.

Large residential homes (classified as units larger than 300m<sup>2</sup> utility floor space) are not eligible to be financed under this Framework, on account of the substantial energy and resource use, in absolute terms, associated with the ownership and construction of buildings respectively.

The exclusion criteria apply to both buildings built before 2021, and buildings built in 2021 or later.

Financing of residential buildings used for leisure (cabins) may not be financed under this Framework.

The 10 Principles outlined in the UN Global Compact represent codes of conduct and act as general guidelines for Fana Sparebank. As such, the Bank will not finance activities that are in violation of the Ten Principles of the UN Global Compact within the four areas of Human Rights, Labour, Environment and Anti-corruption.

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

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## 5 PROCESS FOR EVALUATION OF GREEN LOANS

To ensure the transparency and accountability around the evaluation and selection of Green Loans, Fana Sparebank has established an internal Green Finance Committee, which is responsible for the Framework and the criteria included herein, as well as any future oversight and requirements for updates. The committee will be responsible for the evaluation and selection of eligible assets for inclusion in the Green Loans portfolio.

The Green Finance Committee consists of the following members:

- Chief Executive Officer
- Chief Financial Officer
- Chief Compliance Officer
- Chief Credit and AML Officer
- Head of Retail Banking
- Head of Commercial Banking
- Head of Sustainability

All lending activities in Fana Sparebank must go through the regular and applicable credit approval processes, including an ESG and climate risk assessment where applicable and as described above.



Relevant business units within Fana Sparebank will nominate loans to be included in the pool of Green Loans, and the Credit department will evaluate the underlying assets and their alignment with the criteria of this Framework to identify Eligible Green Loans. The Credit department will on a quarterly basis share the register of Green Loans with the Green Finance Committee.

The Green Finance Committee will on an annual basis review the portfolio of Green Loans. As existing loans mature and new loans are issued, the portfolio of Green Loans will be dynamic over time. In addition, the nature of some of the Green Loan Criteria means that loans may over time no longer meet the relevant thresholds. If a loan included in the Green Loan portfolio no longer meets the criteria of this Framework, that loan will be removed from the portfolio.

In line with the portfolio level criteria of this Framework, the Green Finance Committee will on an annual basis assess the average emission intensity of the Green Loan portfolio against the relevant annual CRREM pathway threshold. If the portfolio average is above the threshold, the Green Loan portfolio will be adjusted within 12 months to realign with the pathway.

The Green Finance Committee also holds the right at their own discretion to exclude loans from the portfolio of Green Loans. If, for example, a loan meeting the Green Loan Criteria of this Framework is viewed as controversial as a result of public opinion, loss of nature and/or biodiversity, or other similar reasons, the Green Finance Committee may choose to exclude such loan from the pool of Green Loans if deemed appropriate.

To ensure traceability, all decisions made by the Green Finance Committee and Credit department related to this Framework and the portfolio of Green Loans will be documented and filed.

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## 6 MANAGEMENT OF PROCEEDS

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### 6.1 General Principles

An amount equal to the net proceeds from issued Green Finance Instruments will be allocated toward the financing and refinancing of our Green Loans portfolio. The proceeds from a Green Finance Instrument may either be allocated pro-rata across all the categories included in the Eligible Green Loans portfolio or be allocated in part or in full towards certain Green Loans categories listed under Use of Proceeds above.

Fana Sparebank will track the allocation of net proceeds from Green Finance Instruments to eligible Green Loans in its general treasury management systems, to ensure that net proceeds from Green Finance Instruments only support the financing of Green Loans and that the value of the Green Loans portfolio at all times exceeds the total nominal amount of Green Finance Instruments outstanding.

If a Green Loan already funded by Green Finance Instruments is redeemed, or for other reasons is removed from the portfolio of Green Loans, it will be replaced by another

qualifying Green Loan as soon as practically possible. As existing loans mature and new loans are issued, the portfolio of Green Loans will by nature be dynamic over time.

Unless the net proceeds from a Green Finance Instrument are fully allocated at the date of the issue, the net proceeds awaiting allocation to the Green Loans portfolio will be categorized and reported as “unallocated”. Such amount will be held in certified green covered bonds in line with our general liquidity policy.

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## 6.2 Green Covered Bonds

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Fana Sparebank Boligkreditt AS has entered a general management agreement with Fana Sparebank for monitoring and supervision of the loan portfolio. All funding of the company, including Green Covered Bonds, is included in the management agreement.

Green Covered Bonds issued by Fana Sparebank Boligkreditt will receive the same credit rating as other covered bonds issued by the Group, currently Aaa, rated by Moody’s Investors Service.

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## 6.3 Green Deposits

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Fana Sparebank has offered Green Deposits as a product aimed at the general public, both retail and corporate clients, since 2016. Green Deposits are based upon ICMA’s Green Bond Principles and in November 2016, Fana Sparebank published a Framework for Green Deposits with a second opinion provided by DNV GL.

Going forward, Green Deposits will be incorporated into this Green Finance Framework and proceeds will be earmarked for financing and refinancing of Green Loans.

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# 7 REPORTING

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To enable investors and other stakeholders to follow our issuance of Green Finance Instruments, and the developments and impact of our Green Loan portfolio, a Green Finance Report will be made available on our website. The Green Finance Report will include an Allocation Report and an Impact Report and will be published annually as long as there are Green Finance Instruments outstanding.

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## 7.1 Allocation report

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An allocation report will be provided with a minimum content of data including, but not limited to:

- The aggregate size of the identified Green Loans portfolio and the split between each category.

- The nominal amount of Green Finance Instruments outstanding, divided into Green Covered Bonds, Green Bonds and Green Deposits.
- The share of the Green Loans portfolio currently financed by Green Finance Instruments.
- The share of new financing versus refinancing.
- Total amount (if any) of net proceeds awaiting allocation.

## 7.2 Impact report

The impact report aims to disclose the environmental impact of the Eligible Green Loans financed by Green Finance Instruments.

Impact reporting will be aggregated for each Green Loan category, and depending on data availability, calculations will be made on a best intention basis with full transparency on assumptions and calculation methods. Fana Sparebank may rely on external parties to assist with impact calculation and analysis. Fana Sparebank will align, on a best effort basis, our impact reporting with the portfolio approach described in ICMA's "Handbook – Harmonized Framework for Impact Reporting" (June 2023).

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

Eligible Green Loan category	Relevant Impact Metrics
Green Buildings	<ul style="list-style-type: none"> <li>• Estimated annual energy consumption (kWh/m<sup>2</sup>).</li> <li>• Estimated % reduction of energy use.</li> <li>• Avoided GHG emissions (tCO<sub>2</sub>e/year) compared to baseline.<sup>9</sup></li> <li>• Average emission intensity of the Green Loan portfolio versus the relevant annual CRREM pathway threshold.</li> </ul>
Renewable energy	<ul style="list-style-type: none"> <li>• Installed solar PV capacity being financed (MW).</li> <li>• Estimated avoided GHG emissions (tCO<sub>2</sub>e/year) compared to baseline.<sup>10</sup></li> </ul>

<sup>9</sup> Using the grid factor recommended in the Nordic Position Paper on Green Bonds Impact Reporting, clause 22, page 20 ([NPSI Position paper 2020 final.pdf \(kuntarahoitus.fi\)](#))

[Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf \(icmagroup.org\)](#)



## 8 EXTERNAL REVIEW

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### 8.1 Second Party Opinion

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Fana Sparebank has engaged [SPO provider] to confirm the alignment of this Green Finance Framework with the ICMA Green Bond Principles.

[SPO provider] has confirmed such alignment by issuing their Second Party Opinion (SPO). The Second Party Opinion and the Green Finance Framework will be publicly available on Fana Sparebank's website.

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### 8.2 Post Issuance Verification

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An independent verifier appointed by Fana Sparebank will provide a limited assurance report confirming that an amount equal to net proceeds from issued Green Finance Instruments have been allocated to loans aligned with the criteria of this framework. Furthermore, an independent verifier will provide a limited assurance report verifying the impact calculations and estimates,

The verification report(s) will be published annually as long as there are Green Finance Instruments outstanding and made available on our website.



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