

Green Bond Framework

Eiendoms kreditt AS

March 2024



Content

Content	2
Part 1 – About Eiendomskreditt and Sustainability	3
Eiendomskreditt approach to sustainability	3
Sustainable Credit	3
Responsible investments.....	4
Internal climate and environmental work.....	5
Sustainability requirements for suppliers and partners.....	5
Governance	5
Reporting.....	6
Part 2 – The Green Finance Framework.....	7
1. Use of Proceeds	9
2. Process for Project Evaluation and Selection.....	10
3. Management of Proceeds.....	11
4. Reporting.....	12
5. External Review.....	12

[Part 1 – About Eiendoms kreditt and Sustainability](#)

Eiendoms kreditt AS ('we' or the 'company'), established in 1997, is an internationally respected, independent credit institution providing loans for commercial properties, debt for housing associations and residential properties for rental purposes. The company is owned by R Transit AS (30%), Meteya AS (30%), and 62 savings banks (36.68%). We are the preferred partner for small and medium-sized professional real estate players. Our business model aims to secure favourable loan terms for reliable borrowers by minimizing costs and credit risks, thus offering attractive terms throughout the loan's tenure. Our approach emphasizes long-term value creation and responsible business practices, aligned with our internal principles and internationally recognized social responsibility- and sustainability standards.

[Eiendoms kreditt approach to sustainability](#)

Eiendoms kreditt acknowledges its social responsibility and considers the environment, climate, ethics and social conditions in all aspects of its operations. We must not contribute to corruption, serious environmental damage, violation of human and employee rights or other actions that can be perceived as unethical in society. This approach extends to interactions with customers, suppliers and partners as well as in our credit- and investment decisions, corporate governance and management.

As lending constitutes Eiendoms kreditt's primary business area, it presents the most substantial opportunity for positive influence. Therefore, we strive to have a more sustainable lending portfolio and increase our customers' awareness of sustainability and climate risks. In this context, Eiendoms kreditt aims to be a constructive collaborator and catalyst for sustainability, supporting green business development and facilitating access to green loans for our partners.

Our sustainability efforts align with the UN's six principles for sustainable banking. While the primary business lies in financing commercial and residential properties, sustainability considerations permeate all aspects of our business operations. Furthermore, we require all customers to comply with applicable laws and regulations, as well as uphold internationally recognized conventions and agreements related to human rights, labour rights, climate action, and environmental protection.

[Sustainable Credit](#)

Eiendoms kreditt's lending policy is described in the Credit Handbook. The document describes general guidelines in the credit process, operational frameworks and regulations that are used as the basis for the company's operation. Further elaboration and details appear in the internal Anti-Money Laundering (AML) and Know Your Customer (KYC) procedures, along with instructions for combating money laundering and terrorist financing as part of ongoing customer monitoring. Additionally, Eiendoms kreditt has also drawn up an instruction to follow up social responsibility and sustainability in credit work with the aim of:

- Establish a framework for evaluating customers' social responsibility practices and monitoring their sustainability efforts

- Contribute to the company's further development of its green credit operations
- Impose restrictions on eligible business types that can be financed, including defining excluded activities
- Integrate sustainability as part of the credit process

The instructions include the following requirements:

- For all new loans, climate risk factors to be assessed together with financial risk factors and given weight in line with financial assessments when deciding whether credit should be granted
- To ensure that Eiendoms kreditt operates in line with current laws and regulations, all customers must sign a self-declaration form in which the customer undertakes to comply with internationally recognized conventions and agreements in the field of human rights and labour rights
- Obtaining Environmental, - social- and governance (ESG) information such as energy labelling/environmental certification, physical climate risk and transition risk from the customer
- For a green loan to be granted, the loan must meet the criteria in this Framework and be in accordance with Eiendoms kreditt 's credit guidelines
- Exclusion (types of business for which loans must not be granted):
 - Customers who operate in conflict with laws, regulations and public environmental requirements or without approved authorizations from the authorities
 - Customers included in Norges Bank's list of excluded companies¹. These are companies that produce cluster weapons, nuclear weapons, tobacco, or engage in the production of coal or coal-based energy. In addition, the exclusion list contains companies that contribute to severe environmental damage, serious violations of individual rights in war and conflict, gross violations of human rights, and other gross violations of fundamental ethical norms and gross corruption

Responsible investments

The financial handbook outlines the constraints for selecting securities that can be included in the liquidity portfolio. Our liquidity portfolio exposure is mainly aimed at the Norwegian market and, to a large extent, towards issues of bonds with preferential rights from banks, Norwegian savings banks and municipal securities. Eiendoms kreditt must not invest in companies that are on the exclusion list. All employees responsible for liquidity management must be familiar with Eiendoms kreditt's social responsibility- and sustainability strategy.

¹ Norges Bank Exclusion list: [Observation and exclusion of companies | Norges Bank Investment Management \(nbim.no\)](https://www.nbim.no/observasjon-og-utslutning-av-selskaper)

Moreover, we conduct a comprehensive risk assessment to ensure that the liquidity portfolio aligns with our social responsibility- and sustainability guidelines. This risk assessment applies to the entire investment universe, considering the varying degrees of risks associated with different securities in terms of compliance with our policies and guidelines.

Internal climate and environmental work

Eiendoms kreditt was Eco-Lighthouse certified for the first time in 2020 and re-certified in 2023. This certification underscores Eiendoms kreditt's holistic and systematic approach to improving environmental performance and reducing greenhouse gas emissions in the business. Eiendoms kreditt remains committed to further reducing its climate and environmental footprint by facilitating environmentally friendly choices for employees.

Sustainability requirements for suppliers and partners

Eiendoms kreditt has expectations for sustainability from its suppliers and partners. We engage in dialogue with suppliers and partners to establish demands when making purchases and entering agreements. Eiendoms kreditt prioritizes partnerships with environmentally certified suppliers or those committed to upholding internationally recognized human rights and labour rights standards.

Governance

Eiendoms kreditt adheres to high ethical standards and conducts responsible business operations, guided by Norwegian laws, regulations, and internal guidelines. In the day-to-day operations, social responsibility is integrated into various operational handbooks, including personnel, Health, Safety, and Environment (HSE), credit, financial, and ethical guidelines, as well as privacy and data handling protocols. Eiendoms kreditt maintains robust procedures to detect and address any breaches of these guidelines.

Eiendoms kreditt 's efforts to combat money laundering and terrorist financing adopt a risk-based, business-oriented approach, which forms an integral part of the company's risk management practices. Eiendoms kreditt complies with industry standards and continuously updates its anti-money laundering routines in accordance with new recommendations. Expectations to employees are described in the ethical guidelines.

Reporting

Social responsibility and sustainability are an integrated part of Eiendoms kreditt's business and reporting. In line with this, Eiendoms kreditt aligns itself with the following national and global initiatives.

- *Eco-Lighthouse certification*²: In 2020, Eiendoms kreditt was Eco-Lighthouse certified for the first time. The certification was re-confirmed in 2023. This means that our environmental standards and routines have been found to be in accordance with the criteria for "Banking and Finance" and "Common criteria, private and state". Eiendoms kreditt can thus demonstrate adherence to stringent criteria encompassing environment, purchasing, energy, transport, waste and emissions are satisfied.
- *UNEP FI*³: Eiendoms kreditt's sustainability initiatives are grounded in the UN's six principles for sustainable banking. Value creation and business practices prioritize long-term considerations, guided by our own principles and internationally recognized social responsibility- and sustainability standards.
- *The Transparency Act (Åpenhetsloven)*⁴: Eiendoms kreditt complies with the Norwegian Transparency Act, ensuring adherence to fundamental human rights and decent working conditions within the company and with its business partners. We conduct annual due diligence and risk assessments to uphold these requirements.
- *Upcoming standards*: Eiendoms kreditt is working to align its sustainability reporting with updated standards mandated by the EU and eventually Norway. In the coming years, the company will gradually expand its sustainability reporting to adapt to the requirements of the Corporate Sustainability Reporting Directive (CSRD)⁵ and the European Sustainability Reporting Standard (ESRS)⁶.
- *UN Global Compact*⁷: Eiendoms kreditt's Green Bond Framework is adapted to help achieve the EU's Sustainable Development Goals (SDG). For instance, our focus on energy efficiency contributes to SDG 7 (Affordable and Clean Energy), while financing sustainable buildings aligns with SDG 11 (Sustainable Cities and Communities).

²"Miljøfyrtårn" criteria for banking and finance revised in 2019, <https://www.miljofyrtarn.no/>

³ United Nations Environment Programme Finance Initiative <https://www.unepfi.org/>

⁴ The Norwegian Transparency act <https://www.forbrukertilsynet.no/vi-jobber-med/apenhetsloven/dette-er-apenhetsloven>

⁵ Corporate Sustainability Reporting Directive (CSRD) Regulation published December 2022, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32022L2464>

⁶ European Sustainability Reporting Standards (ESRS) Delegated Act published July 2023, <https://webgate.ec.europa.eu/regdel/#/delegatedActs/2111>

⁷ UN Global Compact Strategy published 2021, <https://unglobalcompact.org/>

Part 2 – The Green Bond Framework

Eiendoms kreditt has established this Green Bond Framework (the 'Framework') for issuing green bonds that can finance existing and new loans with mortgages on energy-efficient properties, debt to housing associations and residential properties for rent (hereafter referred to as green buildings as a collective term), and loans to better the energy efficiency measures in buildings. With this Framework, we want to contribute to increasing liquidity in the green bond market while making our sustainability strategy visible to investors. This approach diversify our investor base and expands the dialogue with existing investors.

This Framework aligns with the International Capital Market Association (ICMA) Green Bond Principles (GBP)⁸. Instruments issued under this Framework shall be referred to as Green Bonds.

Two types of bonds can be issued under this Framework:

- Green senior bonds: finance new or existing green buildings and measures for energy efficiency that meet the requirements under the "Use of Proceeds" section below
- Green bonds with preferential rights: finance new or existing green buildings and measures for energy efficiency that meet the requirements under the "Use of Proceeds" section below

This Green Bond Framework aligns with the core components of the GBP as well as the recommended External Review:

1. Use of Proceeds
2. Process for Project Evaluation & Selection
3. Management of Proceeds
4. Reporting
5. External Review

Loans that meet the EU Taxonomy requirements

The EU taxonomy regulations ('EU taxonomy') is a classification system that describes requirements for an economic activity to be considered sustainable. We expect the EU taxonomy⁹ to become the "gold" standard benchmark for green loans in the future, and expects the standard for what is considered green buildings to be gradually tightened. Eiendoms kreditt will take this into account in future renewals of this Framework.

⁸ Green Bond Principles published June 2021 (June 2022 Appendix I) is voluntary recommendations for the process around green bond issuance, written by the International Capital Markets Association (ICMA), <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

⁹ Taxonomi Climate Delegated Act published June 2021, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021R2139>

The EU Taxonomy

The EU taxonomy serves as a classification system aiding companies and investors in identifying economically sustainable activities to facilitate informed investment decisions. These activities are defined as those significantly contributing to at least one of the EU's climate and environmental objectives while not significantly detracting from these goals and meeting minimum requirements. It's important to note that the EU taxonomy is not obligatory for investors; it doesn't establish mandatory environmental performance requirements for companies or financial products. Investors retain the freedom to choose their investments. However, the expectation is that over time, the EU taxonomy will incentivize a transition towards sustainability to align with the EU's climate and environmental objectives.

How Norway defines the EU taxonomy

In Norway, aligning with the EU taxonomy presents certain challenges as it pertains to regulations that are not EEA-relevant. Norwegian entities must adhere to regulations identified by ministries, such as the marine strategy directive and associated supplementary decisions on criteria and method standards. The aim of the EU taxonomy is to establish a European framework for classifying sustainable economic activities across countries. Therefore, according to the ministries, it is advantageous if the criteria are applied uniformly. The Ministry of Local Government and District Affairs has issued guidance on energy frameworks for nearly zero-energy buildings and the calculation of primary energy needs, measured in primary energy. This guidance aids in assessing whether activities such as the construction of new buildings and the renovation of existing buildings meet the criteria outlined in the taxonomy.

The technical screening criteria in the EU taxonomy refer to economic activities such as the construction of new buildings, the acquisition of buildings and the renovation of buildings.

For Eiendoms kreditt to be able to say that a building complies with the EU taxonomy, the following three requirements must be met:

- 1) The activity must contribute significantly to at least one of the environmental objectives¹⁰
- 2) The activity must do no significant harm (DNSM) towards any of the other environmental objectives
- 3) The activity must comply with principles of labour standards and human rights i.e. minimum safeguards


By fulfilling these criteria, Eiendoms kreditt can report the proportion of lending that qualifies under the EU taxonomy. While a thorough assessment is conducted regarding the investment's impact on environmental goals, uncertainties exist, particularly regarding the implementation of assessments related to point 2 and a need of associated data. Therefore, it is at this point not recommended that green loans adhere to the EU taxonomy.

¹⁰ The six environmental objectives of the Taxonomy are: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems.

1. Use of Proceeds


An amount equal to the net proceeds of any Eiendomskreditt Green Bond issuance will be used to finance and/or refinance Eligible Green Assets as defined below. Tangible assets (without age restriction) and operational expenses (with a look-back period of three years) are eligible provided that they meet the eligibility criteria at the time of issuance.

The eligible assets supports ICMA's environmental objective for the reduction of climate change.¹¹

ICMA Project Category	Qualified categories	UN SDGs	EU Taxonomy
Green Buildings	<p>Loans to finance or refinance new or existing energy-efficient green buildings in Norway. Eligible green buildings must meet one or more of the following eligibility criteria:</p> <p>Buildings built ≥ 2021:</p> <ol style="list-style-type: none"> All buildings with a primary energy demand at least 10% lower than the threshold set for Nearly Zero-Energy Buildings ("NZEB-10%")¹², such as residential-, daycare-, school-, nursing home-, hotel-, culture-, sport-, office-, commercial-, and light industry buildings with an "A" Energy Performance Certificate (EPC) Buildings that have received at least one or more of the following classifications: <ol style="list-style-type: none"> BREEAM New Construction schemes: <ol style="list-style-type: none"> Residential: Minimum «Excellent» Commercial: Minimum «Excellent» LEED, minimum «Gold» Nordic Swan Ecolabel <p>Buildings built < 2021:</p> <ol style="list-style-type: none"> NZEB-10% buildings as described above Norway's top 15% energy efficiency buildings. Until the official Norwegian definition is in place to include: <ul style="list-style-type: none"> Buildings with an "A" and "B" EPC Residential buildings in accordance with TEK10 and TEK17 building regulations (built ≥2012/2019) Office, commercial and light industry buildings in accordance with TEK10 and TEK17 (built ≥2012) Hotel and restaurant buildings in accordance with iTEK10 and TEK17 building regulations (built ≥2013) Buildings that have received at least one of the following classifications. <ol style="list-style-type: none"> BREEAM: <ol style="list-style-type: none"> New Construction: Minimum «Excellent» In-use asset performance: Minimum «Excellent» LEED, minimum «Gold» Nordic Swan Ecolabel 		<p>EU Environmental Objective 1: Climate Change Mitigation</p> <p>Substantial contribution to Climate Change Mitigation (1.b): Improving energy efficiency in all sectors, except energy production using solid fossil fuels, and in all stages of the energy chain, to reduce primary and final energy consumption</p> <p>EU Taxonomy activity:</p> <p>7.2 Renovation of existing buildings 7.7 Acquisition and ownership of buildings</p>

¹¹ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Project-Mapping-June-2021-100621.pdf>

¹² In accordance with the EU Taxonomy Climate Delegated Act, buildings built from 1 January 2021 onwards must meet the "NZEB -10%" criterion. The Norwegian definition of NZEB were announced on 31 January 2023. ([veiledning-om-beregning-av-primarenergi-og-nesten-nullenergibygg.pdf \(regjeringen.no\)](https://www.regjeringen.no/no/veiledning-om-beregning-av-primarenergi-og-nesten-nullenergibygg.pdf)). The NZEB-10% has been adjusted to be comparable with the Norwegian EPC-system, showing that all "A" EPCs and some "B" EPCs are within scope.

	<p>Independent of building year, data centres are only eligible if the annualized power usage effectiveness (PUE) is less than 1.5</p> <p>Renovated building with an improved energy efficiency of 30% Renovation costs for buildings with at least a 30% calculated improvement in energy efficiency, measured in kWh/m². For the full building to qualify for financing, it should meet - one of the criteria under "Buildings built <2021" above; or - EPC labels of "A", "B" or "C".</p>		
Energy Efficiency	<p>Loans to finance or refinance investments in measures that reduce CO₂e emissions through reduced energy consumption or changing the energy source to renewable energy, such as</p> <ul style="list-style-type: none"> i. Installation, upgrading or maintenance of energy efficiency equipment such as insulation, windows and heating/ventilation equipment such as heat-pumps ii. Installation, upgrading or maintenance of energy management systems iii. Electrification of equipment iv. Installation of solar panels or other type of renewable energy sourcing 		<p>EU Environmental Objective 1: Climate Change Mitigation</p> <p>Substantial contribution to Climate Change Mitigation (1.b): Improving energy efficiency in all sectors, except energy production using solid fossil fuels, and in all stages of the energy chain, to reduce primary and final energy consumption</p> <p>EU Taxonomy activity:</p> <p>7.3. Installation, maintenance and repair of energy efficiency equipment</p>

2. Process for Project Evaluation and Selection

Loans financed with proceeds from Green Bonds are first identified by the case manager based on whether the loan meets the criteria described in this Framework. The case manager identifies buildings that comply with the criteria through the land registry (the Mapping Authority) and documentation from the customer about the year of construction, environmental certification and energy labelling of the building. The credit committee evaluates the information from the case manager against the criteria described in this Framework and decides if the loan is to be included in the portfolio of green loans. The credit committee consists of the CEO, CFO (also responsible for sustainability) and sales and marketing manager. The credit committee's decisions on green loans are made unanimously.

At the time of issuing this framework, the Norwegian government is still working on the official definition of Norway's top 15% energy-efficient buildings. In the meantime, we have defined the top 15% most energy-efficient buildings based on available technical regulations, standards, and certifications and the analysis ordered by Eiendoms kreditt from Multiconsult AS, "Green Norwegian Buildings", from January 14, 2021¹³ and similar reports made publicly available in the period 2022-2023.

¹³ Green Norwegian Buildings av Multiconsult published January 2021, https://EIENDOMSKREDITT.no/wp-content/uploads/Report_KFSEIENDOMSKREDITT_01_v02.pdf

Within the Framework, all customers must comply with the Norwegian laws and regulations and act in accordance with Eiendoms kreditt 's credit guidelines.

Exclusions:

Under this Framework, Eiendoms kreditt shall not grant loans to:

- Buildings designed for the purpose of extraction, storage, transportation or manufacture of fossil fuels
- Finances the electrification of oil and gas production, as well as improving the energy efficiency of such production
- Companies included in Norges Bank's list of excluded companies¹⁴. These companies are excluded because they produce cluster weapons, nuclear weapons, tobacco, or the production of coal or coal-based energy. In addition, the exclusion list contains companies that contribute to severe environmental damage, serious violations of individual rights in war and conflict, gross violations of human rights, other gross violations of fundamental ethical norms and gross corruption
- Companies who operates in conflict with laws, regulations and public environmental requirements or without approved authorizations from the authorities. Has previously acted negligently or dishonestly towards to Eiendoms kreditt or other parties, or if the company or the owners of the company have been or are suspected of having been involved in criminal activity

These qualification criteria and minimum requirements are continuously being developed and will be renewed in both the external and internal policies.

3. Management of Proceeds

Eiendoms kreditt will track the management of the proceeds from Green Bonds at a portfolio level. It will allocate the proceeds from Green Bonds to a portfolio of loans that meet the criteria for green buildings and measures for energy efficiency and have been selected according to the process described above. Eiendoms kreditt will strive to achieve a loan portfolio of green buildings and energy efficiency measures that is equal to or greater than proceeds from the issued Green Bonds. Loans with mortgages in green buildings that meet the criteria will be added to or subtracted from the portfolio to the extent necessary.

Eiendoms kreditt aims to allocate the entire proceeds as quickly as possible after issuing Green Bonds. However, Eiendoms kreditt may from time to time have to hold or invest unused proceeds from issued Green Bonds until the proceeds are allocated to the portfolio of loans for green buildings

¹⁴ Norges Bank Exclusion list <https://www.nbim.no/en/responsible-investment/ethical-exclusions/exclusion-of-companies/>

and energy efficiency measures. In such cases, Eiendoms kreditt will keep the proceeds in cash or invest in other liquid instruments according to our investment guidelines. These exclude investments as described under Exclusions in chapter 2..

4. Reporting

Eiendoms kreditt will report the allocation of proceeds and environmental impact (impact reporting) no later than one year from the first bond issue under this Framework and then annually until full allocation. The reporting will be done at portfolio level.

Allocation reporting will include the following metrics, but is not limited to:

- The total amount divided between loans that meet the various criteria
- Number of loans that meet the criteria
- The amount or percentage of new financing and refinancing
- If applicable, the balance of undistributed proceeds

Environmental impact reporting will include the following metrics, but is not limited to:

- A description of the environmental significance of the green projects
- Number of green buildings financed
- Number of buildings with environmental certification
- Type of measures for energy efficiency that have been financed
- Reduction of energy use (MWh per year)
- GHG savings (tCO₂e)
- Capacity of renewable energy installations

Both the allocation- and impact reporting will be published on Eiendoms kreditt's website.

5. External Review

Pre-issuance review

To confirm the transparency and robustness of this Framework, Eiendoms kreditt has engaged Sustainabilitytics to act as an external reviewer of this Green Bond Framework. Amongst other things, it confirms the alignment of this Framework with the latest ICMA Green Bond Principles. This Framework and the Second Party Opinion will both be publicly available on Eiendoms kreditt's website.

Post-issuance review

To ensure transparency towards investors, lenders and stakeholders in accordance with the GBP, Eiendoms kreditt will no later than one year from the first bond issue under this Framework and then annually until full allocation engage with an external and independent party to verify, in the form of limited assurance, the allocation of proceeds from Eiendoms kreditt Green Bonds according to this Green Bond Framework.