

# Second-Party Opinion

## Genova Green Finance Framework



### Evaluation Summary

Sustainalytics is of the opinion that the Genova Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:



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



**PROJECT EVALUATION AND SELECTION** Genova has established a Green Finance Committee which will be responsible for evaluating and selecting projects in line with the Framework's eligibility criteria. The Green Finance Committee convenes at least annually and consists of representatives from the City Planning, Finance and Business Development departments. Regarding environmental and social risks associated with eligible projects, Genova has a Sustainability Policy that applies to all allocation decisions made under the Framework. Genova will also implement processes to ensure that eligible projects adhere to applicable laws and regulations. This is in line with market practice.



**MANAGEMENT OF PROCEEDS** Genova's Finance department will be responsible for the management of net proceeds and will track allocation through a portfolio approach. Genova intends to allocate proceeds within 12 months of each issuance on a best-effort basis. Pending full allocation, unallocated proceeds will be temporarily placed in Genova's ordinary bank account. This is in line with market practice.



**REPORTING** Genova will report on the allocation of proceeds and the corresponding impact in an investor report, which will be published on its website on an annual basis until the maturity of any issued instruments. Allocation reporting will include the total amount of proceeds outstanding, a breakdown by instrument category and eligible asset category, share of financing versus refinancing, and the share of unallocated proceeds. Sustainalytics views Genova's allocation and impact reporting as aligned with market practice.

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**Evaluation date** July 01, 2024

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**Issuer Location** Stockholm, Sweden

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## Introduction

Genova Property Group AB (“Genova” or the “Company”) is a real estate company that owns, manages and develops commercial premises, community service properties and residential properties in the Greater Stockholm and the Uppsala regions.<sup>1</sup> Headquartered in Stockholm, Sweden, the Company owns a portfolio of properties valued at SEK 10 billion (EUR 883 million) as of December 2023.

Genova has developed the Genova Green Finance Framework dated July 2024 (the “Framework”) under which the Company and its subsidiaries intend to issue green bonds, including senior unsecured bonds and hybrid bonds, such as convertible bonds,<sup>2</sup> green loans, revolving credit facilities and commercial papers. Genova intends to use the proceeds to finance or refinance, in whole or in part, existing and future projects<sup>3</sup> that are expected to contribute to the decarbonization of the building stock in Sweden. The Framework defines eligibility criteria in three areas:

1. Green Buildings
2. Energy Efficiency
3. Renewable Energy

Genova engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)<sup>4</sup> and the Green Loan Principles 2023 (GLP).<sup>5</sup> The Framework will be published in a separate document.<sup>6</sup>

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>7</sup> opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

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

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA;
- 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 1.16, 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 Genova’s management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Genova representatives have confirmed that: (1) they understand it is the sole responsibility of Genova to ensure that the information provided is complete, accurate and 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 Genova.

<sup>1</sup> The company also owns a subsidiary, Järngrinden, which owns properties in Western Sweden.

<sup>2</sup> Genova has confirmed to Sustainalytics that full allocation will take place before the conversion date of the convertible bonds.

<sup>3</sup> Where eligible assets are owned by joint ventures or Genova’s associated companies, the value of eligible assets will be adjusted for the share of capital owned by Genova.

<sup>4</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

<sup>5</sup> The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

<sup>6</sup> The Genova Green Finance Framework is available at: <https://genova.se/green-finance-framework/>

<sup>7</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

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 and loan 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 and loan proceeds towards eligible activities.

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

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Genova Green Finance Framework

Sustainalytics is of the opinion that Genova's Green Finance Framework is credible, impactful and aligned with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible categories – Green Buildings, Energy Efficiency and Renewable Energy – are aligned with those recognized by the GBP and GLP.
  - Genova has defined a look-back period of three years for the refinancing of operating expenditures, which Sustainalytics considers to be in line with market practice.
  - Under the Green Buildings category, Genova may finance or refinance new and existing residential and commercial buildings in Sweden according to the following criteria.
    - Buildings built after 31 December 2020 must meet one of the following criteria:
      - Primary energy demand (PED) at least 10% lower than the threshold set for the applicable nearly zero-energy buildings (NZEB) and certified or expected to be certified to the following minimum certification levels: i) Miljöbyggnad Silver;<sup>8</sup> ii) Nordic Swan Ecolabel;<sup>9</sup> iii) BREEAM Excellent;<sup>10</sup> or iv) LEED Gold;<sup>11</sup>
      - Energy performance certificate (EPC) A or B.
      - Buildings larger than 5,000 m<sup>2</sup> must also be tested for airtightness and thermal integrity upon completion, and have a life cycle global warming potential (GWP) calculated for each stage of the building's life cycle.
    - Buildings built before 31 December 2020 must meet one of the following criteria:
      - EPC A or in the top 15% of the national or regional building stock expressed as operational PED demonstrated by adequate evidence.
      - EPC C or above and certified or expected to be certified to the following minimum certification levels: i) Miljöbyggnad Silver; ii) Miljöbyggnad iDrift Silver;<sup>12</sup> iii) Nordic Swan Ecolabel; iv) BREEAM Excellent; v) BREEAM In-Use Excellent;<sup>13</sup> or vi) LEED Gold.
    - Renovations leading to PED savings of at least 30% within three years and validated through an EPC upon completion of the renovation.
    - Sustainalytics views the above certification schemes as robust and credible and considers investments under this category to be aligned with market practice.

<sup>8</sup> Miljöbyggnad: <https://www.sgbc.se/certifiering/miljobyggnad/>

<sup>9</sup> Nordic Swan Ecolabel: <https://www.nordic-swane-colabel.org/>

<sup>10</sup> BREEAM: <https://breeam.com/standards/new-construction>

<sup>11</sup> LEED: <https://www.usgbc.org/leed>

<sup>12</sup> Miljöbyggnad iDrift: <https://www.sgbc.se/certifiering/miljobyggnad/>

<sup>13</sup> BREEAM In-Use: <https://breeam.com/standards/in-use>

- Under the Energy Efficiency category, Genova may finance or refinance projects according to the following criteria:
  - Energy efficiency measures, such as the installation of electric heat pumps, LED lighting, onsite solar panels and improvements in ventilation systems.
    - Sustainalytics notes that heat pumps offer an energy-efficient heat transfer alternative to conventional systems. Genova has confirmed: i) the exclusion of refrigerants used for heat pumps that have a high global warming potential; and ii) that such projects will measure refrigerant leakage and include measures to monitor leaks, such as leak detection alarm systems, regular leak detection inspections, and equipment maintenance and cleaning.
  - Extension of district heating and cooling distribution networks where the system uses at least 50% renewable energy, waste heat or a combination of both. Genova has confirmed the exclusion of projects that source waste heat from fossil fuel operations.
  - Installation of infrastructure for electric cars, such as electric charging stations. Genova has confirmed parking facilities will not be financed.
  - Sustainalytics notes that Genova will exclude the financing of technologies, products and systems that are primarily powered by fossil fuels, intended for or provide energy efficiency improvements to processes that are inherently carbon intensive.
  - Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Renewable Energy category, Genova may finance or refinance onshore wind power generation. This is in line with market practice.
- Project Evaluation and Selection:
  - Genova has established a Green Finance Committee which will be responsible for evaluating and selecting projects in line with the Framework's eligibility criteria. The committee convenes at least annually and consists of representatives from the City Planning, Finance and Business Development departments.
  - Genova has in place a Sustainability Policy that includes carrying out an environmental and social risk assessment of each project. The Green Finance Committee is in charge of enforcing the policy as well as applicable laws and regulations and applying them to all allocation decisions made under the Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with the requirements of GBP and GLP. For additional detail see Section 2.2.
  - Based on the established process for project evaluation and selection and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - Genova's Finance department will be responsible for the management of net proceeds and will track their allocation using a portfolio approach.
  - The Company intends to allocate proceeds within 12 months of each issuance on best-effort basis. Pending full allocation, unallocated proceeds will be placed temporarily in the Company's ordinary bank account.
  - Genova has communicated to Sustainalytics that instruments issued under the Framework may include multi-tranche loan facilities. The Company intends to label only those tranches of such facilities whose proceeds will be allocated according to the eligibility criteria in the Framework.
  - Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - The Company will report on allocation of proceeds and the corresponding impact in an investor report, which will be published on its website on an annual basis until the maturity of all issued instruments.
  - Allocation reporting will include the total amount of proceeds from outstanding instruments, a breakdown by instrument category and eligible asset category, share of financing versus refinancing, share of unallocated proceeds and a list of eligible assets if they are not of confidential nature. The allocation of proceeds will be reviewed by an external auditor or independent third party annually until the maturity of all issued instruments.

- Impact reporting will include relevant environmental impact metrics, where available, such as energy use or primary energy use (in kWh/m<sup>2</sup>/year), type of certification including level and reduced or avoided GHG emissions (in tCO<sub>2</sub>e).
- Genova has communicated to Sustainalytics that if it obtains bank loans, including revolving credit facilities, it will report on allocation exclusively to relevant banks until loan maturity.
- Based on the commitments to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

### Alignment with the Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that the Genova Green Finance Framework aligns with the four core components of the GBP and GLP.

## Section 2: Sustainability Strategy of Genova

### Contribution to Genova's sustainability strategy

Genova's sustainability strategy focuses on three key environmental areas: i) building and managing for tomorrow's environment and climate; ii) long-term urban development; and iii) pursuing sustainable business activities.<sup>14</sup> For each area, Genova has established underlying objectives that are monitored for progress and relevance on an annual basis. The board of directors holds strategic responsibility for developing and approving Genova's sustainability strategy, policies and targets. The CEO, supported by the executive management team, has operational responsibility for ensuring compliance with the Company's sustainability strategy and policies.<sup>15</sup>

Genova established the following GHG reduction targets, which were validated by the SBTi in 2023: reduce scope 1 and 2 GHG emissions by 42% by 2030 compared to a 2021 baseline, and to measure and mitigate scope 3 emissions.<sup>16</sup> Following the acquisition of the Swedish property development company Järngrinden in 2022,<sup>17</sup> Genova's total emissions increased in 2023 as a result of integrating Järngrinden's investment property portfolio.<sup>18,19</sup> Genova therefore intends to review its climate targets for the entire group in 2024.<sup>20</sup> To achieve its climate ambition, the Company has defined the following measures: i) implement energy-saving projects such as installing motion sensor lighting and rooftop solar power systems; ii) transition to green electricity, district heating and geothermal heating; iii) collaborate with district heating suppliers to reduce emissions from district heating consumption; iv) evaluate various building materials to identify the most climate and cost-effective solutions; v) offer green rental agreements to tenants, encouraging sustainable choices and joint efforts to enhance the environmental performance of properties; and vi) install electric vehicle charging facilities across its property portfolio.<sup>21</sup> Moreover, Genova integrates climate change adaptation aspects at the zoning plan stage, enabling the construction and management of properties that account for climate variables, such as changing rainfall patterns and rising sea levels.<sup>22</sup>

Genova has also set a target to certify all new construction projects with green building certifications such as BREEAM, LEED, Miljöbyggnad and Nordic Swan Ecolabel. In addition, the Company obtained environmental certifications for 67% of its existing properties under long-term management by the end of 2023. Genova aims to review its targets in 2024 to include the property portfolio acquired from Järngrinden.<sup>23</sup>

Sustainalytics is of the opinion that the Genova Green Finance Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

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

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impacts. However, Sustainalytics

<sup>14</sup> Ibid.

<sup>15</sup> Genova Property Group AB, "Genova Green Finance Framework 2024", at: <https://genova.se/green-finance-framework/>

<sup>16</sup> Science Based Targets initiative, "Companies taking action", at: <https://sciencebasedtargets.org/companies-taking-action>

<sup>17</sup> Genova Property Group AB, "Genova acquires additional shares in Järngrinden", (2022), at: <https://genova.se/investerare/pressmeddelande-rapporter/pressmeddelande/?id=4411685&lang=en>

<sup>18</sup> Genova Property Group AB, "Annual Report 2023", at: <https://mb.cision.com/Main/13559/3970716/2770192.pdf>

<sup>19</sup> Genova's total GHG emissions in 2022 decreased by 12.6% compared to 2021 and increased by 50.6% in 2023 compared to 2022, at: <https://mb.cision.com/Main/13559/3970716/2770192.pdf>

<sup>20</sup> Genova Property Group AB, "Annual Report 2023", at: <https://mb.cision.com/Main/13559/3970716/2770192.pdf>

<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

<sup>23</sup> Ibid.

is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving: i) land use and biodiversity loss; ii) emissions, effluents and waste generated in construction; iii) occupational health and safety (OHS); iv) community relations, and v) business ethics.

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

- Regarding risks related to land use and biodiversity loss, projects financed in the EU are expected to comply with Directive 2014/52/EU, which requires projects that are likely to have significant environmental effects to be adequately assessed before approval.<sup>24</sup> It also requires such projects to have in place adequate measures to avoid, prevent, reduce and, if possible, offset significant adverse effects on the environment, in particular on species and habitats. For land-intensive projects, the directive mandates land use-related impacts to be identified, described and assessed through an environmental impact assessment. Large-scale projects must also limit impacts on land and soil, including organic matter, erosion, compaction and sealing. Additionally, projects in the EU must follow the EU Habitats Directive and Birds Directive, which are part of the EU's Biodiversity Strategy for 2030 and require EU Member States to conserve the diversity of their wild flora and fauna, with a special focus on threatened and endemic species.<sup>25,26</sup> Furthermore, Genova evaluates the biodiversity impact of its supply chain and selects, where possible, materials and building production methods that are resource efficient and have a low environmental impact.<sup>27,28</sup>
- With regard to emissions, effluents and waste generated in construction, the EU regulation on construction and demolition waste requires companies in the EU to carry out waste management without endangering human health or causing harm to the environment.<sup>29</sup> Moreover, Genova appoints a third-party specialist to sort, recycle and dispose its demolition waste.<sup>30</sup>
- To address occupational health and safety risks, Genova has in place a code of conduct that applies to its employees, suppliers, workers and tenants, and describes the Company's processes to mitigate and manage OHS related risks.<sup>31</sup> Under the Code, the Company is required to: i) follow current national and international health and safety rules and regulations, such as the OHS rules and regulations of the Swedish Work Environmental Authority;<sup>32</sup> ii) respect the safety requirements and procedures that apply to different work roles and work areas; and iii) carry out fire drills and deliver appropriate training.<sup>33</sup> The Company also adopted a supplier's code of conduct, which requires suppliers to identify potential security risks and implement relevant controls and preventative measures.<sup>34</sup> Moreover, Genova conducts regular site visits to ensure that its general contractors follow health and safety practices.<sup>35</sup>
- With respect to community relations, Genova collaborates with municipalities and experts before construction starts. The Company holds dialogues and consultation processes with local residents and other key stakeholders to understand their opinions on the projects and the expected impacts.<sup>36</sup> Once the project is finalized, Genova also conducts a satisfaction index survey as a follow-up.<sup>37</sup>
- To ensure ethical and responsible business practices, the code of conduct also describes processes to prevent, detect, manage and report instances of bribery, fraud, conflicts of interest, competition,

<sup>24</sup> European Parliament, "Directive 2014/52/EU of the European Parliament and of the Council", (2014), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>

<sup>25</sup> European Commission, "Biodiversity strategy for 2030", at: [https://environment.ec.europa.eu/strategy/biodiversity-strategy-2030\\_en](https://environment.ec.europa.eu/strategy/biodiversity-strategy-2030_en)

<sup>26</sup> European Parliament, "Directive 2009/147/EC of the European Parliament and of the Council", (2009), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02009L0147-20190626>

<sup>27</sup> Genova Property Group AB, "Genova Property Groups årsredovisning 2023", at: <https://mb.cision.com/Main/13559/3952795/2700338.pdf>

<sup>28</sup> Genova Property Group AB, "Uppförandekod", at:

<https://genova.se/app/uploads/genovapropertygroup.se/1a58d94393b0bee4fdb397f1b1511bce/genovas-uppforandekod.pdf>

<sup>29</sup> European Commission, "Directive 2008/98/EC on waste", (2008), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32008L0098&from=EN>

<sup>30</sup> Genova Property Group AB, "Genova Property Groups årsredovisning 2023", at: <https://mb.cision.com/Main/13559/3952795/2700338.pdf>

<sup>31</sup> Genova Property Group AB, "Uppförandekod", at:

<https://genova.se/app/uploads/genovapropertygroup.se/1a58d94393b0bee4fdb397f1b1511bce/genovas-uppforandekod.pdf>

<sup>32</sup> Swedish Work Environment Authority, "The Swedish Work Environment Authority's Statute Book", at: <https://www.av.se/en/work-environment-work-and-inspections/publications/provisions/>

<sup>33</sup> Genova Property Group AB, "Uppförandekod", at:

<https://genova.se/app/uploads/genovapropertygroup.se/1a58d94393b0bee4fdb397f1b1511bce/genovas-uppforandekod.pdf>

<sup>34</sup> Genova shared its Supplier Code of Conduct with Sustainalytics confidentially.

<sup>35</sup> Genova Property Group AB, "Genova Property Groups årsredovisning 2023", at: <https://mb.cision.com/Main/13559/3952795/2700338.pdf>

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.



insider information and corruption.<sup>38</sup> The Company also has a whistleblower process which allows employees and third parties to anonymously report suspected misconduct.<sup>39</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Genova 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 categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

#### Importance of financing green buildings in Sweden and the EU

The buildings sector is responsible for 35% of all energy-related emissions in the EU.<sup>40</sup> The European Commission has pledged to cut GHG emissions by 55% by 2030 compared to 1990 levels.<sup>41</sup> This goal requires reducing GHG emissions from buildings by 60% compared to 2015.<sup>42</sup> The 2023 revision of the EU Energy Performance of Buildings Directive (EPBD) supports the objective of achieving climate neutrality in the buildings sector by 2050, requiring all new public buildings to have zero emissions from 2026 and all new buildings from 2028.<sup>43</sup>

Between 2005 and 2021, Sweden achieved a 64% reduction in emissions from energy use in buildings, marking the most significant decline in emissions among EU countries in this period.<sup>44</sup> Nevertheless, the buildings sector remains a substantial contributor to the country's carbon footprint, accounting for approximately 34% of Sweden's total energy consumption and 22% of Swedish GHG emissions in 2021.<sup>45</sup> Sweden has set a target to reduce its GHG emissions by 59% by 2030 compared to 2005, ultimately achieving net zero by 2045.<sup>46</sup> To reach this target and comply with the requirements of the EPBD,<sup>47</sup> one focus area in Sweden is on decarbonizing the buildings sector and promoting energy-efficient construction and retrofits.<sup>48</sup>

As part of its National Recovery and Resilience Plan, Sweden has allocated EUR 60 million in grants since 2021 to finance energy-efficiency projects in multi-dwelling buildings, intending to achieve a 20% reduction in PED, in line with an annual renovation rate target of 3%.<sup>49,50</sup> The Swedish government has established energy consumption limits for buildings in 2020, setting a maximum of 90 kWh/m<sup>2</sup> for single-family houses, 85 kWh/m<sup>2</sup> for multi-dwelling blocks and 80 kWh/m<sup>2</sup> for non-residential premises.<sup>51,52</sup> In addition, Sweden's 2022 Act on Climate Declarations requires developers of new buildings to obtain a climate declaration that includes reporting on climate impact indicators, such as GHG emissions per gross floor area, operational

<sup>38</sup> Genova Property Group AB, "Uppförandekod", at:

<https://genova.se/app/uploads/genovapropertygroup.se/1a58d94393b0bee4fdb397f1b1511bce/genovas-uppforandekod.pdf>

<sup>39</sup> Genova Property Group AB, "Genova Property Groups årsredovisning 2023", at: <https://mb.cision.com/Main/13559/3952795/2700338.pdf>

<sup>40</sup> European Environment Agency, "Greenhouse gas emissions from energy use in buildings in Europe", (2023), at:

<https://www.eea.europa.eu/en/analysis/indicators/greenhouse-gas-emissions-from-energy>

<sup>41</sup> European Commission, "Stepping Up Europe's 2030 climate ambition", (2020), at: [https://eur-lex.europa.eu/legal-](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020DC0562)

[content/EN/TXT/?uri=CELEX:52020DC0562](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020DC0562)

<sup>42</sup> European Commission, "A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives", (2020), at: [https://eur-](https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1603122220757&uri=CELEX:52020DC0662)

[lex.europa.eu/legal-content/EN/TXT/?qid=1603122220757&uri=CELEX:52020DC0662](https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1603122220757&uri=CELEX:52020DC0662)

<sup>43</sup> European Commission, "Energy Performance of Buildings Directive", 2023, at: [https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en)

[buildings/energy-performance-buildings-directive\\_en](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en)

<sup>44</sup> European Environment Agency, "Greenhouse gas emissions from energy use in buildings in Europe", (2023), at:

<https://www.eea.europa.eu/en/analysis/indicators/greenhouse-gas-emissions-from-energy>

<sup>45</sup> Boverket, "Miljöindikatorer – aktuell status", (2024), at: [https://www.boverket.se/sv/byggande/hallbart-byggande-och-forvaltning/miljoindikatorer--](https://www.boverket.se/sv/byggande/hallbart-byggande-och-forvaltning/miljoindikatorer--aktuell-status/)

[aktuell-status/](https://www.boverket.se/sv/byggande/hallbart-byggande-och-forvaltning/miljoindikatorer--aktuell-status/)

<sup>46</sup> International Energy Agency, "Sweden", at: <https://www.iea.org/countries/sweden>

<sup>47</sup> European Commission, "Energy Performance of Buildings Directive", 2023, at: [https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en)

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<sup>48</sup> Ministry of the Environment and Energy, "Sweden's draft integrated national energy and climate plan", (2020), at:

<https://www.government.se/contentassets/e731726022cd4e0b8ffa0f8229893115/swedens-draft-integrated-national-energy-and-climate-plan/>

<sup>49</sup> European Parliament, "Sweden's National Recovery and Resilience Plan", (2022), at:

[https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733581/EPRS\\_BRI\(2022\)733581\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733581/EPRS_BRI(2022)733581_EN.pdf)

<sup>50</sup> International Energy Agency, "Sweden's Recovery Plan / energy efficiency of apartment buildings", (2022), at: [https://www.iea.org/policies/13703-](https://www.iea.org/policies/13703-swedens-recovery-plan-energy-efficiency-of-apartment-buildings)

[swedens-recovery-plan-energy-efficiency-of-apartment-buildings](https://www.iea.org/policies/13703-swedens-recovery-plan-energy-efficiency-of-apartment-buildings)

<sup>51</sup> Ministry of the Environment and Energy, "Sweden's draft integrated national energy and climate plan", (2020), at:

<https://www.government.se/contentassets/e731726022cd4e0b8ffa0f8229893115/swedens-draft-integrated-national-energy-and-climate-plan/>

<sup>52</sup> Ministry of Infrastructure, "Sweden's Third National Strategy for Energy Efficient Renovation", (2020), at:

[https://energy.ec.europa.eu/system/files/2020-05/se\\_2020\\_ltrs\\_official\\_translation\\_0.pdf](https://energy.ec.europa.eu/system/files/2020-05/se_2020_ltrs_official_translation_0.pdf)

energy use and waste disposal.<sup>53</sup> Boverket, the Swedish National Board of Housing, Building and Planning, aims to expand the scope of the climate declaration to cover the entire life cycle of a building, starting from January 2027.<sup>54</sup> This expansion will also require reporting on climate impacts associated with groundworks and ground improvements.<sup>55</sup>

In view of the above, Sustainalytics is of the opinion that Genova’s financing of green buildings is expected to contribute to the decarbonization of the building stock in Sweden and more broadly to Sweden’s and the EU’s emissions reduction goals.

### Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Genova Green Finance Framework are expected to help advance the following SDGs and targets

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

## Conclusion

Genova has developed the Genova Green Finance Framework, under which it may issue green bonds, including senior unsecured bonds and hybrid bonds, such as convertible bonds, green loans, revolving credit facilities and commercial papers, and use the proceeds to finance projects and assets in the following categories: Green Buildings, Energy Efficiency and Renewable Energy. Sustainalytics considers that the eligible projects are expected to provide positive environmental impacts.

The Framework outlines a process for tracking allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics is of the opinion that Genova’s Green Finance Framework is aligned with the overall sustainability strategy of the Company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7 and 9. Additionally, Sustainalytics is of the opinion that Genova has adequate measures in place to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Genova is well positioned to issue green bonds and loans, and that the Genova Green Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

<sup>53</sup> Boverket, “Climate declaration for new buildings”, (2023), at: <https://www.boverket.se/en/start/building-in-sweden/developer/rfq-documentation/climate-declaration/>

<sup>54</sup> Boverket, “Limit values for climate impact from buildings”, (2023), at: <https://www.boverket.se/globalassets/engelska/limit-values-for-climate-impact-from-buildings-and-an-expanded-climate-declaration.pdf>

<sup>55</sup> Ibid.



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