

# Second-Party Opinion

## Odal Sparebank Green Bond Framework

### Evaluation Summary

Sustainalytics is of the opinion that the Odal Sparebank Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds Green Buildings, Renewable Energy, Clean Transportation and Sustainable Agriculture – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impact and advance the UN Sustainable Development Goals, specifically SDGs 2, 7, 9, 11 and 12.



**PROJECT EVALUATION AND SELECTION** Odal Sparebank’s Green Bond Committee will evaluate and select eligible loans in line with the eligibility criteria. Odal Sparebank has adopted a general credit approval process that assesses the environmental and social risks of the financed activities, which is applicable to all eligible projects under the Framework. Sustainalytics considers the project selection process and the application of environmental and social risk management policies to be in line with market practice.



**MANAGEMENT OF PROCEEDS** Odal Sparebank’s Treasury Department will manage the net proceeds on a portfolio basis and will track the allocation of proceeds through the Green Register. Odal Sparebank intends to reach full allocation within 12 months. Pending full allocation, Odal Sparebank will temporarily invest proceeds in cash or cash equivalents as per its internal requirements for the liquidity reserve. This is in line with market practice.



**REPORTING** Odal Sparebank intends to report on the allocation and impact of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the amount of green bonds allocated, the share of proceeds used for financing or re-financing, the share of proceeds used for categories under the use of proceeds section and the balance of unallocated proceeds. Additionally, Odal Sparebank is committed to reporting on relevant impact metrics. Sustainalytics views Odal Sparebank’s allocation and impact reporting as aligned with market practice.

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**Evaluation Date** March 9, 2023

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**Issuer Location** Sand, Norway

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## Introduction

Odal Sparebank (“Odal” or the “Bank”) is an independent Norwegian bank that offers a broad range of investment and banking products. Headquartered in Sand, Norway, the Bank has approximately 18,500 corporate and private customers, employs approximately 50 people and holds approximately NOK 10.2 billion (EUR 922 million) in asset value.

Odal has developed the Odal Sparebank Green Bond Framework dated March 2023 (the “Framework”) under which it intends to issue multiple green bonds and use the proceeds to finance and refinance, in whole or in part, existing and future projects that are expected to promote environmental benefits in Norway by decarbonizing the buildings sector, increasing renewable energy capacity, promoting clean transportation, and encouraging sustainable agriculture management. The Framework defines eligibility criteria in four areas:

1. Green Buildings
2. Renewable Energy
3. Clean Transportation
4. Sustainable Agriculture

Odal engaged Sustainalytics to review the Odal Sparebank Green Bond Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).<sup>1</sup> The Framework has been published in a separate document.<sup>2</sup>

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>3</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.12, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Odal’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Odal representatives have confirmed (1) they understand it is the sole responsibility of Odal to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Odal.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The

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

<sup>2</sup> The Odal Sparebank Green is available on Odal Sparebank’s website at: <https://www.odal-sparebank.no/>

<sup>3</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Odal is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Odal has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Odal Sparebank Green Bond Framework

Sustainalytics is of the opinion that the Odal Sparebank Green Bond Framework is credible and impactful and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible categories – Green Buildings, Renewable Energy, Clean Transportation and Sustainable Agriculture – are aligned with those recognized by the GBP. Sustainalytics expects the eligible projects to deliver positive environment impact in Norway.
  - Odal has not defined a look-back period since refinancing expenditures will only include capex.
  - Under the Green Buildings category, Odal will finance or refinance loans for the following:
    - New and existing residential and commercial buildings that are in the top 15% most energy-efficient buildings in Norway and comply with either: i) the Norwegian building codes of 2010 (TEK10)<sup>4</sup> or 2017 (TEK2017);<sup>5</sup> or ii) receive an energy performance certificate (EPC) rating of A or B.
    - Renovations of existing buildings that result in at least a 30% improvement in energy performance compared to pre-renovation levels.
    - Sustainalytics considers these investments to be aligned with market practice.
  - Under the Renewable Energy category, Odal may finance or refinance loans for the construction, installation and maintenance of wind power and solar photovoltaic projects. Sustainalytics considers these investments to be aligned with market practice.
  - Under the Clean Transportation category, Odal may finance or refinance loans for the acquisition of electric vehicles with zero direct emissions and associated infrastructure, including:
    - Mobility infrastructure such as electric charging points, pedestrian and cycling infrastructure. Odal has confirmed to Sustainalytics that parking facilities will not be financed as part of its charging infrastructure financing.
    - Sustainalytics considers investments under this category to be aligned with market practice.
  - Under the Sustainable Agriculture category, Odal may finance or refinance organic agricultural activities that are accredited under the DEBIO<sup>6</sup> certification scheme. Sustainalytics considers this to be aligned with market practice.
  - The Framework specifies exclusionary criteria for certain activities that may pose added social or environmental risks, such as nuclear energy generation, weapons and defence industries. Sustainalytics views the exclusionary criteria as strengthening the Framework.

<sup>4</sup> TEK10 includes a specific energy demand for apartment buildings of 110 kWh/m<sup>2</sup>.

<sup>5</sup> TEK17 includes a specific energy demand for apartment buildings of 92 kWh/m.

<sup>6</sup> DEBIO, "Organic Agriculture, at: <https://debio.no/english/>

- Project Evaluation and Selection:
  - The Bank has established a Green Bond Committee (“GBC”), which will be responsible for evaluating and selecting eligible loans and ensuring compliance with the Framework’s eligibility criteria. The GBC comprises the Bank’s Financial Controller, Credit manager and ESG manager.
  - Odal Sparebank has established a general credit approval process, which is applicable to the activities under the Framework. The process assesses the environmental and social risks of the financed activities and their compliance with the environmental and social standards as required by the Financial Supervisory Authority of Norway. Sustainalytics considers these environmental and social policies and procedures to be adequate and aligned with market expectation. For additional details, see Section 2.
  - Based on the clear delineation of responsibility and the application of environmental and social risk management policies, Sustainalytics considers the Framework’s project evaluation and selection procedures to be in line with market practice.
- Management of Proceeds:
  - Odal’s Department of Treasury will manage the allocation of the net proceeds and will track the allocation of proceeds through the Green Register.
  - Odal intends to fully allocate the net proceeds within 12 months of issuance. Pending full allocation, Odal will temporarily invest proceeds in cash or cash equivalents as per the internal requirements for the liquidity reserve.
  - Based on the presence of a system to track allocations and the disclosure of the intended temporary management approach, Sustainalytics considers this to be in line with market practice.
- Reporting:
  - Odal Sparebank intends to report on the allocation of proceeds and the impact of the proceeds on an annual basis through a report that will be publicly available on the Bank’s website until full allocation of the net proceeds.
  - Allocation reporting will include the amount of green bonds allocated, the share of financing and refinancing, the share of proceeds used for the categories under the use of proceeds section and the balance of unallocated proceeds.
  - Additionally, Odal is committed to reporting on relevant impact metrics, such as, annual energy saved (in MWh), estimated annual CO<sub>2</sub> emissions reduced or avoided (tCO<sub>2e</sub>), number of fossil-free vehicles deployed, number of electric vehicles charging points installed, installed capacity (in MW) or expected annual generation (in MWh), cropland under organic agriculture practices (in hectare) and organic farming certification scheme.
  - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

### **Alignment with Green Bond Principles 2021**

Sustainalytics has determined that the Odal Sparebank Green Bond Framework aligns with the four core components of the GBP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

## **Section 2: Sustainability Strategy of Odal**

### **Contribution to Odal Sparebank’s sustainability strategy**

Sustainalytics is of the opinion that Odal demonstrates a commitment to sustainability by incorporating it into the Bank’s lending decisions as part of its sustainability strategy for the 2021-24 period.<sup>7</sup>

The Bank encourages its customers to adopt sustainable business practices. To reduce the carbon footprint of its investment portfolio, Odal intends to establish targets to generate positive environmental and social impacts through its products and services, by excluding financing for fossil fuel energy production and companies that are large shareholders in high-emitting industries or industries dependent on fossil fuels. The Bank provides loans for products with a reduced environmental impact, such as electric vehicles with zero emissions, loans to support the agricultural sector transition to climate-friendly operations, and loans for green buildings to support the decarbonization of the commercial real estate sector. Additionally, the Bank is

<sup>7</sup> Odal has shared this information with Sustainalytics confidentially.

a member to the Eika Alliance<sup>8</sup> and in partnership with Eika Kapitalforvaltning,<sup>9</sup> provides asset management services following ESG principles that include not providing financing for sectors such as fossil fuels and nuclear.<sup>10</sup>

Sustainalytics recognizes Odal's commitment to key sustainability principles and environmental initiatives and encourages it to develop quantifiable and time-bound targets and to report on its progress towards these targets.

### Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects could include occupational health and safety issues; emissions, effluents and waste generated in construction; predatory lending; and community relations and stakeholder participation issues.

Sustainalytics is of the opinion that Odal is able to manage or mitigate potential risks through implementation of the following:

- To address occupational health and safety risks, projects that Odal finances must comply with the Norwegian Working Environment Act. The legislation is intended to ensure a safe working environment and prevent work-related accidents and harm to health.<sup>11</sup> The act requires enterprises to have safety representatives to protect and preserve employees' health, the working environment, and safety.<sup>12</sup>
- To address emissions, effluents and waste generated in construction, all projects in Norway are subject to the country's Pollution Control Act, which establishes guidelines to minimize and prevent pollution, as well as mechanisms to manage waste and effluents generation. The Act prescribes pollution mitigation and management strategies from activities including agriculture, buildings and construction.<sup>13</sup>
- To address predatory lending risks, all banks and financial institutions are subject to the Norwegian Ministry of Finance's lending regulation for residential mortgage and consumer loans. The regulation also imposes restrictions on banks' lending practices, minimizing the build-up of debt in households by establishing limits such as loan-to-value ratios, debt-to-income ratios and interest rates. The regulation is applicable to the eligible lending activities until December 2024.<sup>14</sup>
- To address community relations and stakeholder relations risks, projects in Norway should be designed and developed in line with Norway's Planning and Building Act to ensure public participation for all affected communities and authorities.<sup>15</sup>
- The Bank follows the UNEP FI's Principles for Responsible Banking, which establish guidelines for signatories to align their investment and lending decisions with the UN SDGs and the Paris Climate Agreement.<sup>16</sup> Odal is also a part of the Eika Alliance,<sup>17</sup> which establishes guidelines on implementing responsible banking principles and addressing environmental and social risks as part of financing.
- Odal carries out its operations in Norway, which is recognized as a Designated Country under the Equator Principles, indicating the presence of robust environmental and social governance, legislation systems and institutional capacity to mitigate environmental and social risks associated with projects financed under the Framework.<sup>18</sup>

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

<sup>8</sup> Eika Boligkreditt, "The Eika Alliance", at: [https://www.eikbol.no/About-us/The-Eika-Alliance?sc\\_lang=en](https://www.eikbol.no/About-us/The-Eika-Alliance?sc_lang=en)

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> EU-OSHA, "Norway", at: <https://osha.europa.eu/en/about-eu-osha/national-focal-points/norway>

<sup>12</sup> The Norwegian Labour Inspection Authority, "Working Environment Act", at: <https://www.arbeidstilsynet.no/en/laws-and-regulations/laws/theworking-environment-act/>

<sup>13</sup> Government of Norway, "Pollution Control Act", (1981), at: <https://www.regjeringen.no/en/dokumenter/pollution-control-act/id171893/>

<sup>14</sup> Government of Norway, "The lending regulation", (2022), at: <https://www.regjeringen.no/en/topics/the-economy/finansmarkedene/the-lending-regulation/id2950571/>

<sup>15</sup> Government of Norway, "Planning and Building Act" (2008), at: <https://www.regjeringen.no/en/dokumenter/planning-building-act/id570450/>

<sup>16</sup> Ibid.

<sup>17</sup> Eika Boligkreditt, "The Eika Alliance", at: [https://www.eikbol.no/About-us/The-Eika-Alliance?sc\\_lang=en](https://www.eikbol.no/About-us/The-Eika-Alliance?sc_lang=en)

<sup>18</sup> Equator Principles, "Designated Countries", at: <https://equator-principles.com/about-the-equator-principles/designated-countries/>

### Section 3: Impact of Use of Proceeds

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

#### Importance of financing green buildings in Norway

Norway has the second-highest annual electricity consumption per capita in the world at 23.5 MWh.<sup>19</sup> The buildings sector is the country’s largest energy consumer, accounting for 32% of Norway’s energy consumption in 2021.<sup>20</sup> Additionally, the buildings sector contributed 370 ktCO<sub>2</sub>e or approximately 1% of Norwegian emissions,<sup>21</sup> with space heating accounting for 53% of all energy demand.<sup>22</sup> Furthermore, energy demand for appliances and lighting in both residential and commercial buildings is expected to grow by approximately 33% between 2021 and 2050.<sup>23</sup>

Under its 2017 Climate Change Act, Norway set an ambition to transition the country into a low-carbon society by 2050.<sup>24</sup> In 2020, Norway updated its Nationally Determined Contribution with enhanced targets for reducing emissions to 55% below 1990 levels by 2030.<sup>25</sup> In the buildings sector more specifically, Norway aims to reduce energy use in existing buildings by 10 TWh by 2030 compared to 2015.<sup>26</sup> To achieve its climate targets in the buildings sector, the Norwegian government banned the installation of fossil fuel-based heating systems in 2016, prohibited the use of oil in heating buildings since 2020 and requires energy performance certificates since 2010.<sup>27</sup> Norway’s building regulations, last updated in 2017, require buildings undergoing renovations and new buildings to have a maximum total net energy requirement level<sup>28</sup> and meet energy requirements for individual building components, such as windows, doors and walls.<sup>29</sup>

Based on the above context, Sustainalytics is of the opinion that Odal Sparebank’s financing and refinancing of loans for green buildings will support Norway in meeting its climate-related goals.

#### Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The financing issued under the Odal Sparebank Green Bond Framework is expected to advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport,

<sup>19</sup> Norsk Industri, “Energy Transition Norway 2022”, p.28, at: [https://www.norskindustri.no/siteassets/dokumenter/rapporter-og-brosjyrer/energy-transition-norway/2022/energy-transition-norway-2022\\_web.pdf](https://www.norskindustri.no/siteassets/dokumenter/rapporter-og-brosjyrer/energy-transition-norway/2022/energy-transition-norway-2022_web.pdf)

<sup>20</sup> Norsk Industri, “Energy Transition Norway 2022”, p.19, at: [https://www.norskindustri.no/siteassets/dokumenter/rapporter-og-brosjyrer/energy-transition-norway/2022/energy-transition-norway-2022\\_web.pdf](https://www.norskindustri.no/siteassets/dokumenter/rapporter-og-brosjyrer/energy-transition-norway/2022/energy-transition-norway-2022_web.pdf)

<sup>21</sup> Norsk Industri, “Energy Transition Norway 2022”, p.48, at: [https://www.norskindustri.no/siteassets/dokumenter/rapporter-og-brosjyrer/energy-transition-norway/2022/energy-transition-norway-2022\\_web.pdf](https://www.norskindustri.no/siteassets/dokumenter/rapporter-og-brosjyrer/energy-transition-norway/2022/energy-transition-norway-2022_web.pdf)

<sup>22</sup> Norsk Industri, “Energy Transition Norway 2022”, at: [https://www.norskindustri.no/siteassets/dokumenter/rapporter-og-brosjyrer/energy-transition-norway/2022/energy-transition-norway-2022\\_web.pdf](https://www.norskindustri.no/siteassets/dokumenter/rapporter-og-brosjyrer/energy-transition-norway/2022/energy-transition-norway-2022_web.pdf)

<sup>23</sup> Ibid.

<sup>24</sup> Government of Norway, “Climate Change Act”, (2017), at: <https://www.regjeringen.no/en/dokumenter/climate-change-act/id2593351/>

<sup>25</sup> Climate Action Tracker, “CAT Analysis of NDC Update”, (2020), at: <https://climateactiontracker.org/climate-target-update-tracker/norway/>

<sup>26</sup> IEA, “Norway 2022 Energy Policy Review”, at: <https://iea.blob.core.windows.net/assets/de28c6a6-8240-41d9-9082-a5dd65d9f3eb/NORWAY2022.pdf>

<sup>27</sup> IEA, “Norway 2022 Executive Summary” at: <https://www.iea.org/reports/norway-2022/executive-summary>

<sup>28</sup> IEA, “Norway 2022 Energy Policy Review”, at: <https://iea.blob.core.windows.net/assets/de28c6a6-8240-41d9-9082-a5dd65d9f3eb/NORWAY2022.pdf>

<sup>29</sup> Ibid.

		with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Sustainable Agriculture	2. Zero Hunger	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality

## Conclusion

Odal has developed the Odal Sparebank Green Bond Framework under which it intends to issue green bonds and use the proceeds to finance projects related to green buildings, renewable energy, clean transportation, and sustainable agriculture. Sustainalytics considers that the projects funded by the green bond proceeds are expected to provide positive environmental impacts.

The Odal Sparebank Green Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Odal Sparebank Green Bond Framework is aligned with the overall sustainability strategy of the Bank and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 2, 7, 9 and 11. Additionally, Sustainalytics is of the opinion that Odal has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Odal Sparebank is well positioned to issue green bonds and that the Odal Sparebank Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

## Appendix

### Appendix 1: Green Bond / Green Bond Programme - External Review Form

#### Section 1. Basic Information

Issuer name:	Odal Sparebank
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Odal Sparebank Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	March 9 ,2023
Publication date of review publication: Original publication date <i>[please fill this out for updates]</i> :	

#### Section 2. Review overview

##### SCOPE OF REVIEW

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

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

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

##### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other <i>(please specify)</i> :                        |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

##### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

## Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

### 1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds –Green Buildings, Renewable Energy, Clean Transportation and Sustainable Agriculture – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impact and advance the UN Sustainable Development Goals, specifically SDGs 2, 7, 9, 11 and 12.

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

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

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

### 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Odal Sparebank's Green Bond Committee will evaluate and select eligible loans in line with the eligibility criteria. Odal Sparebank has adopted a general credit approval process that assesses the environmental and social risks of the financed activities, which is applicable to all eligible projects under the Framework. Sustainalytics considers the project selection process and the application of environmental and social risk management policies to be in line with market practice.

#### Evaluation and selection

- |  |   |
|--|---|
| <input type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
|--|---|

- |   |   |
|---|---|
| <input type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available       | <input type="checkbox"/> Other ( <i>please specify</i> ):   |

#### Information on Responsibilities and Accountability

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

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Odal Sparebank's Treasury Department will manage the net proceeds on a portfolio basis and will track the allocation of proceeds through the Green Register. Odal Sparebank intends to reach full allocation within 12 months. Pending full allocation, Odal Sparebank will temporarily invest proceeds in cash or cash equivalents as per its internal requirements for the liquidity reserve. This is in line with market practice.

#### Tracking of proceeds:

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

#### Additional disclosure:

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

### 4. REPORTING

Overall comment on section (*if applicable*):

Odal Sparebank intends to report on the allocation and impact of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the amount of green bonds allocated, the share of proceeds used for financing or re-financing, the share of proceeds used for categories under the use of proceeds section and the balance of unallocated proceeds. Additionally, Odal Sparebank is committed to

reporting on relevant impact metrics. Sustainalytics views Odal Sparebank's allocation and impact reporting as aligned with market practice.

**Use of proceeds reporting:**

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

**Information reported:**

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

**Frequency:**

- Annual  Semi-annual
- Other (*please specify*):

**Impact reporting:**

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

**Information reported (expected or ex-post):**

- GHG Emissions / Savings  Energy Savings
- Decrease in water use  Other ESG indicators (*please specify*): Estimated annual CO<sub>2</sub> emissions reduced or avoided; Installed capacity (MWh) or expected annual generation (MWh); Number of fossil-free vehicles deployed; Number of electric vehicles charging points installed; Cropland under organic agriculture practices (hectare); and Organic farming certification scheme

**Frequency**

- Annual  Semi-annual
- Other (*please specify*):

### Means of Disclosure

- |   |   |
|---|---|
| <input type="checkbox"/> Information published in financial report  | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents  | <input type="checkbox"/> Other (please specify):                        |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): |   |

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

### SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

#### Type(s) of Review provided:

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):            |  |

**Review provider(s):**

**Date of publication:**

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

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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