

# JBF Sparebank

Green Bond Framework

May 2024



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## About JBF bank & insurance

**JBF bank & insurance ("JBF") is financial services group focused on the retail banking market, covering banking and insurance needs of our customers through all stages in life.**

JBF consists of the two companies JBF Sparebank ("**JBF Bank**", previously Jernbanepersonalets Sparebank) and JBF Forsikring Gjensidig ("**JBF Forsikring**", previously Jernbanepersonalets Forsikring Gjensidige).

The head office is located in Oslo, and we have offices in Drammen, Hamar, Kristiansand, Stavanger, Bergen, Trondheim, Mo i Rana, and Narvik.



JBF was originally started by and for employees working in the national railway company in 1885, and many of our customers are still employed in companies within the railway, transport or logistics sectors. Members of the Norwegian Railway Association (NJF) and the Norwegian Locomotive Drivers Association (NLF) enjoy extra benefits and have collective insurance with us. While JBF Forsikring is exclusive for employees in companies we have an agreement with, JBF Bank is open for everyone.

Both JBF Bank and JBF Forsikring are customer-owned, and the net profits are returned to the customers in the form of better products, services and prices. We are constantly working to make banking and insurance easy for customers. We aim to provide professional and personal advisory services to our customers, and at the same time develop user friendly digital solutions to be available when the customer needs access to our services. Annual customer surveys show high degree of satisfaction of the financial services we provide.

### Part of the Eika Alliance

JBF is part of the Eika Alliance, which comprises of more than 50 local banks, Eika Gruppen AS and Eika Boligkreditt AS. Collaboration through the alliance provides JBF and the other alliance banks with substantial economies of scale.

Eika Gruppen AS, which was first established as a purchasing and interest collaboration in 1997 and is today the financial group of the Alliance, provides high-quality and cost-effective products and services to the local banks in the Alliance, ensuring modern and efficient banking operations. Through developing systems, tools and expertise, Eika Gruppen supports the local banks' work with sustainability, both with green products for the banks' customers as well as in relation to the banks' own operations (sustainability reporting, risk assessment tools, courses, training, etc.).

Eika Boligkreditt AS is a licensed credit institution owned by 58 banks in the Eika Alliance and OBOS. Its principal purpose is to provide access for the local banks to long-term and competitive funding by issuing internationally rated covered bonds, based on a portfolio of mortgage loans that are transferred from the ownership banks. Thus, it is an important contributor to reducing financing costs for the local banks and ensuring that customers achieve competitive terms for their house mortgage loans. In 2021, Eika Boligkreditt established a separate Green Bond Framework, under which several Green Bonds have been issued.

## Sustainability at JBF

**JBF aims to have a sustainable operation. Like for other corporates and in other industries, JBF has a responsibility to avoid contributing to environmental destruction, corruption or violations of basic human and worker rights.**

For us, social responsibility is particularly about safeguarding these considerations in our investments, products, operations and partners. Trust from the outside world and a good reputation are important to us. JBF's stakeholders have expectations that we exercise in our role as a responsible social actor. Furthermore, we want to support the vision of Finans Norge " *The financial industry in 2030 is profitable and sustainable*". JBF shall offer finance solutions, manage funds and provide insurance cover based on knowledge about the climate – this is how we can create value and contribute to green development.

### Materiality analysis

In 2023, we conducted a double materiality analysis to determine the significant areas for JBF's business from an ESG point of view:

- Areas where JBF affects people, the environment and society.
- Areas where JBF is affected by people, the environment and society.

This analysis points to the following three areas as the most important for JBF to focus on when it comes to ESG and sustainability:

- Climate (E1)
- Employee rights and social conditions in own business (S1)
- Business management - including prevention of financial crime (G1)

While JBF Bank has strong influence in the areas of social sustainability in our own operations (S1) and business management (G1), far more work remains when it comes to climate. Although JBF has a limited direct impact on the climate, this is an area where both the demands and expectations from key stakeholders and authorities are increasing rapidly. All businesses are expected to take responsibility for emission reductions in their own operations and in the value chain, both upstream and downstream, including investments and capital managed on behalf of customers. It will therefore be necessary to prioritize work on how we can positively contribute to combat climate change and transparently report on our direct and indirect environmental footprint.

#### Climate and environment

JBF aim to reduce GHG emissions in our own operation, and contribute to emission reductions through our lending activities, procurement, fund management, damage prevention, and circular economy

#### Business management

JBF shall ensure good corporate governance, including prevent money laundering and financial crime

#### Social conditions

JBF shall take care of our employees, ensure an attractive work environment and protect employee rights in the value chain

## Sustainable business practices at JBF Group

JBF's guidelines for sustainability and social responsibility deal with how the business affects people, society and the environment. Creating values, securing values and being profitable are all part of our social role, and in this way, we want to contribute to development and security in society. The choice of JBF's offered products and services must not come at the expense of people, ethics or the environment. It goes without saying that shall JBF comply with applicable laws and regulations, and we must have a high ethical awareness.

Corporate social responsibility also concerns fraud and damage prevention measures, safeguarding life, health and assets. This is reflected in our credit policy, the products we offer to our customers, the environmental impact related to our business, our attitude-building work and our local involvement. We must ensure that JBF's measures of sustainability and corporate social responsibility is known to our customers, employees and board.

At JBF, we have established the following work-related principles:

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|---|--|
| <ul style="list-style-type: none"> <li>• <b>Take sustainability into account in all important processes</b></li> </ul>                          | <p>Sustainability is the basis for our processes and decisions - from the board and management, who have the overall responsibility, to each employee who promotes sustainability in their area.</p>   |
| <ul style="list-style-type: none"> <li>• <b>Reward sustainable choices among our customers through our product and service offer</b></li> </ul> | <p>Advise our customers on sustainable choices and damage prevention in addition to sustainable financing, investment and insurance.</p>   |
| <ul style="list-style-type: none"> <li>• <b>Meet the expectations of customers and society within sustainability</b></li> </ul>                 | <p>We are open about our work and our results on sustainability and social responsibility.</p> <p>We work with non-profit organizations such as Blå Kors, Fattighuset and Hold Norge Rent, and provide support for their work against outsiders, social inequalities and clean environmental measures.</p> |
| <ul style="list-style-type: none"> <li>• <b>Comply with legal requirements within the area of sustainability</b></li> </ul>                     | <p>We are a responsible employer, and we make demands on our suppliers by complying with the Transparency Act. We report on this annually.</p>   |

Furthermore, JBF has adopted ethical guidelines for its business. These include both internal operations and our interaction with customers, suppliers and partners. These ensure an open and trusting internal working environment and contribute to reducing the risk of corruption as well as the risk of compromising the group's integrity. JBF shall not contribute to violations of human rights, but rather support and respect the protection of internationally recognized human rights. JBF has zero-tolerance against discrimination due to age, sex, race, religion, nationality or civil status, A fundamental principle in our personnel policy is that women and men should have equal opportunities to qualify for all types of tasks and roles, and that the career opportunities should be the same. The opportunities must also be equal regardless of age, ethnicity, national origin, descent, skin colour, language, religion, orientation, outlook on life or functional ability. No form of verbal, physical or sexual

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harassment shall occur, and equality shall be central. In addition, JBF shall use suppliers who are concerned with corporate social responsibility and cooperate with those that supplies goods and services in a profitable, decent and sustainable way. The use of child labour in the value chain is unacceptable. It is important that our suppliers act honestly and properly and have orderly working conditions.

In 2021, JBF was *Eco-Lighthouse certified*, a national environmental certification scheme that is supported by the Norwegian Ministry of the Environment and endorsed by the EU. Through this certification, we get useful tools to carry out effective environmental improvements. It helps us with environmental management, such as reduction and handling of waste, energy use and transport. Additionally, it supports the internal processes for sustainability in own operations and products, which also contributes to achieving the UN's sustainability goals.

We also build our business practices on *UN Global Compact's* 10 principles, which provides guidelines for how corporations can implement universal sustainability principles, including human rights, working life, anti-corruption, climate and environment. JBF applies these principles in its sustainability efforts, including in the follow-up of our own group, our suppliers and business partners.

In 2021 JBF became signatory to the *Women in Finance Charter*, which aims to contribute to increasing the proportion of women in leading positions in the financial industry in Norway.

## Sustainable credit assessment & lending practices at JBF Bank

The vast majority of JBF Bank's customers are in the retail market. In the Corporate Banking ("CB") market, which accounts for less than 5%, the largest sector is real estate in the form of lending to housing associations, property companies and commercial real estate projects.

Since JBF Bank has no exposure to high-polluting industries such as the oil and gas industry, commercial buildings have the highest inherent climate footprint in the bank's loan portfolio. At the same time, there are opportunities for JBF Bank to have a positive influence this industry.

The property sector is exposed to climate change in the form of *physical risk*, such as damage to property and *transition risk* in the form of stricter requirements for energy efficiency in both new and existing buildings. Both physical and transition risks can increase the bank's credit risk. This could lead to losses due to default on loans secured by property, where acute or permanent environment-related events cause falls in the value of related property.

JBF Bank works actively to manage the ESG risk in our CB portfolio. The bank uses a separate module in our credit risk assessment system to assess the viability of the bank's CB customers. The module is divided into different areas, with questions about the customer's general approach to ESG, and also more concretely how it works with regards to social responsibility and corporate governance, as well as concrete and discretionary questions and assessments about the customer's risks related to climate and the environment.

## JBF’s sustainability targets

JBF must act responsibly regarding climate and the environment. We have made guidelines for the use and handling of paper, waste sorting and recycling of electronics/IT equipment. JBF will largely use environmentally friendly products and will use video conferences/web meetings wherever possible. Through this, we will reduce driving and air travel as much as possible.

We base our operational targets on the UN's sustainability goals and have a particular focus on Goals 5, 8 and 13 in our operation and development:



We can influence these goals ourselves and support them through our operations and our investments. In connection to establishing a sustainable action plan, we have formulated the following targets and action plan:

### JBF Group targets

1	2	3	4	5
<b>Climate and environment</b>	<b>Business management</b>	<b>Social conditions - our employees</b>	<b>Marketing &amp; communication</b>	<b>Measuring &amp; reporting</b>
<b>Targets:</b>	<b>Targets:</b>	<b>Targets:</b>	<b>Targets:</b>	<b>Targets:</b>
<ul style="list-style-type: none"> <li>• 2050: Net zero</li> <li>• 2025: Develop a Green Transition Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Zero tolerance for financial crime</li> </ul>	<ul style="list-style-type: none"> <li>• Increase employee satisfaction, presence and competence</li> <li>• Maintain high level of inclusion and diversity</li> </ul>	<ul style="list-style-type: none"> <li>• Inform/communicate JBF's green products offering</li> </ul>	<ul style="list-style-type: none"> <li>• 2025: Prepare CSRD reporting</li> </ul>

### JBF Bank targets and actions

1	2	3	4	5
<b>Strategies and guidelines</b>	<b>Green Products portfolio</b>	<b>Customer advise - competence</b>	<b>Marketing &amp; communication</b>	<b>Measuring &amp; reporting</b>
<b>Targets:</b>	<b>Targets:</b>	<b>Targets:</b>	<b>Targets:</b>	<b>Targets:</b>
<ul style="list-style-type: none"> <li>• Update procedures/policies</li> <li>• Contribute to climate risk analysis and Transition Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Increase share of responsible investments</li> <li>• Increase share of Green home mortgage loans and Green car loans</li> </ul>	<ul style="list-style-type: none"> <li>• Competence program with basic sustainability training for all employees and tailor-made training courses to key persons</li> </ul>	<ul style="list-style-type: none"> <li>• Improve competence level of customer advisers</li> <li>• Improve dialogue with customers related to sustainability</li> <li>• Increase digital communication</li> </ul>	<ul style="list-style-type: none"> <li>• Commence E1 ESRS under CSRD</li> <li>• Cooperation with Eika Alliance</li> </ul>

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## Green products offering by JBF Bank

Today, JBF Bank offers green loans and products, such as home mortgage loans and green rehabilitation loans, which are good for the environment as well as the economy for households.

- With a *Green home mortgage loan*, customers with homes classified as Enova's energy class A or B get better terms.
- We offer *Green rehabilitation loans* with favourable conditions. The Green rehabilitation loan is intended for the rehabilitation or upgrading of possibly older residential building to achieve improved energy efficiency [(minimum 30% reduced energy consumption and at least energy class D or improved at least two energy classes to at least D)]. We are assessing how JBF Bank can influence and incentivize more owners with older residential buildings to invest in energy-reducing measures, which will contribute to permanently reduced greenhouse gas emissions for a large group of the bank's customers.
- JBF Bank also offers *Green car loans* for the purchase of an electric car to incentivize purchasing zero-emission cars rather than fossil-fuel cars.
- Through the fund asset manager in the Eika Alliance, Eika Kapitalforvaltning, we offer our customers the option to make *responsible investments* with their savings. Making responsible investments means seeking to invest in companies that promote and take account of the environment and social conditions in the company, as well as considering how they are managed, organized and administered. An investment in our funds means that the customer's savings are placed in companies that also promote social responsibility, sustainability, ethics and transparency.



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## JBF Bank and Green Bonds

**With this Green Bond Framework (the “Framework”) we want to promote our ambition of contributing to a sustainable development through the financing of assets which contribute to a low-carbon society.**

This Framework is aligned with the guidelines of the International Capital Markets Association Green Bond Principles (“**ICMA GBPs**”), where an updated version was published in June 2022<sup>1</sup>. Our aim is to always meet best market practices by adhering to relevant standards and guidelines in the green bond market. 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.

Aligned with the ICMA GBPs, the Framework defines the criteria for which loans are eligible to be financed by Green Bonds, while it also outlines the process to evaluate, select, track and report on such lending activities. Each Green Bond issued will refer to this Green Bond Framework in their relevant transaction documentation. The terms and conditions contained in the underlying documentation for each issued Green Bond will specify the actual terms of the instrument.

### 1. Use of Proceeds

An amount equal to the net proceeds from Green Bonds issued under this Framework will be used to finance a portfolio of loans provided by JBF Bank that promote the transition towards low-carbon and climate-resilient development.

Only such loans that comply with the criteria listed below are deemed eligible to be financed by Green Bonds (the “**Green Loan Portfolio**”). The net proceeds Green Bond can be used for both financing of new and/or refinancing of existing Green Loans.

For the avoidance of doubt, Green Bonds will not be used to finance loans to customers linked to fossil energy extraction generation, production of or research and development within weapons and defense systems, potentially environmentally negative resource extraction, gambling, pornography or tobacco.

The Green Loan Portfolio has been mapped against the different categories included in the ICMA GBPs and ICMA’s Environmental Objectives<sup>2</sup>, and the UN Sustainable Development Goals<sup>3</sup> (the “**UN SDGs**”), as well as the relevant economic activities and related criteria and thresholds for the environmental objective “*Climate change mitigation*” included in the EU Taxonomy Regulation<sup>4</sup> (the “**EU Taxonomy**”).

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<sup>1</sup>[Green-Bond-Principles\\_June-2022-280622.pdf \(icmagroup.org\)](#)

<sup>2</sup> [Green-Project-Mapping-June-2021-100621.pdf \(icmagroup.org\)](#)

<sup>3</sup> [THE 17 GOALS | Sustainable Development \(un.org\)](#)

<sup>4</sup> [EU taxonomy for sustainable activities - European Commission \(europa.eu\)](#)

**Green Loan Portfolio:**

ICMA GBPs category	Green Loan criteria	EU Taxonomy activity	UN SDG(s)
<p><b>Green Buildings</b></p> <p><i>Related environmental objective:</i></p> <ul style="list-style-type: none"> <li>• Climate change mitigation</li> <li>• Climate change adaptation</li> </ul>	<p>Loans provided by JBF Bank to finance ownership or renovation of residential buildings<sup>5</sup> which meet either of the criteria set out below:</p> <ol style="list-style-type: none"> <li><b><u>Buildings built in 2021 or later:</u></b> Primary energy demand (PED)<sup>6</sup> is 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures<sup>7</sup>.</li> <li><b><u>Buildings built before 2021:</u></b> Energy Performance Certificate A, or alternatively, buildings within the top 15% of the national stock in terms of primary energy demand, defined as buildings built according to Norwegian building codes of 2010 (TEK10)<sup>8</sup> or 2017 (TEK17)<sup>9</sup>. Buildings built prior to 2012 must obtain an Energy Performance Certificate B or better.</li> <li><b><u>Renovated buildings:</u></b> Major renovations leading to a reduction in primary energy demand of at least 30%<sup>10</sup>. For the full building to qualify after renovation, it should be expected to meet the criteria under #1 or #2 above.</li> </ol>	<ul style="list-style-type: none"> <li>• Construction of new buildings</li> <li>• Acquisition and ownership of buildings</li> <li>• Renovation of buildings</li> </ul>	 

<sup>5</sup> Excluding buildings for leisure (cabins or similar)

<sup>6</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>7</sup> [veiledning-om-beregning-av-primarenergibehov-og-nesten-nullenergibygg.pdf \(regjeringen.no\)](#)

<sup>8</sup> To ensure TEK10-alignment, we use a conservative 2-year time lag and include buildings built from 2012 and onwards.

<sup>9</sup> If a new national definition of “top 15%” is developed TEK10 and TEK17 will be replaced with this.

<sup>10</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 be achieved through a succession of measures within a maximum of three years.

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## 2. Process for selection and evaluation of the green loan portfolio

To ensure the transparency and accountability around the selection of Green Loans, JBF Bank has established an internal Green Bond Committee (the “**GBC**”) is responsible for this Framework and defining the Green Loan criteria included herein, selecting the loans to be included in the Green Loan Portfolio and keep a register of identified Green Loans, as well as future oversight and requirements for updates of the Framework. The GBC will consist of members from the Executive Management and Treasury department, and all decisions made will be made in consensus. To ensure traceability, all decisions made by the GBC will be documented and filed.

All lending activities by JBF Bank must always undergo regular and applicable credit approval processes, and corporate customers must be screened for environmental, social and governance (ESG) risks. Before granting a credit, JBF Bank considers the purpose of the credit, and whether the customer runs a responsible business. This includes assessing that products and services are produced in a sustainable way, that the customer respects basic human rights and the customer potential pollution of the environment. The bank must also ensure responsible lending practices by increasing the borrowers' awareness and practices related to topics such as the environment, ethics, social responsibility, business operations and corporate governance.

To be included in the Green Loan Portfolio each loan must meet the Green Loan criteria defined in the Use of Proceeds section of this Framework. The GBC holds the right to, at their own discretion, not include loans in the Green Loan Portfolio, or exclude any loans already included in the Green Loan Portfolio. In the event of loans already included in the Green Loan Portfolio no longer meeting the criteria in this Framework, in the opinion of the GBC, such loans will be removed from the Green Loan Portfolio.

## 3. Management of proceeds

The net proceeds from issued Green Bonds will be allocated toward the financing and refinancing of our Green Loan Portfolio. The proceeds from a Green Bond will be allocated towards the Green Loan category listed under *1. Use of Proceeds* above.

JBF Bank will track the allocation of net proceeds from Green Bonds to eligible Green Loans to ensure that the net proceeds from Green Bonds only support the financing of eligible Green Loans and that the value of the Green Loan Portfolio always exceeds the total nominal amount of Green Bonds outstanding.

If a Green Loan already funded by Green Bonds is redeemed, or for other reasons loses its eligibility in line with the criteria in this Framework, it will be replaced by another qualifying Green Loan as soon as practically possible.

Any of the net proceeds from a Green Bond awaiting allocation to the Green Loans Portfolio will be categorized and reported as “unallocated” and be managed according to our Treasury department’s regular liquidity management policy for short-term investments<sup>11</sup>. The exclusions listed in the Use of Proceeds section of this Framework will also apply for such temporary holdings of net proceeds.

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<sup>11</sup> Mainly government bonds, municipality bonds, covered bonds, senior bonds issued by savings banks. No investments will be made in shares.

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## 4. 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 annually until proceeds are fully allocated.

### Allocation Report

The allocation report will include the following information:

- The aggregate size of the identified Green Loan Portfolio.
- The nominal amount of Green Bonds outstanding.
- The share of the Green Loan Portfolio currently financed by Green Bonds.
- The amount of net proceeds awaiting allocation (if any).

### Impact Report

The impact report aims to disclose the aggregated environmental impact of the Green Loans financed by Green Bonds. Calculations will be made on a best intention basis and be aligned with the portfolio approach described in ICMA's “Handbook – Harmonized Framework for Impact Reporting” (June 2023)<sup>12</sup>, with full transparency of assumptions and calculation methods. We may rely on external parties to assist with impact calculation and analysis. The impact assessment will be based on the metrics below:

#### **Green Buildings:**

- Estimated annual energy consumption (kWh/m<sup>2</sup>).
- Estimated avoided GHG emissions (tCO<sub>2</sub>e/year) compared to baseline<sup>13</sup>.

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<sup>12</sup> [Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf \(icmagroup.org\)](#)

<sup>13</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 \(kuntarahoitus.fi\)](#))

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## External review

### Pre-issue verification

JBF Bank has engaged S&P Global Ratings (“**S&P**”) to assess the alignment of this Framework with the ICMA Green Bond Principles. S&P has confirmed such alignment by issuing their Second-Party Opinion (“**SPO**”).

The SPO will be publicly available on our website together with this Framework.

### Post-issue verification

We will prepare the Green Bond Report to be issued annually or until full allocation of proceeds under a Green Bond. In connection to this a limited assurance report will be provided by an independent and qualified auditor, appointed by JBF Bank, confirming that an amount equal to the net proceeds from issued Green Bonds has been allocated towards Green Loans in accordance with this Framework.

Furthermore, JBF Bank will provide calculations of the estimated positive environmental impact, and the assumptions used therein, related to the Green Loan Portfolio.

The Green Bond Report will be made publicly available on our website by no later than 12 months after an issue of a Green Bond.



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