

**G E N O V A**

**December 2020 /**

**GREEN  
FINANCE  
FRAMEWORK**



# 1. Introduction

## 1.1. About Genova Property Group AB

Genova Property Group AB (“Genova” or the “Company”) is a modern and personal real estate company with a passion for design and innovative architecture. The Company owns, manages and develops commercial, community service and residential properties in Greater Stockholm and the Uppsala area, which are expansive regions with high demand for residential units and a strong commercial property market.

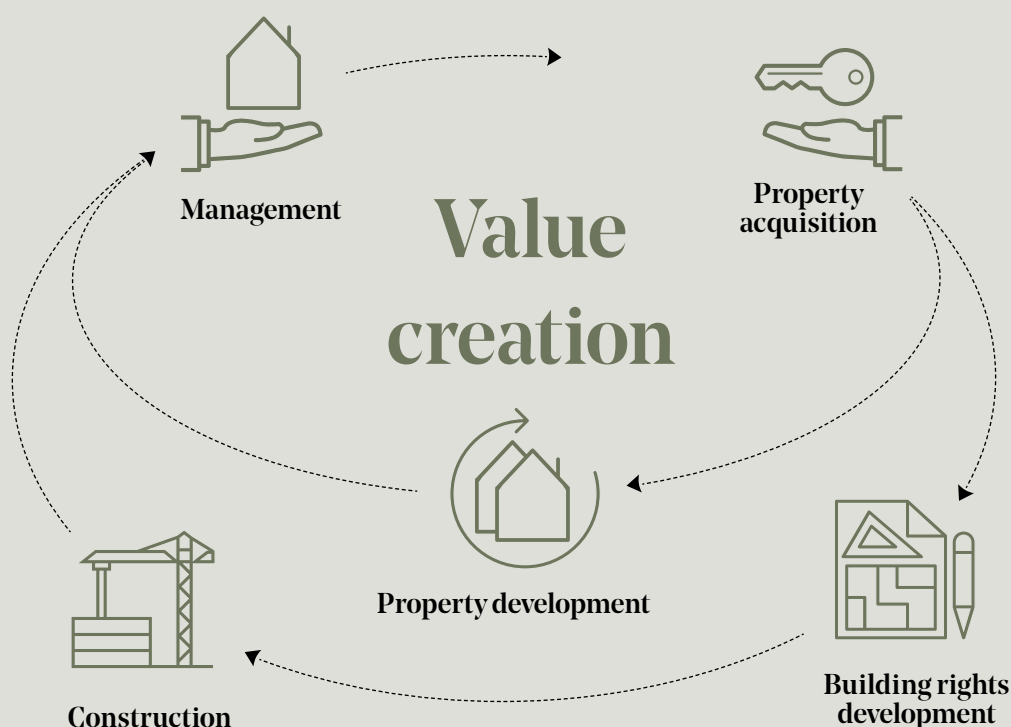
Genova’s value-creating business model is based on a combination of property management and project development for long-term ownership. This strategy means that the Company

is active across the entire chain of property investments, from acquisitions to management. The aim is to create attractive and sustainable living and working environments for people and businesses.

As at 30 September 2020 Genova owns investment properties comprising a lettable area of 187,000 sq.m worth SEK 4,324m. Including ongoing construction, planned projects and ongoing co-operative apartments projects total value is SEK 5,224m. Genova’s portfolio of project properties comprises 5,777 building rights with a total lettable area of 368,000 sq.m with an estimated value at completion of approximately SEK 18,000m.

## 1.2. Genova’s sustainability contribution

Sustainability is the compass for Genova’s operations, and the Company works actively to fulfil its responsibilities as a property owner and urban developer. The sustainability strategy is focused on providing sustainable long-term solutions from both a social, ecological and economic perspective. To strengthen the Company’s sustainability work and performance, Genova has a code of conduct and a sustainability policy that involve employees and tenants as well as suppliers and contractors.





### Genova's operations linked to the UN Sustainable Development Goals

Genova supports the principles of the UN Global Compact and seeks to contribute to the global agenda in line with the UN Global Sustainable Development Goals ("SDGs"). Genova has identified five out of 17 SDGs that are most relevant and where the Company, through its business activities, is primarily contributing to positive development:

#### Environmental certification of buildings

Genova's long-term target is to environmentally certify all newly constructed properties in the property portfolio. The certifications are a useful tool in creating long-term management and improving the properties' environmental performance, while at the same time reducing the Company's carbon

footprint. Genova currently works with certification according to Miljöbyggnad and Nordic Swan Ecolabel for residential buildings, and LEED and BREEAM for non-residential properties.

#### Energy-efficient engineered wood products in building processes

With sustainability in focus, wood is the prioritized choice of material for Genova. In addition to wood being a renewable and resource-efficient material that stores carbon dioxide emissions, there are also health benefits to wooden houses in terms of indoor climate and sound environment. Wood also provides faster construction processes, less noise at the construction site and fewer transports. Building with wood therefore makes it possible for Genova to offer attractive residential units while also reducing its carbon footprint.

#### Green rental agreements

Today, there is an increased will and ambition among Genova's tenants to work together for a more sustainable society. Therefore, the Company offers green leases, which means that the tenant together with Genova sets up a tangible action plan with measures that can contribute to a better environment.

### 1.3. Genova's Green Finance Framework

The establishment of this Green Finance Framework (the "Framework"), focusing on green and energy efficient buildings will enable Genova's continued positive environmental impact in society.

This Framework has been developed in alignment with the Green Bond Principles of 2018 ("GBP")<sup>1</sup> and Green Loan Principles ("GLP")<sup>2</sup>. The Framework is applicable for issuance of Green Finance Instruments including Green bonds, Green loans and other types of debt instruments where net proceeds will be applied to finance or re-finance, in part or in full, new and/or existing Eligible Assets with clear environmental benefits.

The Framework is aligned with the four recommended components of the GBP and GLP; Use of Proceeds (Section 2), Process for Project/Asset Evaluation and Selection (Section 3), Management of Proceeds (Section 4) and Reporting and Transparency (Section 5).

Furthermore, the Green Finance Framework is reviewed by an external impartial firm, which has provided a second opinion to confirm its alignment with the GBP and GLP.

The Framework and second opinion from CICERO Shades of Green are available on Genova's website.



1) Green Bond Principles published in June 2018 are voluntary process guidelines for issuing Green bonds established by International Capital Markets Association (ICMA), <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

2) Green Loan Principles published in March 2018 are voluntary process guidelines for issuing Green loans established by Loan Markets Association ("LMA"), [https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/LMA\\_Green\\_Loan\\_Principles\\_Booklet-220318.pdf](https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/LMA_Green_Loan_Principles_Booklet-220318.pdf)



## 2. Use of Proceeds

An amount equivalent to the net proceeds from Genova's Green Finance Instruments shall be used to finance or re-finance, in part or in full, Eligible Assets providing distinct environmental benefits ("Green Eligible Assets"). The Company will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Green Eligible Assets.

### Green Eligible Assets







The real estate sector is the single largest energy consuming sector in the EU, responsible for about 40% of total

energy usage and 36% of total carbon emissions<sup>1</sup>. Investing in green and energy efficient buildings thus play a key role in the energy transition.

### EU Taxonomy alignment

Genova has started to explore what the EU Taxonomy would mean for the Company's activities. At this stage Genova is missing some data and methodologies to perform a complete EU Taxonomy assessment. Hence, the Company has focused on evaluating its activities substantial contribution to environmental objectives and compliance with techni-

cal screening criteria, where the information is available. The Company's preliminary assessment suggest that its activities contribute to the environmental objective - Climate change mitigation. The technical screening criteria for real estate activities are still subject for consultation in the Delegated Act published by the EU Commission<sup>2</sup>.

Green Asset categories	Sub-category	Related SDG <sup>3</sup>	EU Taxonomy
<b>Green and energy efficient buildings</b>	<p>All new construction, existing and acquired buildings;</p> <ul style="list-style-type: none"> <li>that either have or with the objective to receive one of the following certifications including the lowest indicated levels; <ul style="list-style-type: none"> <li>i. Miljöbyggnad Silver and/or Nordic Swan Ecolabel or;</li> <li>ii. BREEAM Very Good and/or LEED Gold, and with an energy consumption of at least 25% below the applicable national building regulation or;</li> <li>iii. or an equivalent level from another well recognized certification scheme which is subject for evaluation and approval from the Green Finance Committee and with an energy consumption of at least 25% below the applicable national building regulation</li> </ul> </li> <li>built with energy-efficient engineered wood products and with an energy consumption of at least 25% below the applicable national building regulation</li> <li>with an energy performance certificate (EPC) of class A or B</li> <li>major renovations resulting in reduced energy consumption of at least 30%</li> </ul>	 	<p>Climate change mitigation:</p> <ul style="list-style-type: none"> <li>Construction of new buildings</li> <li>Building renovation</li> <li>Acquisition and ownership</li> </ul>
<b>Energy efficiency</b>	<p>Energy retrofits such as heat pumps, converting to LED lightning, installation of onsite solar panels, improvements on ventilation systems, improvement and implementation of control systems, extension of district heating and cooling systems</p>	  	<p>Climate change mitigation:</p> <ul style="list-style-type: none"> <li>Individual measures and professional services</li> <li>District Heating/ Cooling Distribution</li> </ul>
<b>Clean transportation</b>	<p>Installation of charging stations for hybrid and electric cars</p>		<p>Climate change mitigation:</p> <ul style="list-style-type: none"> <li>Individual measures and professional services</li> </ul>

1) EU Taxonomy Report: technical Annex March 2020, [https://ec.europa.eu/info/sites/info/files/business\\_economy\\_euro/bankingand\\_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes\\_en.pdf](https://ec.europa.eu/info/sites/info/files/business_economy_euro/bankingand_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf)

2) EU Commission, 'Draft delegated regulation', <https://ec.europa.eu/info/law/better-regulation/>

3) ICMA, "Green, Social and Sustainability Bonds: A High -Level Mapping to the Sustainable Development Goals", <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds-2020-June-2020-090620.pdf>

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# 3. Process for Asset Evaluation and Selection

## 3.1. Selection of Green Eligible Assets

The evaluation and selection process for Green Eligible Assets is a key process in ensuring that the amount equivalent to the net proceeds from Green Finance Instruments is allocated to assets and expenditures which meet the criteria in the Framework.

The selection of Green Eligible Assets is managed by a dedicated group, the Green Finance Committee (“GFC”). Members of the GFC consist of members from the Construction, Property Management and Finance departments. Genova will assure the sustainability expertise always relies within the GFC. All decisions are made in consensus, and applies to the selection process of Green Eligible Assets as well.

A list of Green Eligible Assets is kept by the Finance department who is correspondingly responsible for keeping it up to date.

## 3.2. Further responsibilities of the GFC

Genova will follow the development of the green financing market and manage any future updates of the Green Finance Framework to reflect current and future market practices (e.g. the upcoming EU Taxonomy) and potential updates to the GBP and GLP. Hence, the Company aims to follow the development in a close way by:

- Conducting annual evaluation of the Framework’s alignment with EU Taxonomy within the Green Finance Committee. The Green Finance Committee is responsible for decisions on any potential adjustments of the Framework in the light of the EU Taxonomy
- Including information on the alignment of underlying use of proceeds in annual Green Finance Instrument reporting

The list of Green Eligible Assets is monitored on a regular basis during the term of the Green Finance Instruments to ensure that the proceeds are sufficiently allocated to Green Eligible Assets. This is also a responsibility of the GFC.

## 3.3. Exclusion criteria

The proceeds of Genova’s Green Finance Instruments will not be used to finance either fossil fuel energy generation, nuclear energy generation, weapons and defence industries nor potentially environmentally negative resource extraction, gambling or tobacco.





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## 4. Management of Proceeds

Equivalent to the net proceeds from Genova's Green Finance Instruments will be tracked by using a spreadsheet where all issued amounts of Green Finance Instruments will be inserted. The spreadsheet will contain the list of Green Eligible Assets mentioned in Section 3. Information available in the spreadsheet will in turn serve as

basis for regular reporting described in Section 5.

All Green Finance Instruments issued by Genova will be managed on a portfolio level. This means that a Green Finance Instrument will not be linked directly to one (or more) pre-determined Green Eligible Assets. The Company will keep track and ensure there

are satisfactory Green Eligible Assets in the portfolio. Assets can, whenever needed, be removed or added to/from the Green Eligible Assets' portfolio.

Any unallocated proceeds will be temporary held by Genova and placed on the Company's ordinary bank account.



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# 5. Reporting and Transparency

To be fully transparent towards investors and other stakeholders, Genova commits to regular reporting until no Green Finance Instruments are outstanding. The report will be published on the Company's website on an annual basis and will cover the following areas:

## Allocation of proceeds reporting

- Total amount of Green Finance Instruments issued
- Share of proceeds used for financing/re-financing and share of proceeds used for categories described in Section 2
- Share of unallocated proceeds (if any)

## Impact reporting

Genova intends to report on quantitative impact indicators where reasonable and relevant data is available for the below three main categories:

### Green and energy efficient buildings:

- Information on the energy usage in kWh/sq. m. /year
- Estimated annual greenhouse gas emissions reduced or avoided (tCO<sub>2</sub>e)
- Energy performance certificate class, if any
- Type of certification including level, if any (e.g. Miljöbyggnad Silver, BREEAM Very Good, etc.)

### Energy efficiency:

- Amount of energy saved per sq. m.
- Estimated annual greenhouse gas emissions reduced or avoided (tCO<sub>2</sub>e)

### Clean transportation:

- Estimated annual greenhouse gas emissions reduced or avoided (tCO<sub>2</sub>e)

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# 6. External review

## Second opinion

To confirm the transparency and robustness of Genova's Green Finance Framework, it is verified and approved by an external second opinion provider. The second opinion by CICERO Shades of Green is available on the Genova's website, together with this Framework.

## External verification

Allocation of proceeds will be subject to an annual review by an external part/verifier. The verification report provided by the external part will be published on Genova's website.

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