

**GENOVA**

**Green Finance Framework  
July 2024**



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## About Genova

Genova Property Group AB (“Genova” or the “Company”) is a personal property company that owns, manages and develops properties with a long-term, sustainable and highly committed approach. The Company is focused on commercial, community service and residential properties in Greater Stockholm and the Uppsala Region, and via its subsidiary Järngrinden also in western Sweden. The large portfolio of own residential building rights ensures the Group’s long-term growth and continued stable growth of the investment property portfolio.

Genova’s operations combine property management with project and urban development for long-term ownership. This strategy entails active involvement across the entire chain of property investments – from acquisitions to management and project development. A central part of the strategy is to generate building rights whereby Genova adds value to existing properties when construction is realised. The business model can be described in the following five possible steps:

1. *Property acquisition* – working pro-actively to identify interesting properties to add to the investment property portfolio. The starting point is that the property must be able to create some form of value growth
2. *Property development* – always driven by the unique conditions of each property, with a focus on increasing cash flow and sustainability. A specific business plan is created for each property and its possibilities
3. *Building rights development* – developing building rights from existing properties and working pro-actively with municipalities to convert commercial space into residential units in new zoning plans. This entails low acquisition costs and operating cash flow from letting until construction start
4. *Construction* – for new construction, focusing on cost efficiency, short construction times, sustainability and long-term quality,

combined with good architecture and design. All new construction is to have environmental certification

5. *Long-term management* – maintaining a long-term approach to ownership with a focus on secure, cost-efficient and value-creating property management. Cash flows from the investment properties help to finance additional investments

## Genova’s sustainability strategy

Sustainability is the compass for Genova’s operations. As a property owner with a perpetual perspective this gives the Company the opportunity and incentive to work with and influence many dimensions of sustainability, such as energy use, choice of materials, transportation, and work environment for customers, employees and suppliers.

The sustainability strategy and overall vision is to create and manage attractive and sustainable environments over the long-term. The sustainability strategy is divided into three main areas: i) *building and managing for tomorrow’s environment and climate*, ii) *long-term urban development*, and iii) *pursuing sustainable business activities*. These three areas have, in turn, objectives that are continuously reviewed and adopted by the Board at least annually.

### The United Nations Sustainable Development Goals (UN 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: SDG 3 Good health and well-being, SDG 8 Decent work and economic growth, SDG 11 Sustainable cities and communities, SDG 12 Responsible consumption and production, and SDG 15 Life on land.



## **Building and managing for tomorrow's environment and climate**

### **Environmental targets**

Genova set emission targets in 2023, validated by Science Based Targets initiative (SBTi) with the goal of reducing Scope 1 and 2 Greenhouse Gas (GHG) emissions by 42% by 2030 compared to 2021 levels, and to measure and decrease GHG emissions from Scope 3. Genova also targets that all of its new construction should be environmentally certified (currently all of ongoing new construction projects will be environmentally certified).

### **Climate impact and energy efficiency**

To reduce its environmental impact, Genova considers energy efficiency measures in properties, such as installing control systems, solar power, geothermal heating, and cooperating with suppliers to reduce emissions from consumption of district heating. Genova also offers green rental leases to tenants to engage the downstream value chain in reducing its environmental impact.

Genova currently purchases renewable electricity for all its properties (excl. Järngrinden, this will be reviewed during 2024). Järngrinden owns a land-based wind turbine with enough capacity to supply all of Järngrinden's operations with renewable electricity.

Another tool for Genova is environmental certifications, which are a useful way in creating long-term management and improving the properties' environmental performance, while at the same time reducing the Company's carbon footprint. In addition, Genova, together with suppliers, investigates the possibility of using building designs and materials that have lower GHG emissions, such as featuring wooden frames or low-carbon concrete.

### **Recycling & reuse**

The most material-intensive and waste-generating activities related to Genova's operations occur in the development projects. Demolition and renovation of existing buildings generate construction waste, including hazardous waste. Recycling and reuse play an essential role in lowering the climate impact and is something that Genova is increasingly considering in projects. For example, Genova has converted an office premise to a school without demolishing and building new and has new similar projects planned.

### **Biodiversity**

Genova constructs new projects on previously developed properties that are dominated by impermeable surfaces. As land use changes, the Company reduces such impermeable surfaces and replaces these with sustainably constructed buildings and green and porous surfaces that promote biodiversity and can help mitigate flooding. Genova also considers other impacts on biodiversity in projects and focuses on initiatives that make the biggest difference, which means that the choice of materials and their traceability and impact on biodiversity is evaluated and considered.

### **Climate change adaptation**

The work with climate change adaptation is initiated as early as the zoning plan stage with analyses of changing precipitation patterns and future sea level rise when building in coastal areas, as well as looking at the microclimate such as winter, sun and heat. For example, as part of Genova's development in Skarpnäck, a new park is planned, where one purpose is to mitigate flooding as a result of the increasing frequency of heavy downpours. Further, Genova intends to review how the existing property portfolio may be affected by a changing climate and takes measures to reduce its climate-related risks.

## **Social responsibility**

Genova is part of the Sustainable Stockholm 2030 (HS30) sustainability forum, which among other things seeks to intensify its focus on social issues. As part of the forum, Genova has introduced a book and a policy on Huskurage (an initiative against violence in the home and in close relationships) in all of its residential properties. In addition, Genova is, together with other actors in the market, developing key performance indicators within social sustainability which can be used by Genova to follow up on objectives within the social area.

Genova recognizes the importance of social responsibility and has zero tolerance for discrimination, harassment, victimisation or bullying, as stated in its Code of Conduct. The Company also maintains zero-tolerance for child labour among its suppliers and continuously ensures that no human rights violations occur in its own operations or among its suppliers. Genova also aims to be active in the local community and works together with non-profit organisations. For example, Genova sponsors the organisation Maskrosbarn, which helps children and young people whose parents have an addiction, a mental illness, or expose them to violence.

## **Governance & policies**

### **Sustainability governance structure**

Genova's Board assumes the strategic responsibility for developing, approving, and updating Genova's sustainability strategy, policies and targets. The CEO has operational responsibility for ensuring compliance in the operations with the sustainability strategy, policies and targets, supported by the Executive Management Team.

Employees receive regular sustainability training and Genova monitors the sustainability work annually.

### **Code of Conduct**

Genova's Code of Conduct serves as a general framework for the Company's policies and applies to the entire organisation as well as all external business relationships. The Code of Conduct includes rules and guidelines for how Genova and its employees should act professionally and ethically in the contact with customers, suppliers, contractors and other parties. The Code of Conduct can be found on Genova's website. Further, Genova has a Supplier Code of Conduct that is included in updated supplier agreements.

### **Selected policies and tools**

- Code of Conduct
- Supplier Code of Conduct
- Sustainability Policy
- Purchasing and Procurement Policy
- Whistle-blower function

### **Selected initiatives**

- Genova collaborates with the Swedish Bankers' Association's Sustainable Construction Industry initiative, which includes measures to actively combat corruption
- Since 2023, Genova includes its Code of Conduct for Suppliers in agreements with new suppliers of consultants and support services
- Genova has also started to place higher demands on suppliers to work according to its sustainability requirements. For example, the Company asks suppliers to provide sustainability data and investigates the possibility to use designs with lower GHG emissions

## Genova's rationale for Green Financing

In December 2020, Genova established its inaugural Green Finance Framework. Since then, market practice and sustainability related regulation have evolved. To enable a continued focus on financing green and energy efficient buildings and support the achievement of its environmental targets, Genova aims to incorporate these market developments in its updated *Green Finance Framework* (the "Framework").

This update marks the second version of Genova's Framework (i.e. initial launch in 2020 and now updated in 2024).

The Framework has been developed in alignment with the *ICMA Green Bond Principles* from 2021 ("GBP")<sup>1</sup> and the *LMA/LSTA/APLMA Green Loan Principles from 2023* ("GLP")<sup>2</sup>. The Framework follows the four core components of the principles including key recommendations of *external review*:

- Use of Proceeds
- Process for Asset Evaluation and Selection
- Management of Proceeds
- Reporting

The Framework is applicable for arrangement of green instruments such as *bonds, loans, revolving credit facilities and commercial papers* (collectively referred to as "Green Finance Instruments"). The terms and conditions of the underlying documentation for each Green Finance Instrument arranged by Genova shall provide a reference to this Framework. This Framework may over time be updated. However, new versions may have no implications for the Green Finance Instruments that have been arranged under this Framework.

Further, this Framework is applicable to the parent company and its subsidiaries. In case green eligible assets are owned by joint ventures or associated companies, the value of green eligible assets is to be adjusted for the share of capital owned by Genova.

Swedbank has acted as advisor to Genova in the establishment of this Framework.



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<sup>1</sup>The Green Bond Principles (GBP) 2021 (with June 2022 Appendix 1)

<sup>2</sup>The Green Loan Principles (GLP) Feb 2023

## Use of Proceeds

### Allocation of net proceeds

An amount equivalent to the net proceeds from Genova's Green Finance Instruments shall be used to finance or re-finance, in whole, or in part, a portfolio of assets ("Green Eligible Assets"). Green Eligible Assets aim to enable climate change mitigation as well as provide distinct environmental benefits and comply with criteria detailed in the table on the following page.

Green Eligible Assets are both capital expenditures ("CapEx") (could either be reported directly in the income statement or capitalised on the balance sheet) and/or operational expenditures ("OpEx"). CapEx does not have look-back period requirements, while OpEx has a requirement of maximum three year look-back period from the time of issuance. Refinancing refers to Green Eligible Assets that have been financed prior the reporting year. New financing refers to Green Eligible Assets that have been financed during the reporting year.







### Exclusion criteria

Net 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.

### EU Taxonomy

Genova has mapped applicable categories to the environmental objectives of the EU Taxonomy. Where possible, applicable Eligibility Criteria have been designed to comply with the technical screening criteria set out in the EU Taxonomy Delegated Act as at the time of this Framework publication.



<b>Green Eligible Asset Categories</b> (ICMA/LMA categories, UN SDGs & EU objective)	<b>Eligibility Criteria</b>
<p><b>Green Buildings</b></p> <p>UN SDGs:</p>   <p>Climate change mitigation</p>	<p><b>New buildings (built after 31 December 2020):</b> Buildings that either have or will receive:</p> <ul style="list-style-type: none"> <li>• Primary Energy Demand (PED) at least 10% lower than the threshold set for Nearly Zero Energy Building (NZEB) according to national building regulations<sup>3</sup>, in combination with minimum environmental certification of Miljöbyggnad Silver or Nordic Swan Ecolabel or BREEAM Excellent or LEED Gold or</li> <li>• Energy Performance Certificate (EPC) class A or B</li> <li>• Additional criteria for buildings larger than 5000m<sup>2</sup>:             <ul style="list-style-type: none"> <li>• The building undergoes testing for air-tightness and thermal integrity, upon completion; and</li> <li>• The life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle</li> </ul> </li> </ul> <p><b>Existing buildings (built before 31 December 2020):</b> Buildings that either have or will receive:</p> <ul style="list-style-type: none"> <li>• EPC A or within top 15%<sup>4</sup> of the national building stock expressed as operational PED and demonstrated by adequate evidence, or</li> <li>• Minimum environmental certification of Miljöbyggnad/Miljöbyggnad iDrift Silver or Nordic Swan Ecolabel or BREEAM/BREEAM In-Use Excellent or LEED Gold, in combination with minimum EPC C</li> </ul> <p><b>Major renovations:</b></p> <ul style="list-style-type: none"> <li>• PED savings of at least 30% within maximum of three years and validated through an EPC upon completion of the renovation</li> </ul>
<p><b>Energy Efficiency</b></p> <p>UN SDGs:</p>  <p>Climate change mitigation</p>	<ul style="list-style-type: none"> <li>• Direct costs for efficiency measures and clean transportation solutions such as electric heat pumps, converting to LED lighting, installation of onsite solar panels, improvements in ventilation systems, extension of district heating and cooling systems, installation of infrastructure for electric cars (electric charging points)</li> </ul>
<p><b>Renewable Energy</b></p> <p>UN SDGs:</p>  <p>Climate change mitigation</p>	<ul style="list-style-type: none"> <li>• On-shore wind power</li> </ul>

<sup>3</sup>In Sweden, thresholds set for NZEB is implemented through the BBR 29 requirements

<sup>4</sup>The report by the Swedish Property Federation (Fastighetsägarna in Sw.), CIT Energy Management will be used for determining top 15%. Genova can also seek guidance from

other appropriate external benchmarks to determine the top 15% if such report is issued by a national government or industry specialist



## Process for Asset Evaluation and Selection

### Selection of Green Eligible Assets

The evaluation and selection process are key to ensure that an amount equivalent to the net proceeds from Green Finance Instruments are allocated to Green Eligible Assets which meet the Eligibility Criteria as set out in the Framework.

### The Green Finance Committee

Genova's Green Finance Committee ("GFC") is responsible for the evaluation and selection of Green Eligible Assets. Members of the GFC consist of employees within the City Planning, Finance and Business Development departments. The GFC will convene at least annually. Genova will assure the sustainability expertise always relies within the GFC. All decisions are made in consensus, and this applies to the selection process of Green Eligible Assets as well. The evaluation and selection process has the following steps:

- The GFC identifies and evaluates potential Green Eligible Assets against the criteria specified under the Use of Proceeds section of this Framework

- The GFC ensures that the environmental and social risks potentially associated with the Green Eligible Assets adhere to applicable laws and regulations and the Company's Sustainability Policy
- Approved Green Eligible Assets will be included in Genova's Green Eligible Asset portfolio ("Internal Tracking Spreadsheet"). The Company's Finance Department will, on behalf of the Green Finance Committee, keep track of the Internal Tracking Spreadsheet

Additional responsibilities of the GFC includes:

- Reviewing the eligibility of underlying assets and expenditures on a regular basis (at least annually) to ensure there is sufficient volume of Green Eligible Assets in the Internal Tracking Spreadsheet
- When relevant, reviewing the Framework and updating it to reflect changes in business strategy, market, or regulatory developments on a best-effort basis
- Overseeing, approving and publishing the Investor Report
- Updating external documents such as the Second Party Opinion (SPO) and related documents from external consultants and accountants in connection with material updates to this Framework



## Management of Proceeds

### Tracking of Net Proceeds

An amount equivalent to the net proceeds from Genova's Green Finance Instruments will be tracked by using an Internal Tracking Spreadsheet where all arranged amounts of Green Finance Instruments will be inserted. The information available in the spreadsheet will in turn serve as basis for regular reporting (see section "Reporting") and will be verified by an independent third party (see section "External review").

All Green Finance Instruments arranged 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.

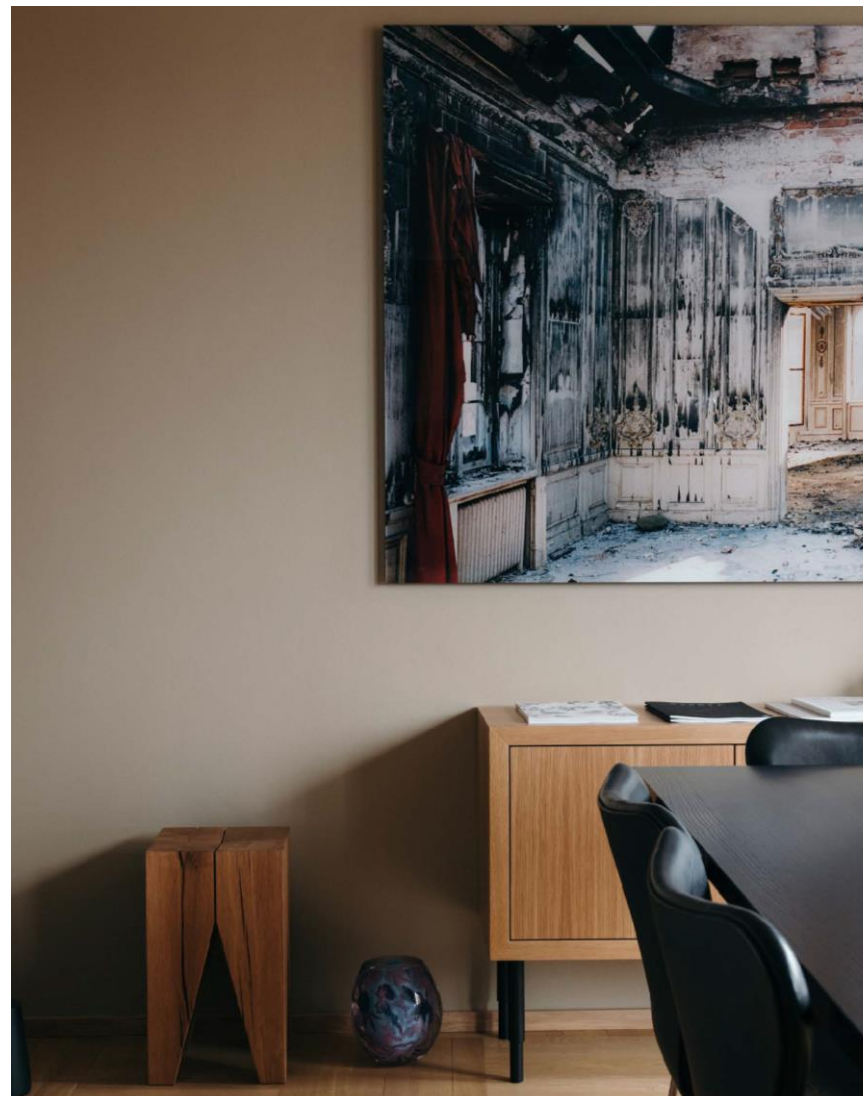
The Internal Tracking Spreadsheet of Green Eligible Assets will be monitored at least annually by the Finance Department to ensure there are sufficient volume of Green Eligible Assets in the portfolio. The spreadsheet can be updated as needed by adding Green Eligible Assets or removing Green Eligible Assets that are divested or ceases to comply with the requirements set out in the Framework.

### Allocation Period

Genova will commit to, on a best-effort basis, allocate the net proceeds from the Green Finance Instruments to Green Eligible Assets within 12 months from the arrangement date of each Green Finance Instrument.

### Temporary holdings

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



## Reporting

To be fully transparent towards investors and other stakeholders, Genova will publish an Investor Report. The report will include an allocation report and an impact report and will be published on an annual basis, as long as there are Green Finance Instruments outstanding. The Investor Report will be made available on Genova's website at [www.genova.se](http://www.genova.se) together with this Framework.

### Allocation reporting

- Total amount of Green Finance Instruments outstanding
- Breakdown by Green Finance Instrument category and Green Eligible Asset category
- Share of proceeds used for new financing/refinancing
- Share of unallocated proceeds (if any)
- List of underlying Green Eligible Assets if not of confidential nature

### Impact reporting

Genova aims to report on the environmental impact of Green Eligible Assets financed by Green Finance Instruments. The information may be provided on an aggregated portfolio basis because of confidentiality agreements, or numerous Green Eligible Assets limiting the amount of detail that can be made available. The impact assessment is provided with the reservation that not all related data may be covered and that calculations therefore will be on a best effort basis. Examples of impact indicators include:

- Energy use/Primary Energy Use (kWh/m<sup>2</sup>/year)
- EPC A or B or within top 15%<sup>5</sup> of the national building stock expressed as operational PED and demonstrated by adequate evidence
- Type of certification including level, if any (e.g. Miljöbyggnad Silver)
- Amount of energy saved per sqm (kWh/m<sup>2</sup>)
- Estimated annual greenhouse gas emissions reduced or avoided (tCO<sub>2</sub>e)

For bank financing such as Green bank loans, Genova may opt to report non-publicly to lenders or other relevant counterparts. Details of the reporting including reporting areas will be agreed on a bilateral basis.

## External Review

### Second Party Opinion

This Framework has been reviewed by Sustainalytics who was asked to confirm the alignment with ICMA GBP and LMA/LSTA/APLMA GLP. The independent second party opinion by Morningstar Sustainalytics is available on Genova's website; [www.genova.se](http://www.genova.se) together with this Framework.

### Verification

The allocation reporting will be externally verified, by an auditor or another independent third party, to verify whether an amount equal to the net proceeds from Genova's Green Finance Instruments have been allocated to Green Eligible Assets. This verification will take place annually as long as there are Green Finance Instruments outstanding. The verification report will be published on Genova's website; [www.genova.se](http://www.genova.se) together with the Investor Report.

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<sup>5</sup>The report by the Swedish Property Federation (Fastighetsägarna in Sw.), CIT Energy Management will be used for determining top 15%. Genova can also seek guidance from

other appropriate external benchmarks to determine the top 15% if such report is issued by a national government or industry specialist

