Sunndal Sparebank
Siden 1892

Allocation and Impact report

3rd quarter 2020

Green investments financed with green bond
ISIN NO0010842321

GREEN SENIOR BOND ALLOCATION REPORT

As of 30 September 2020, Sunndal Sparebank had an Eligible Green Loan Portfolio of TNOK 56 283 and a total amount outstanding Green Senior Unsecured Bonds of TNOK 75 000.

Sunndal Sparebank Senior Bond Allocation Report – 30 September 2020	
Eligible Green Loan Portfolio ▶ Hydro-, wind and solar power projects ▶ Fully electric vehicles and vehicles run on only hydrogen,	 TNOK 53 105 TNOK 3 178
Outstanding green bonds ISIN NO0010842321	 TNOK 75 000
Unallocated proceeds/ Bank account	TNOK 18 717
Percentage of proceeds allocated to green bonds	75.0%
Usage of green assets	100%

We contribute to a transition to low carbon environment by financing fully electric vehicles and vehicles run on hydrogen.

GREEN BOND IMPACT REPORT – 30 SEPTEMBER 2020

In accordance with the Sunndal Sparebank Green Bond Framework 2019, this document provides:

1. A description of Green Projects

2. The breakdown of Green projects by nature of what is being financed

3. Metrics regarding projects' environmental impacts

Description of Green Projects

Sunndal Sparebank intends to allocate the net proceeds of the Green Bonds to a loan portfolio of new and existing loans in the following categories:

- Renewable Energy: Loans to finance or refinance Eligible Project category of hydro-, wind- and solar power projects
- Clean Transportation: Loans to finance or refinance electric vehicles and vehicles run on only hydrogen,

Breakdown of Green projects by nature of what is being financed:

100% Financial Assets

Metrics regarding projects' environmental impacts:

Portfolio based green bond report in accordance with the ICMA Harmonized Framework for Impact Reporting (version June 2019)

Portfolio date: 30. September 2020

Eligible Project Category	Eligible portfolio (MNOK)	Share of Total Financing	Eligibility for Green Bonds	Estimated renewable energy produced (GWH/year)	Direct emissions avoided vs. baseline in tons of CO_2/year (Scope 1)	Indirect emissions avoided vs. baseline in tons of CO_2/year (Scope 2)	Estimated annual reduced emissions (tons of CO_2/year)
Clean Transportation	3.178	5.6%	100%	-	14.8	-6.5	8.3
Renewable Energy	53.104	94.4%	100%	21.28	-	-	-

APPENDIX

Clean Transportation

The impact of clean transportation financing is calculated by estimating the yearly emission from a fossil vehicle and subtract the yearly emission from charging an electric car. This calculation does not consider the emission over the entire lifetime of the car, neither an electric vehicle nor a fossil vehicle.

Direct emission – Scope 1

Direct emission is calculated by estimating the average emission from an average vehicle multiplied by average yearly driving distance and by the number of electric cars financed by the green bond. This results in a rough estimate of the direct emission reduced.

*Emission avoided = average CO_2-emission per km * average distance per car * number of cars substituting fossil vehicles in the portfolio*

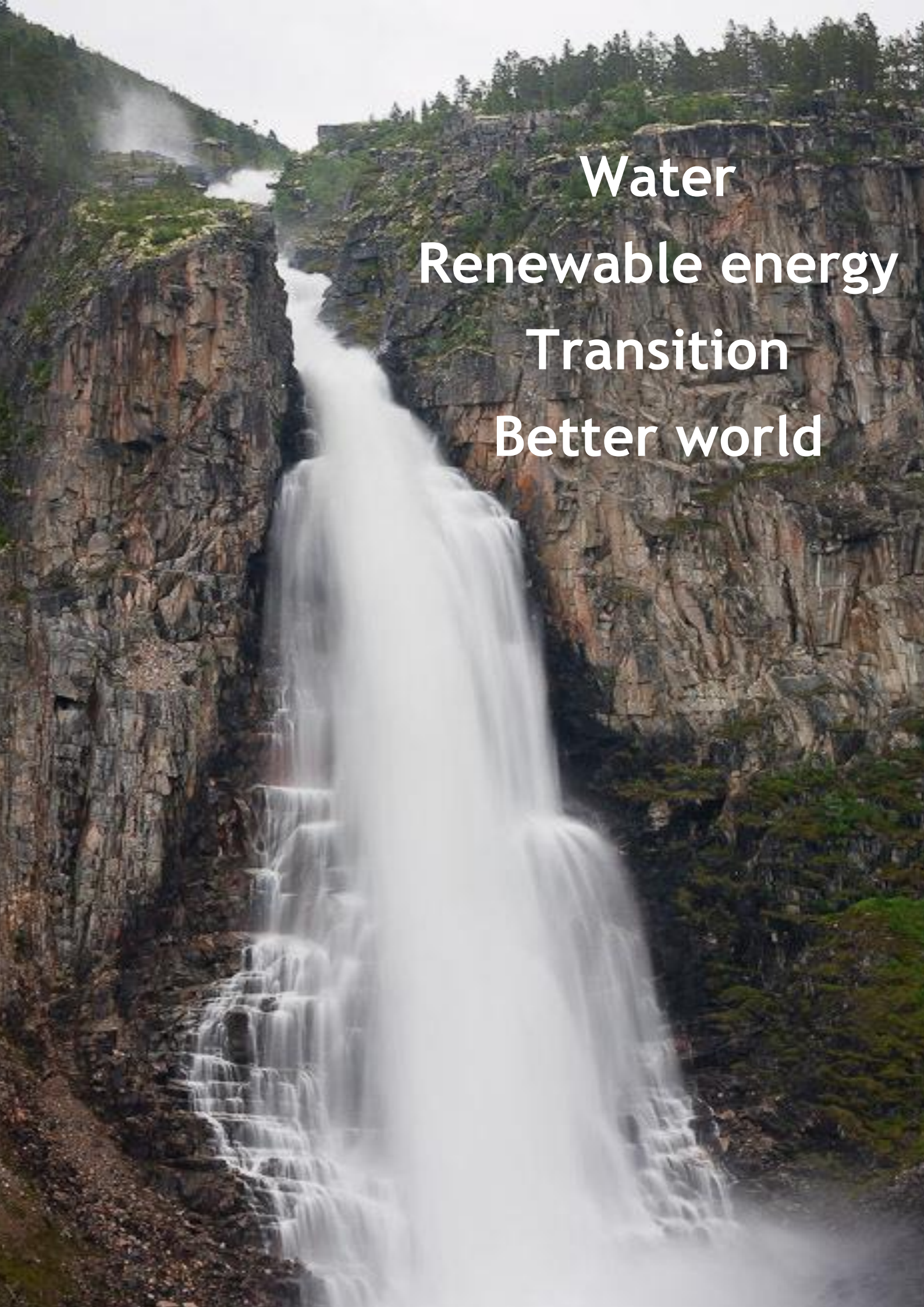
Average CO_2-emission per km (average all passenger vehicles 2018[1]) = 118.15 gCO_2 /km
Average distance all passenger cars (0-4 years ols) in 2019[2] = 13 955 km
Number of cars substituting fossil vehicles in the portfolio = 9
Annual direct emission avoided =14.8 tons of CO_2

Indirect emission – Scope 2

Indirect emission is calculated by finding the CO_2 emission from the power production that delivers electricity to electric cars. This is done by multiplying the total estimated driving distance by the estimated energy consumption per kilometer. This results in total energy consumed. This consumption is then multiplied by the CO_2 emission from power production. We assume that 50 % of the energy is Norwegian produced, and 50 percent European produced. The emission from energy production is gathered from Norges Automobil-Forbund[3]. The energy consumption from the electric vehicle is dependent on size and temperature. Our estimate is the average of all currently available electric vehicles in the Electric Vehicle Database[4].

Average CO_2-emission per km = 52.11 gCO_2/km
Annual indirect emission = - 6.5 tons of CO_2

[1] https://www.ssb.no/transport-og-reiseliv/artikler-og-publikasjoner/elbiler-reduserer-utslipp-per-personkilometer
[2] https://www.ssb.no/en/statbank/table/12575/tableViewLayout1/
[3] https://www.naf.no/her-finner-du-naf/lokalavdelinger/lokalavdeling-bodo/artikkel/fakta-om-elbiler/
[4] https://ev-database.org/cheatsheet/energy-consumption-electric-car (30.11.20)


Water
Renewable energy
Transition
Better world

Renewable Energy

The power stations financed are hydropower stations with a capacity range from 0.4 to 4.7 MW. All these stations are run-of-river plants. All run-of-river power stations have no or negligible negative impact on GHG emissions.

The financed stations have a total capacity of 26.6 GWh per year.

Power station, no.	Yearly production (Gwh)	Effect (Mw)	Start-up year
1	14.5	4.7	2014
2	5.0	2.0	2004
3	4.2	1.0	2004
4	1.5	0.6	2009
5	1.4	0.4	2010
SUM	**26.6**	**8.7**	

The actual production is often less than total capacity and the expected production is estimated to be 80 % of total capacity. Hence, yearly production is estimated to 21.28 GWH.

Hydropower is the clearly dominant power production solution in Norway. Power production development is strictly regulated and subject to licencing and is overseen by Norwegian Water Resources and Energy Directorate (NVE), a directorate under the Ministry of Petroleum and Energy. Licenses grant rights to build and run power production installations under explicit conditions and rules of operation. NVE puts particular emphasis on preserving the environment.

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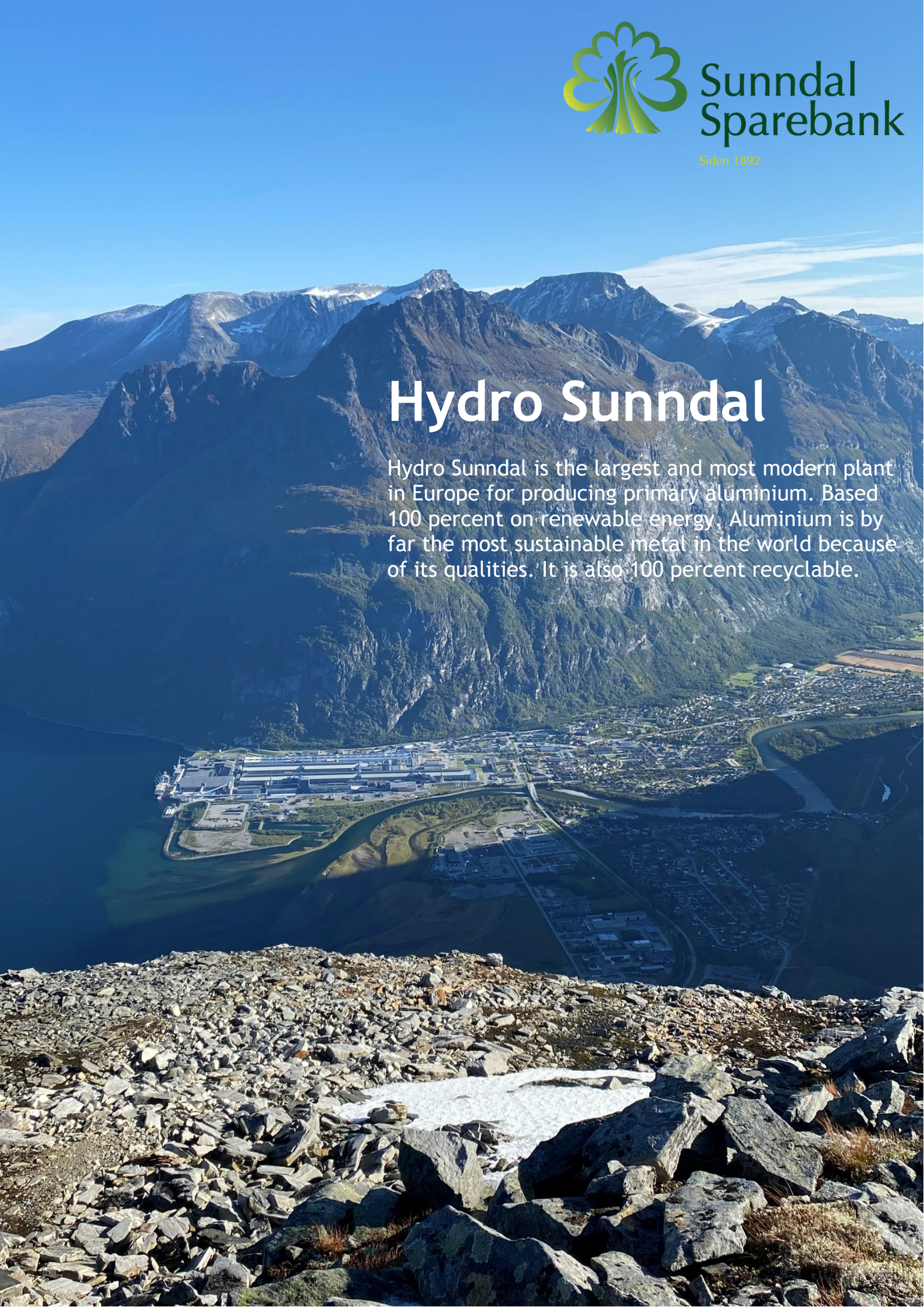

Hydro Sunndal

Hydro Sunndal is the largest and most modern plant in Europe for producing primary aluminium. Based 100 percent on renewable energy. Aluminium is by far the most sustainable metal in the world because of its qualities. It is also 100 percent recyclable.