



# GREEN BOND FRAMEWORK

August 2020



# INTRODUCTION

## About Norwegian Property

Norwegian Property is a fully integrated corporate real estate company listed on Oslo Stock Exchange. Our philosophy is to create engaging meeting places that provide solid ground for developing relationships between people and the environment. This philosophy characterises our business that involves development, administration, daily operation and maintenance of our properties. At 31. March 2020, Norwegian Property owned 28 office, commercial and residential properties in Norway. These are primarily located in Oslo and measured by rental income, the properties comprise primarily of offices, warehousing and parking (87%) as well as retail (13%).

The Paris agreement sets a clear goal for the future, urging private institutions as well as public and political organizations to adjust to the climate challenges. Norwegian Property is constantly working to improve its operations in order to shift the property sector towards a greener future. With a growing population and an urbanization of society, transitioning the property sector is crucial to meet both national and global sustainability goals. Construction of new buildings, renovation of older buildings and energy efficiency are all important factors in this transition.

Norwegian Property has a long-term sustainability strategy consisting of an overall ambition, four core values (collaborative, courageous, proactive and attentive) and underlying priority areas. Norwegian Property's ambition is to combine environmental, social and financial considerations in the group's growth strategy. The strategy aims to focus on clean energy sources, increase the degree of waste sorting and reduce the general consumption of energy. Norwegian Property's yearly report "Carbon accounting report" disclose the group's greenhouse gas (GHG) emissions and energy consumption. This is an integrated part of the company's climate strategy and an important tool in order to identify concrete measures to reduce the energy consumption and corresponding GHG emissions as well as enable the organization to benchmark performance indicators and evaluate progress over time. The energy centre at Aker Brygge, which produce energy for heating and cooling to properties at Aker Brygge from sea water, is an example of measures Norwegian Property takes in order to reduce the environmental footprint.

# UN Sustainable Development Goals

There is an increasing expectation from stakeholders that businesses take an active and central role in tackling the global sustainability challenges. In 2015 all members of the UN came together and agreed on 17 sustainable development goals to act as guide for countries and companies in developing their own sustainability strategy. Norwegian Property defines four main SDG's in their sustainability strategy. These are (8) Decent work and economic growth, (11) Sustainable cities and communities, (13) Climate action and (14) Life below water. Each SDG is supported by detailed, concrete and relevant goals directly connected to Norwegian Property's core business. These can be found in "Strategies and Targets for CSR 2019-2025" on the webpage.

## SUSTAINABLE DEVELOPMENT GOALS





# Green Bond Framework






The international Capital Markets Association (ICMA) Green Bond Principles (GBP) are a set of voluntary guidelines that recommend and promote transparency and disclosure. GBP promote integrity in the development of the green bond market by clarifying the approach for issuing a green bond. This Green Bond Framework is based on the 2018 version of GBP. It is Norwegian Property’s intention to follow best practices in the market as the standards develop and as such the Framework may be updated from time to time.

## 1. USE OF PROCEEDS

The net proceeds of the Green Bonds issued by Norwegian Property will be used to finance or re-finance Eligible Projects that have been evaluated and selected by Norwegian Property in accordance with this Green Bond Framework. Refinancing of Eligible Projects will have a look-back period of no longer than January 1<sup>st</sup> 2015.

The net proceeds raised from the issuance of Norwegian Property’s Green Bond will be used to finance or re-finance, in whole or in part, a selected pool of assets and projects that promote the transition to low-carbon, climate resilient and sustainable economies.

| Categories                    | Eligible Projects   | UN SDG’s   |
|-------------------------------|---|--|
| <p><b>Green Buildings</b></p> | <ul style="list-style-type: none"> <li>• New construction of office, commercial and/or residential properties with a certification (or with the ambition to receive such certification after construction completion) from BREEAM-NOR with a minimum certification level of “Excellent” and minimum energy class B</li> </ul> <p>Existing office, commercial and/or residential properties with certification from BREEAM-NOR In use with a minimum certification level of “Very Good”</p> <ul style="list-style-type: none"> <li>• Renovation of office, commercial and/or residential properties leading to reduced energy consumption per year of at least 30 % or improving the energy class of a building with at least two notches (f.ex. from D to B or from E to C.)</li> </ul> | <div style="text-align: center;">  <p>13. “Take urgent action to combat climate change and its impacts”</p> </div> <div style="text-align: center; margin-top: 20px;">  <p>11. “Make cities and human settlements inclusive, safe, resilient and sustainable”</p> </div> |

|  |   |  |
|--|---|--|
| <p><b>Energy Efficiency</b></p>                | <ul style="list-style-type: none"> <li>Investments into projects or technologies that improves the energy efficiency of buildings and/or construction sites.</li> </ul>   |  <p>11. <i>“Make cities and human settlements inclusive, safe, resilient and sustainable</i></p>  |
| <p><b>Pollution Prevention and Control</b></p> | <ul style="list-style-type: none"> <li>Investments into projects reusing building-materials in existing buildings for renovation and/or building of new buildings</li> </ul>  |  <p>13. <i>“Take urgent action to combat climate change and its impacts”</i></p>  <p>11. <i>“Make cities and human settlements inclusive, safe, resilient and sustainable”</i></p>                       |
| <p><b>Clean Energy</b></p>                     | <ul style="list-style-type: none"> <li>Investments into on-site emission free power installations and/or stand-alone solar/wind/hydro farms for local power generation for production, as well as necessary related infrastructure such as connection, electric substations and foundations.</li> </ul> |  <p>14. <i>“Conserve and sustainably use the oceans, seas and marine resources for sustainable development”</i></p>  <p>13. <i>“Take urgent action to combat climate change and its impacts”</i></p> |

## 2. SELECTION AND EVALUATION OF ELIGIBLE PROJECTS

Eligible Projects are selected by a committee consisting of representatives from Operations, Finance and Environmental functions. The committee will consist of the Head of Finance and the Director of Development or Director of Operations depending on the nature of the project being financed. Head of Finance is also representing the environmental function. The selection is based on a consensus approach.

## 3. MANAGEMENT OF PROCEEDS

Norwegian Property will establish a Green Bond Register with the purpose to monitor Eligible Projects financed by the Green Bonds issued by Norwegian Property as well as provide an overview of the allocation of the net proceeds from the Green Bonds issued to the respective Eligible Projects. The value of the Eligible Projects detailed in the Green Bond Register will at least equal the aggregate net proceeds of all outstanding Norwegian Property Green Bonds. There may be periods when the total outstanding net proceeds of Green Bonds exceed the value of the Eligible Projects in the Green Bond Register. Proceeds yet to be allocated towards Eligible Projects will be held in accordance with Norwegian Property's liquidity management policy and managed as such. The Green Bond Register will form the basis for the impact reporting.

## 4. REPORTING

Within one year of the first issuance and as long as there are green bonds outstanding, Norwegian Property will annually provide an investor letter detailing the allocation and impact of Green Bonds issued under this framework. The investor letter will include the total amount of Green Bonds issued, the allocation between new financing, refinancing and any unallocated proceeds as well as a list of Eligible Projects that have been financed under this framework.

Norwegian Property has an ambition to report on the impact on the Eligible projects financed by Green Bonds when feasible and will strive to report aligned with TCFD standards in their annual reporting. The impact metrics selected include the following:

- Energy consumption, disclosed by intensity (kWh/m<sup>2</sup>)
- CO<sup>2</sup> emissions, disclosed by intensity (kgCO<sup>2</sup>/m<sup>2</sup>)

The reported amounts will represent a yearly average for the given year.

## 5. EXTERNAL REVIEW

### **Second party opinion (pre-issuance)**

To secure alignment with national and international guidelines, Norwegian Property has engaged CICERO to act as an external verifier of this Green Bond Framework and the Eligible Projects.

### **Third-Party Review (post-issuance)**

Norwegian property has appointed an external third party to annually assure that the selection process for the financing of Eligible Projects and that the allocation of the net proceeds of the Green Bonds are done in accordance with Norwegian Property's Green Bond Framework.

### **Publicly Available Documents**

The Green Bond Framework, the second party opinion, the third-party review, and the Green Bond Framework related reporting, will be publicly available on Norwegian Property's website.