

Second-Party Opinion Eiendomskreditt Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Eiendomskreditt Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds – Green Buildings – is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7 and 11.



PROJECT EVALUATION / SELECTION Eiendomskreditt's internal process in evaluating and selecting projects is overseen by the credit committee (the "Committee"). The final decision on selected projects is made unanimously by the Committee. Eiendomskreditt selects eligible green projects that are in line with the eligibility criteria outlined in the Framework. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Eiendomskreditt's processes for management of proceeds are tracked and allocated using a green loans portfolio, which includes loans that are aligned with the eligibility criteria as defined in the Framework. The green loans portfolio is managed by the Chief Financial Officer (CFO). Sustainalytics notes that the Company intends to allocate all proceeds shortly after issuance and latest within 24 months after bond issuance. Pending allocation, Eiendomskreditt will deposit unallocated proceeds in bank accounts or invest them in liquid instruments according to the Company's investment policy. This is in line with market practice.



REPORTING Eiendomskreditt intends to report on allocation of proceeds and impact on its website on an annual basis until full allocation. The allocation report will contain the total amount of proceeds allocated, number of loans that qualify under the Framework, balance of unallocated proceeds, the amount and share of financing versus refinancing. In addition, Eiendomskreditt is committed to reporting on relevant impact metrics. For a list of relevant impact metrics, please refer to Appendix 3. Sustainalytics views Eiendomskreditt's allocation and impact reporting as aligned with market practice.

Evaluation Date	April 1, 2021
Issuer Location	Bergen, Norway

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Introduction

Eiendomskreditt (“Eiendomskreditt”, or the “Company”) is a Norwegian financial institution established in 1997 that provides financing for commercial and residential real estate. Eiendomskreditt operates mainly in Norway and is headquartered in Bergen, Norway.

Eiendomskreditt has developed the Eiendomskreditt Green Bond Framework (the “Framework”) under which it intends to issue green senior unsecured and green covered bonds, and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that support energy efficient commercial and residential buildings in Norway. The Framework defines eligibility criteria in one area:

1. Green Buildings

Eiendomskreditt engaged Sustainalytics to review the Eiendomskreditt Green Bond Framework, dated April 2021, and to provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).¹ This Framework has been published in a separate document.²

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ 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 2018, 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 1.7.1, 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 Eiendomskreditt’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. Eiendomskreditt representatives have confirmed (1) they understand it is the sole responsibility of Eiendomskreditt 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 Eiendomskreditt.

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 measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

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.

¹ 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/>.

² The Eiendomskreditt Green Bond Framework is available on Eiendomskreditt’s website at: <https://eiendomskreditt.no/investor/>

³ 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.

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 Eiendomskreditt has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Eiendomskreditt Green Bond Framework

Sustainalytics is of the opinion that the Eiendomskreditt Green Bond Framework is credible and impactful, and aligns to the four core components of the GBP. Sustainalytics highlights the following elements of Eiendomskreditt's Green Bond Framework:

- Use of Proceeds:
 - The eligible category – Green Buildings – is aligned with those recognized by the GBP. Sustainalytics notes that all projects financed under the Framework are in Norway.
 - Within the Green Buildings category, Eiendomskreditt may finance or refinance projects that support the development or renovation of new or existing commercial and residential buildings. The eligibility criteria include the following:
 - Commercial buildings that fall under the top 15% most energy-efficient buildings in Norway. New commercial buildings are expected to have energy-efficiency of at least 20% above the regulation for Nearly Zero Energy Buildings (NZEB).⁴ Hotels and restaurants are expected to comply with Norwegian building codes from 2010 (TEK10) or 2017 (TEK17) if the buildings were completed in 2013 and later. Offices, shops or industrial buildings⁵ are expected to comply with Norwegian building codes from 2010 (TEK10) or 2017 (TEK17) if the buildings were completed in 2012 and later. For an overview on Sustainalytics' assessment on Norwegian Building codes, please refer to Appendix 1.
 - Commercial buildings that have received one of the following minimum certifications: LEED ("Gold" or above), BREEAM ("Excellent" or above), BREEAM-NOR ("Excellent" or above). Sustainalytics notes that the certifications used are credible and the levels selected as robust and impactful. For Sustainalytics' assessment of all Green Building certifications, please refer to Appendix 2.
 - Residential buildings that fall under the top 15% most energy-efficient buildings in Norway. New residential buildings are expected to have energy-efficiency of at least 20% above the regulation for Nearly Zero Energy Buildings (NZEB).⁴ Residential buildings that comply with Norwegian building codes from 2010 (TEK10) or 2017 (TEK17) if the buildings were completed in 2012 and later.
 - Residential buildings that received an Energy Performance Certificate (EPC) of A or B prior to the implementation of Norwegian Building code from 2010 (TEK10).
 - Renovation projects of commercial and residential buildings that achieve an improvement in energy efficiency of at least 30% when compared to energy efficiency of building code when building was completed, or there must be a positive change in the Energy Performance Certificate (EPC) by two steps. In addition, after completion of renovation, the EPC of residential or commercial building must not be lower than EPC D.
 - Eiendomskreditt intends to finance or refinance energy efficiency projects under the Green Buildings category such as replacement of fossil fuel energy with electricity, installation of central operational control systems in buildings. Eiendomskreditt notes that projects in this category exclude energy efficiency measures for oil and gas production.

⁴ European Commission, "Nearly Zero Energy Buildings", (2020), at: https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings_en

⁵ Eiendomskreditt has confirmed to Sustainalytics that Industrial buildings are not used activities such as the production, storage, and manufacturing of fossil fuels.

- Project Evaluation and Selection:
 - Eiendomskreditt’s internal process in evaluating and selecting projects is overseen by the credit committee (also known as the “Committee”). The final decision on selected projects is made unanimously by the Committee. Eiendomskreditt selects eligible green projects that are in line with the eligibility criteria outlined in the Framework.
 - Based on the establishment of a Committee that selects and evaluates green projects, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Eiendomskreditt’s processes for management of proceeds are tracked and allocated using a green loans portfolio, which includes loans that are aligned with the eligibility criteria as defined in the Framework. The green loans portfolio is managed by the Chief Financial Officer (CFO). Sustainalytics notes that the Company intends to allocate all proceeds shortly after issuance and latest within 24 months after bond issuance. Pending allocation, Eiendomskreditt will deposit unallocated proceeds in bank accounts or invest them in liquid instruments according to the Company’s investment policy.
 - Based on the allocation timeframe and tracking process, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Eiendomskreditt intends to report on allocation of proceeds and impact on its website on an annual basis until full allocation. The allocation report will contain the total amount of proceeds allocated, number of loans that qualify under the Framework, balance of unallocated proceeds, the amount and share of financing versus refinancing. In addition, Eiendomskreditt is committed to reporting on relevant impact metrics. For a list of relevant impact metrics, please refer to Appendix 3.
 - Based on the annual issuance of allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the Eiendomskreditt Green Bond Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 3: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Eiendomskreditt

Contribution of framework to Eiendomskreditt’s sustainability strategy

Sustainalytics is of the opinion that Eiendomskreditt demonstrates a commitment to sustainability with a focus on three key environmental areas: (i) sustainable credit, (ii) responsible investment, and (iii) sustainable operations.

Eiendomskreditt’s sustainability strategy builds on the UN Principles of Responsible Banking.^{6,7} Within the sustainable credit area, Eiendomskreditt has developed lending guidelines that require its customers to adhere to all applicable laws, regulations and international standards.⁸ In addition, the Company is actively supporting the Norwegian credit environment by creating a sustainable loan portfolio and increasing the availability and accessibility of green loans for its customers.⁸ Under the responsible investments area, Eiendomskreditt integrates environmental, social and governance factors when making investments decisions and it attempts to measure and report on the impact of investment. Lastly, under the area of sustainable operations, Eiendomskreditt has set a target to become carbon neutral by the end of 2021.⁶

Sustainalytics is of the opinion that the Eiendomskreditt Green Bond Framework is aligned with the Company’s overall sustainability strategy and initiatives and will further the Company’s action on its key environmental priorities. Sustainalytics notes the importance of setting targets for operations-related emissions, but also encourages Eiendomskreditt to develop public, quantitative, time-bound targets to demonstrate its commitment to sustainable financing.

⁶ United Nations Environment Program, “About the Principles”, at: <https://www.unepfi.org/banking/bankingprinciples/more-about-the-principles/>

⁷ Eiendomskreditt has shared their Annual Report (2020) with Sustainalytics on a confidential basis.

⁸ Eiendomskreditt has shared their Social Responsibility and Sustainability Strategy (2020) with Sustainalytics on a confidential basis.

Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the net proceeds from the bond(s) issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include land use and biodiversity issues associated with large-scale infrastructure development, emissions, effluents, and waste generated in construction.

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

- Sustainalytics notes that Norway is recognized as a Designated Country under the Equator Principles,⁹ which denotes that the country has robust environmental and social governance systems.
- Projects financed by Eiendomskreditt must comply with the Norwegian Working Environment Act, the legislation is intended to implement and ensure a safe working environment, prevent work-related accidents and harm to physical and mental health.
- To further mitigate environmental and social risks, Eiendomskreditt has developed an exclusion list that indicates activities and companies that Eiendomskreditt will not finance. This list includes illegal activities such as the production of cluster ammunitions, nuclear weapons, tobacco, coal or coal-based energy.⁸ In addition to above activities, this exclusion list refers to companies that contribute to serious environmental damage, violation of human rights, and corruption.⁸
- Eiendomskreditt has developed a credit handbook that contains guidelines on credit processes to mitigate risks related to lending and investments. For all new loans for commercial buildings, the Company commits to assess climate risk as well as financial risk. If a loan for a commercial building is to be considered green, it must meet Green Building criteria as listed out in the Framework.⁸
- To ensure that ethical business practices are met, employees of Eiendomskreditt undergo trainings on anti-money laundering, terrorist financing and corruption. In addition, the Chief Compliance Officer reports quarterly on compliance actions taken by the Board of Directors and the management of Eiendomskreditt.⁶

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

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP. Sustainalytics discusses below where the impact is specifically relevant in the local context.

Contribution of green buildings towards Norway's climate goals

The Norwegian climate requires a substantial need for heating in buildings. In coastal lowland areas, the "heating season"¹⁰ lasts on average 240 days per year, with mountain areas and the northernmost parts of the country lasting almost the entire year.¹¹ In early acknowledgement of the contribution of buildings' energy consumption to climate change, Norway placed the building industry on its environmental agenda in 1998, notably through energy efficiency requirements and buildings regulation.^{12,13}

The most recent Norwegian building code (TEK17) requires dwellings to become 26% more energy efficient and office buildings 38% more energy efficient compared to previous building code requirements. Installation of fossil fuel heating systems is no longer permitted.¹⁴ While total energy consumption from buildings and the construction sector are 22.58% of the final energy consumption in Norway.¹⁵ In 2017, the Government of Norway introduced the Climate Change Act, a legally binding effort to promote the implementation of

⁹ Equator Principles, "Designated Countries", (2021), at: <https://equator-principles.com/designated-countries/>

¹⁰ Defined as the period of the year with a daily mean temperature lower than 10°C.

¹¹ Norwegian Ministry of Climate Environment, "Norway's Seventh National Communication Under the Framework Convention on Climate Change", (2018), at: https://unfccc.int/files/national_reports/annex_i_natcom/submitted_natcom/application/pdf/529371_norway-nc7-br3-1-nc7-br3-final.pdf

¹² Nykamp, N., (2017), "A transition to green buildings in Norway", Environmental Innovation and Societal Transitions, at: <https://www.duo.uio.no/handle/10852/64152>

¹³ Energy requirements for buildings were first introduced in 1949.

¹⁴ NMCE, "Status report as of January 2020. Norway's Fourth Biennial Report Under the Framework Convention on Climate Change", (2020), at: [https://www4.unfccc.int/sites/SubmissionsStaging/NationalReports/Documents/58167_Norway-BR4-1-Norway_BR4%20\(2\).pdf](https://www4.unfccc.int/sites/SubmissionsStaging/NationalReports/Documents/58167_Norway-BR4-1-Norway_BR4%20(2).pdf)

¹⁵ Norwegian Ministry of Climate and Environment, "Norway's Seventh National Communication", at: https://unfccc.int/sites/default/files/resource/321045_Norway-NC7-BR3-2-Norways_seventh_national_communication.pdf

Norway's climate targets as part of its process of transformation to a low-emission society by 2050.¹⁶ Under the Act, Norway commits to reduce at least 40% of GHG emissions by 2030, and a reduction in the range of 80-95% by 2050, taking 1990 emissions as a baseline.¹⁷

Sustainalytics is of the opinion that Eiendomskreditt's financing activities for the renovation and energy improvement of residential and commercial green buildings will support Norway in meeting its climate-related goals.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the Eiendomskreditt Green Bond Framework advances the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Green Buildings	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	11. Sustainable Cities and Communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries

Conclusion

Eiendomskreditt has developed the Eiendomskreditt Green Bond Framework under which it may issue green bonds and the use of proceeds to finance green residential and commercial buildings in Norway. Sustainalytics considers that the projects funded by the green bond proceeds are expected to provide positive environmental impact.

The Eiendomskreditt 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 Eiendomskreditt Green Bond Framework is aligned with the overall sustainability strategy of the company and that the green use of proceed category will contribute to the advancement of the UN Sustainable Development Goals 7 and 11. Additionally, Sustainalytics is of the opinion that Eiendomskreditt has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Eiendomskreditt is well-positioned to issue green bonds and that the Eiendomskreditt Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

¹⁶ Government of Norway, "Climate Change Act", (2017), at: <https://www.regjeringen.no/en/dokumenter/climate-change-act/id2593351/>

¹⁷ Lovdata, "Act relating to Norway's climate targets (Climate Change Act)", (2017), at: <https://lovdata.no/dokument/NLE/lov/2017-06-16-60>

Appendices

Appendix 1: Overview of Norwegian Building Codes

Norwegian Building Codes 2010 (TEK10) or 2017 (TEK17)	
Background	The Norwegian Building Codes 2010 (TEK10) or 2017 (TEK17) are the country's two most recent and stringent buildings regulations enforced by the Ministry of Local Government and Modernization pursuant to the Act of 27 June 2008 No. 71 relating to planning and processing of building applications (Planning and Building Act), the Act of 16 June 1994 No. 20 relating to the technical assessment bodies responsible for conducting conformity assessments and the Act of 19 June 2009 No. 100 relating to the management of biological, geological and landscape biodiversity (Nature Diversity Act). The deployment of the Norwegian Building Codes is intended to ensure that projects are planned, designed and executed on the basis of good visual aesthetics, universal design, and in a manner that ensures that the project complies with the technical standards for safety, the environment health and energy. ¹⁸
Certification levels	Compliant or non-compliant status
Areas of Assessment: Environmental Performance of the Building^{19 20}	<p><u>TEK17 areas of assessment</u></p> <ul style="list-style-type: none"> • Common provisions • Documentation of compliance with the requirements • Documentation of products • Documentation for management, operation and maintenance (MOM) • Degree of utilisation • Calculation and measurement rules • Protection against act of nature • Developed outside areas • External environment • Structural safety • Fire safety • Layouts of and building elements in construction works • Indoor climate and health • Energy • Installation and plants • Lift safety inspections • Entry into force and transitional provisions <p><u>TEK10 areas of assessment</u></p> <ul style="list-style-type: none"> • Common provisions • Documentation of products • Management, operation and maintenance (MOM) documentation • Degree of utilization • Calculation and measurement rules • Protection against act of nature • Outside areas and siting of structures • External environment • Structural safety • Fire safety • Layouts of and building components in structures • The environment and health • Energy • Installations and systems • Lift safety inspections • Commencement and transitional provisions

¹⁸ Norwegian regulations regarding the TEK17 technical requirements <https://dibk.no/globalassets/byggeregler/regulation-on-technical-requirements-for-construction-works-technical-regulations.pdf>

¹⁹ Norwegian regulations regarding the TEK17 technical requirements <https://dibk.no/globalassets/byggeregler/regulation-on-technical-requirements-for-construction-works-technical-regulations.pdf>

²⁰ Norwegian regulations regarding the TEK 10 technical requirements: https://dibk.no/globalassets/byggeregler/regulations_on_technical_requirements_for_building_works.pdf

<p>Requirements</p>	<p>The Norwegian building code is a function-based Building Code, with the technical requirements being specified in the form of functions or performance within the relevant areas of assessment. The requirements are either in the form of qualitative or quantitative performance and are designed as a pre-accepted performance. Once these pre-accepted performances are respected, compliance with the Norwegian Building Regulation is granted by the Norwegian Building Authority.²¹</p>
<p>Performance display</p>	<p>Compliance with the Norwegian Building Codes as administered by the Norwegian Building Authority is not associated with any performance display.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div data-bbox="446 436 581 604" style="text-align: center;">  DIREKTORATET FOR BYGGKVALITET 22 </div> <div data-bbox="613 436 748 604" style="text-align: center;">  NORWEGIAN BUILDING AUTHORITY 23 </div> </div>

²¹ Background information on the Norwegian Building Code available at: <http://www.byggvareinfo.no/en/understanding-norwegian-building-code>

²² Logo retrieved from the Norwegian Building Authority website: <https://dibk.no/>

²³ Logo retrieved from the TEK17 technical requirements document available at: <https://dibk.no/globalassets/byggeregler/regulation-on-technical-requirements-for-construction-works-technical-regulations.pdf>

Appendix 2: Certification Schemes for Green Buildings

	BREEAM / BREEAM NOR	LEED
Background	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. BREEAM is used for new, refurbished and extension of existing buildings. The BREEAM NOR scheme focuses on the assessment and certification of the new construction and refurbishment building life cycle stage.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC).
Certification levels	Pass Good Very Good Excellent Outstanding	<ul style="list-style-type: none"> • Certified • Silver • Gold • Platinum
Areas of Assessment	<ul style="list-style-type: none"> • Energy • Land Use and Ecology • Pollution • Transport • Materials • Water • Waste • Health and Wellbeing • Innovation 	<ul style="list-style-type: none"> • Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority
Requirements	<p>Prerequisites depending on the levels of certification and credits with associated points</p> <p>This number of points is then weighted by item²⁴ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.</p> <p>BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>	<p>Prerequisites independent of level of certification, and credits with associated points.</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>
Performance display		
Qualitative Considerations	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.	Widely recognized internationally, and strong assurance of overall quality.

²⁴ BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

Appendix 3: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Eiendomskreditt
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Eiendomskreditt Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	April 1, 2021
Publication date of review publication:	

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 nd 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 category for the use of proceeds – Green Buildings – is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7 and 11.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input 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 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>): |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Eiendomskreditt's internal process in evaluating and selecting projects is overseen by the credit committee (the "Committee"). The final decision on selected projects is made unanimously by the Committee. Eiendomskreditt selects eligible green projects that are in line with the eligibility criteria outlined in the Framework. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|--|--|
| <input checked="" 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 checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input 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 checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
|--|---|

- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Eiendomskreditt's processes for management of proceeds are tracked and allocated using a green loans portfolio, which includes loans that are aligned with the eligibility criteria as defined in the Framework. The green loans portfolio is managed by the Chief Financial Officer (CFO). Sustainalytics notes that the Company intends to allocate all proceeds shortly after issuance and latest within 24 months after bond issuance. Pending allocation, Eiendomskreditt will deposit unallocated proceeds in bank accounts or invest them in liquid instruments according to the Company's investment policy. This is in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

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

4. REPORTING

Overall comment on section (if applicable):

Eiendomskreditt intends to report on allocation of proceeds and impact on its website on an annual basis until full allocation. The allocation report will contain the total amount of proceeds allocated, number of loans that qualify under the Framework, balance of unallocated proceeds, the amount and share of financing versus refinancing. In addition, Eiendomskreditt is committed to reporting on relevant impact metrics. For a list of relevant impact metrics, please refer to Appendix 3 Sustainalytics views Eiendomskreditt's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- Allocated amounts Green Bond financed share of total investment
- Other (*please specify*): balance of unallocated proceeds, the amount and share of financing versus refinancing

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*): Number of green buildings financed, number of buildings with an environmental certification, and type of energy-efficiency improvements financed

Frequency

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

Means of Disclosure

- Information published in financial report Information published in sustainability report
- Information published in ad hoc documents Other (*please specify*): Company website
- 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 nd 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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Named
2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider

