

Second-Party Opinion

Kaldalón Green Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Kaldalón Green Financing 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 category for the use of proceeds – Green Buildings – is aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 9.



PROJECT EVALUATION AND SELECTION Kaldalón's Green Finance Committee will be responsible for the evaluation and selection of projects in line with the Framework's eligibility criteria. Kaldalón has established internal processes to manage environmental and social risks associated with the eligible projects. Sustainalytics considers the risk management process to be adequate and the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Kaldalón's Chief Financial Officer will be responsible for the management of net proceeds on a portfolio basis and will track allocation using a Green Finance Register. Kaldalón intends to allocate net proceeds within 24 months of issuance. Pending full allocation, Kaldalón may temporarily invest unallocated proceeds in deposits or invest in money market funds in accordance with its investment policy. Sustainalytics considers this process to be in line with market practice.



REPORTING Kaldalón commits to report on the allocation of proceeds and corresponding impacts in its Green Financing Instrument Report, which will be published on its website on an annual basis until full allocation. The allocation reporting will include information on the amount of the outstanding instruments, the total amount of net proceeds allocated to each project category, the balance of unallocated net proceeds, the amount and percentage of financing versus refinancing and lists of assets to which net proceeds have been allocated. Sustainalytics views Kaldalón's allocation and impact reporting as aligned with market practice.

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Report Sections

Introduction.....	2
Sustainalytics' Opinion	3

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Introduction

Kaldalón hf. (“Kaldalón” or the “Company”) is a commercial real estate developer and investor headquartered in Reykjavik, Iceland. Established in 2017, the Company has a diversified portfolio of properties that includes industrial properties and warehouses, offices, retail and service properties, and hotels.

Kaldalón has developed the Kaldalón Green Financing Framework dated August 2024 (the “Framework”), under which it intends to issue green bonds, including secured bonds,¹ green bills (commercial papers) and green loans, and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to reduce the carbon footprint of Kaldalón’s real estate portfolio in Iceland.

The Framework defines eligibility criteria in one area:

1. Green Buildings

Kaldalón 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)² and the Green Loan Principles 2023 (GLP).³ The Framework has been published in a separate document.⁴

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ 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 1.17, 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 Kaldalón’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. Kaldalón representatives have confirmed that: (1) they understand it is the sole responsibility of Kaldalón 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 Kaldalón.

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

¹ Kaldalón has communicated to Sustainalytics that it intends to issue secured bonds and commits to: i) ensure no double counting of the underlying assets with other outstanding green issuances per the voluntary process guidelines published in June 2022 Appendix 1 of the GBP 2021; and ii) ensure that all of the underlying collaterals will align with the eligibility criteria set forth in the Framework in case of secured green collateral bond.

² 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/>.

³ 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/>

⁴ The Kaldalón Green Financing Framework is available at: <https://kaldalon.is/sjalfbaerni/>

⁵ 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.

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

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Kaldalón Green Financing Framework

Sustainalytics is of the opinion that the Kaldalón Green Financing 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 category – Green Buildings – is aligned with those recognized by the GBP and GLP.
 - Kaldalón 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, Kaldalón may finance or refinance the acquisition, major renovation, refurbishment and development of new and existing commercial buildings and properties,⁶ including infrastructure related to low-carbon transportation at the commercial buildings and properties' premises in accordance with the following criteria:
 - Buildings that have achieved or are expected to achieve one of the following green building certification levels: i) BREEAM certification scheme limited to In-use,⁷ Refurbishment and fit-out⁸ and New Constructions⁹ standard (Very Good or above);¹⁰ ii) LEED (Gold or above);¹¹ or iii) the Nordic Swan Ecolabel.¹²
 - Sustainalytics considers BREEAM Excellent for all BREEAM certifications to be aligned with market practice and encourages Kaldalón to select BREEAM-certified buildings that score high enough in the energy category (which Sustainalytics regards as the most important category) to fulfil the requirements for BREEAM Excellent in that category.
 - Kaldalón will consider BREEAM Refurbishment and fit-out if at least 60% of the points have been achieved in the "reduction of energy use and carbon emissions"¹³ category as per the certification scheme which Sustainalytics considers to be credible and impactful.
 - Additionally, Sustainalytics considers the financing of buildings that achieve LEED Gold and Nordic Swan Ecolabel certification schemes as credible and impactful.
 - The Framework excludes the financing of commercial buildings and properties that are associated with emission-intensive and hard-to-abate sectors.
 - Major renovations leading to at least a 30% improvement in energy efficiency compared with pre-renovation levels. The Company has confirmed to Sustainalytics that such investments will be limited to renovation expenditures and the total asset

⁶ Kaldalón has communicated to Sustainalytics that the types of commercial buildings and properties eligible for financing are: i) industrial properties and warehouses; ii) office properties; iii) retail and service properties; and iv) hotels.

⁷ BREEAM In-use: <https://breeam.com/standards/in-use>

⁸ BREEAM Refurbishment and fit-out: <https://breeam.com/standards/refurbishment>

⁹ BREEAM New Constructions: <https://breeam.com/standards/new-construction>

¹⁰ BREEAM In-use: <https://breeam.com/standards/in-use>

¹¹ LEED: <https://www.usgbc.org/leed>

¹² Nordic Swan Ecolabel: <https://www.nordic-swan-ecolabel.org/>

¹³ BREEAM Refurbishment and fit-out: <https://breeam.com/standards/refurbishment>

- value will not be financed under the Framework. Sustainalytics considers these expenditures to be aligned with market practice.
- Infrastructure such as electric vehicle charging stations. Kaldalón has communicated to Sustainalytics that it may also finance infrastructure for active mobility, such as areas for bike repairs, bike pumps with pressure for tire inflation, locker rooms with a shower facility, bike shelters and e-bike charging stations. Sustainalytics considers these expenditures to be aligned with market practice.
 - Expenditure financed under this category may also include projects enabling on-site energy production, such as rooftop solar panels on buildings. Sustainalytics considers these expenditures to be aligned with market practice.
- Kaldalón has confirmed to Sustainalytics that it ensures that tenants renting properties financed under the Framework avoid storage of products that are made with fossil fuels or products that enable the use of fossil fuels, as well as activities in the exclusionary criteria of the Framework, through specific clauses in its rental agreements.
 - Sustainalytics notes that the Framework excludes the financing of projects or expenditures associated with fossil fuels, nuclear energy, resource extraction with negative environmental impacts, conflict minerals, weapons, defence research and development, military, gambling, tobacco, and child and forced labour. Sustainalytics considers that this exclusionary list strengthens the Framework.
- Project Evaluation and Selection:
 - Kaldalón has established a Green Finance Committee, (the “Committee”), which will be responsible for the evaluation and selection of projects in line with the Framework’s eligibility criteria. The Committee will convene at least twice a year and comprises the Chief Financial Officer, the Director of Property Management and the Chief Executive Officer.
 - During the project selection stage, the Committee will be responsible for identifying, monitoring and assessing the ESG risks associated with all the eligible projects. Kaldalón has also established internal processes to manage environmental and social risks that may arise in relation to the assets financed under the Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with the requirements of GBP. For additional details, refer to Section 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:
 - The Chief Financial Officer will be responsible for the management of net proceeds on a portfolio basis and will track the allocation of proceeds through a Green Finance Register.
 - The Company intends to allocate net proceeds to eligible projects or assets within 24 months of issuance.
 - Pending full allocation, Kaldalón may temporarily invest unallocated proceeds in deposits or money market funds in line with the Company’s investment policy. Sustainalytics notes that the company will exclude investment in instruments that are associated with carbon-intensive or controversial activities. Kaldalón has communicated to Sustainalytics that instruments issued under the Framework may include multi-tranche loan facilities. The Company has confirmed to Sustainalytics that it will only label the tranches of such facilities whose proceeds will be allocated to eligible projects and assets under 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 commits to report on the allocation of proceeds and the corresponding impacts in its Green Financing Instrument Report, which it will publish on its website on an annual basis until full allocation.
 - The allocation reporting will include: i) the amount of the outstanding instruments; ii) total amount of net proceeds allocated to each project category; iii) balance of unallocated net proceeds; iv) amount and percentage of financing versus refinancing; v) lists of assets to which net proceeds have been allocated; vi) qualitative or quantitative environmental impact reporting measures; and vii) description of methodology for the impact reporting.

- Kaldalón has communicated to Sustainalytics that if it obtains revolving credit facilities under the Framework, it will report on the allocation of funds from the revolving credit facilities until loan maturity.
- The Company intends to align its impact reporting with the ICMA Harmonised Framework for Impact Reporting Handbook¹⁴, on a best-effort basis. The impact report will include qualitative descriptions of the projects, quantitative key impact performance indicators and details on the methodology for impact reporting. Kaldalón may include the following impact metrics, where feasible: i) type and level of certification achieved by the building; ii) total certified gross floor area (in m²); iii) share of renewable energy used for electricity and space heating; iv) annual energy performance (in kWh/m²); v) estimated absolute annual emissions (in tCO₂e) or intensity (in kgCO₂e/m²); vi) annual energy use reduction (in kWh/m²) or as a percentage of prior use; vii) number of charging stations installed; viii) estimated avoided absolute annual emissions (in tCO₂e) or avoided emissions intensity (in kgCO₂e/m²); and ix) absolute annual water use consumption (in m³) or intensity (in m³/m²).
- Based on the commitment 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 Kaldalón Green Financing Framework aligns with the four core components of the GBP and GLP.

Section 2: Sustainability Strategy of Kaldalón

Contribution to Kaldalón's sustainability strategy

Kaldalón demonstrates its commitment to sustainability through its focus on decarbonizing its commercial real estate portfolio as part of its sustainability strategy, which identifies the following environmental focus areas: i) reduce waste generation from construction; ii) reduce GHG emissions; and iii) increase energy efficiency.¹⁵

The Company aims to publicly report on its scope 1 and 2 GHG emissions in its 2025 sustainability report and its scope 3 emissions by 2027 and will subsequently establish its GHG emissions reduction targets. Additionally, Kaldalón aims to segregate waste and reduce the volume of waste generated from its construction site. To support waste management, the Company undertakes the following initiatives: i) installs containers at all its construction sites to support waste segregation and disposal in the construction phase; ii) encourages its leases to recycle, reduce and reuse the waste generated in the operation phase. In addition, Kaldalón prioritizes energy efficiency across its portfolio, with the aim to have all properties certified with green building certifications, such as BREEAM, LEED and Nordic Swan Ecolabel where feasible. As of December 2023, Kaldalón's building portfolio consisted of 9.2% certified green buildings, with the Company targeting an increase to 16.8% by December 2024. Further, in 2023, Kaldalón was the first Icelandic real estate company to achieve a BREEAM In-Use environmental certification for a hotel and related properties.¹⁶

Sustainalytics is of the opinion that the Kaldalón Green Financing Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities. Nevertheless, Sustainalytics notes that Kaldalón has not established company-wide sustainability targets and encourages Kaldalón to establish time-bound and quantitative sustainability targets and to publicly report on its progress.

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 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 land use and

¹⁴ ICMA, "Harmonised Framework for Impact Reporting", (2022), at: https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Green-Bonds_June-2022v2-020822.pdf

¹⁵ Kaldalón, "Siðareglur og sjálfbærnistefna kaldalóns hf.", (2024), at: <https://kaldalon.is/wp-content/uploads/2024/03/Kaldalon-Sidareglur-og-sjalfbaernistefna.pdf>

¹⁶ BREEAM, Certified BREEAM Assessments, at:

<https://tools.breeam.com/projects/explore/buildings.jsp?sectionid=0&projectType=Other+buildings%2FMixed+use&rating=&certNo=&buildingName=&client=&developer=&certBody=&assessor=&location=&countryID=352&partid=10023&Submit=Search>

biodiversity associated with large-scale infrastructure development; emissions, effluents and waste generated during construction; occupational health and safety; business ethics; and community relations.

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

- Regarding land use and biodiversity-related risks associated with large-scale infrastructure development projects in Iceland, companies in Iceland are required to comply with Icelandic Environmental Impact Assessment Act No. 106/2000, pertinent to relevant projects.¹⁷ The act requires such projects to undergo an environmental impact assessment to assess and develop mitigation measures, wherever relevant, to avoid, prevent, and reduce negative environmental impacts. Additionally, the Planning and Building Act¹⁸ regulates land use planning, building permits and construction standards in Iceland to prevent environmental damage and land exploitation.
- For risks related to effluents and waste generated in construction, Kaldalón has communicated to Sustainalytics that the Company adheres to the Icelandic law of Waste Management Act No. 55/2003,¹⁹ which requires companies in Iceland to carry out waste management activities without endangering human and animal health or causing harm to the environment. This act mandates that all waste must be taken to appropriate treatment facilities or to a reception centre for reuse or disposal. Furthermore, Kaldalón has established a Code of Ethics and Sustainability Policy, under which the Company encourages tenants to adopt environmentally friendly practices, such as optimizing material use, thereby minimizing generation of waste.²⁰
- To address occupational health and safety related risks, the Company complies with the Government of Iceland's Act on Working Environment, Health and Safety in Workplaces, No. 46/1980²¹ which provides a legal framework to ensure a healthy and safe working environment. It also mandates employers to implement measures to prevent workplace accidents and health hazards, conduct health and safety risk assessments and provide employees with appropriate training and information on safety measures to minimize risks related to accidents and health hazards.²² Additionally, the Company has implemented a health and safety policy in 2024, which sets guidelines to ensure the health and safety of its employees, contractors, suppliers, and subcontractors. This policy requires employees to follow safety rules, contractors to appoint a safety manager and develop a safety manual, and appoint a safety and health coordinator for all its construction sites.²³
- To address business ethics related risks, the Company's Code of Ethics and Sustainability Policy provides guidance to prevent, detect and manage unethical business practices, such as bribery, corruption, conflicts of interest and privacy-related issues.²⁴ Additionally, Kaldalón has developed an internal system to prevent risks related to money laundering, terrorist financing and data theft.²⁵ Kaldalón has communicated to Sustainalytics that the Company is currently working on establishing a whistleblowing mechanism, applicable to its employees and contractors, to report on incidents related to violations of code of conduct.
- Regarding community relations, Kaldalón adheres to the Icelandic Planning and Building Acts, which mandate that the construction plan for the proposed project is presented at public meetings. This provides a mechanism for the public to submit comments and objections. Upon receiving any objections, the authority will review and address them, and the measures taken will be proposed to the public for review of the final decision.²⁶ Additionally, Kaldalón has communicated to Sustainalytics that it has an internal communication policy in place to streamline communications with the stakeholders such as, the municipalities and licensors.

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

¹⁷ Government of Iceland, "Environmental Impact Assessment No. 106, 25 May 2000", (2000), at:

<https://www.skipulag.is/media/umhverfismat/MAUlogm2005br.pdf>

¹⁸ Government of Iceland, "Planning and Building Act No. 73/1997, No. 135/1997 and No. 58/1999", at:

<https://www.skipulag.is/media/skipulagsmal/Planning-and-Building-Act.PDF>

¹⁹ Government of Iceland, "Waste Management Act No. 55 of 2003", (2003), at: <https://leap.unep.org/en/countries/is/national-legislation/waste-management-act-no-55-2003>

²⁰ Kaldalón, "Siðareglur og sjálfbærnistefna kaldalóns hf.", (2024), at: <https://kaldalon.is/wp-content/uploads/2024/03/Kaldalon-Sidareglur-og-sjalfbaernistefna.pdf>

²¹ Government of Iceland, "Act on Working Environment, Health and Safety in Workplaces, No. 46/1980", at: <https://www.government.is/library/04-Legislation/Act%20No%2046%201980%20with%20subsequent%20amendments%202018.pdf>

²² Ibid.

²³ Kaldalón, "Health and Safety Policy", shared confidentially with Sustainalytics.

²⁴ Kaldalón, "Code of Ethics and Sustainability Policy", shared confidentially with Sustainalytics.

²⁵ Kaldalón, "The strategy of Kaldalón hf. Operations include money laundering and terrorist financing", shared confidentially with Sustainalytics.

²⁶ Government of Iceland, "Planning and Building Act No. 73/1997, No. 135/1997 and No. 58/1999", at:

<https://www.skipulag.is/media/skipulagsmal/Planning-and-Building-Act.PDF>

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP and GLP, and is specifically relevant in the local context.

Importance of financing green buildings in Iceland

In 2022, the building construction and operation sector accounted for 37% of global CO₂ emissions, primarily due to emissions from building operations and material production.²⁷ Additionally, the global buildings sector was responsible for 30% of the final energy demand, mainly for operational needs, such as heating and cooling in 2022.²⁸ By 2023, space heating accounted for 33% of the total final energy demand, while global demand for space cooling services had increased by more than 45%.²⁹ To meet the Paris Agreement goals, buildings need to reduce energy consumption by around 25% and decrease fossil fuel use by more than 40% by 2030.³⁰ Furthermore, to achieve a net zero carbon building stock by 2050, the sector needs to reduce its energy intensity by 37% by 2030 compared with 2015.³¹ Investing in energy efficiency offers a solution to achieve these reductions and simultaneously lower emissions.³²

In 2022, the emissions from buildings in Iceland were estimated to be approximately 360,000 tCO₂ per year,³³ with commercial and residential properties contributing 31% and 65%, respectively.³⁴ This corresponds to approximately one additional ton per inhabitant compared with the estimation in Iceland's Climate Accounting.³⁵ Among the largest source of the estimated emissions, energy usage accounted for about 30% of the emissions in 2022.³⁶ Under the Paris Agreement, Iceland updated its Nationally Determined Contribution in 2021 and has committed to decreasing its GHG emissions by 55% by 2030 compared with 1990 and achieve carbon neutrality by 2040.³⁷ To achieve carbon neutrality, Iceland has aimed to reduce emissions from its buildings by 43% by 2030 as compared to 2005.³⁸ In this context, the Icelandic government's Energy Policy for 2050 emphasizes energy savings through energy-efficient systems, improved insulation and smart technologies.³⁹ Additionally, the Green Building Council Iceland, in collaboration with the Polish Green Building Council and the Silesian University of Technology, created guidelines on circular economy implementation in building design, and addressing geographical and resource needs to reduce construction waste.⁴⁰

Based on the above, Sustainalytics is of the opinion that Kaldalón's financing of green buildings in Iceland has the potential to reduce the environmental footprint of the Icelandic buildings sector and support Iceland's efforts towards its GHG emissions reduction targets.

²⁷ UNEP, "Global Status Report for Buildings and Construction", (2024), at:

https://wedocs.unep.org/bitstream/handle/20.500.11822/45095/global_status_report_buildings_construction_2023.pdf?sequence=3&isAllowed=y

²⁸ Ibid.

²⁹ Ibid.

³⁰ Ibid.

³¹ UNEP, "Not yet built for purpose: Global building sector emissions still high and rising", (2024), at: <https://www.unep.org/news-and-stories/press-release/not-yet-built-purpose-global-building-sector-emissions-still-high>

³² UNEP, "Global Status Report for Buildings and Construction", (2024), at:

https://wedocs.unep.org/bitstream/handle/20.500.11822/45095/global_status_report_buildings_construction_2023.pdf?sequence=3&isAllowed=y

³³ UNFCCC, "Iceland's 8th National Communication and 5th Biennial Report", (2023), at:

https://unfccc.int/sites/default/files/resource/Iceland_8th_National_Communication_5th_Biennial_Report_2023.pdf

³⁴ Byggjum Grænni Framtíð, "Vegvísir að vistvænni mannvirkjagerð", (2023), at: <https://byggjumgraenniframtid.is/wp-content/uploads/2022/06/Vegvisir-ad-vistvaenni-mannvirkjagerd-l-hluti-Losun.pdf>

³⁵ Ibid.

³⁶ UNFCCC, "Iceland's 8th National Communication and 5th Biennial Report", (2023), at:

https://unfccc.int/sites/default/files/resource/Iceland_8th_National_Communication_5th_Biennial_Report_2023.pdf

³⁷ Government of Iceland, "Update of the Nationally Determined Contribution of Iceland", (2021), at: https://unfccc.int/sites/default/files/NDC/2022-06/Iceland_updated_NDC_Submission_Feb_2021.pdf

³⁸ UNFCCC, "Iceland's 8th National Communication and 5th Biennial Report", (2023), at:

https://unfccc.int/sites/default/files/resource/Iceland_8th_National_Communication_5th_Biennial_Report_2023.pdf

³⁹ Government of Iceland, "Energy Policy to the year 2050", at: <https://www.stjornarradid.is/library/01-Frettatengt-myndir-og-skrar/ANR/Orkustefna/201127%20Atvinnuvegaraduneytid%20Orkustefna%20A4%20EN%20V4.pdf>

⁴⁰ Green Building Council Iceland, "CIRCÓN", at: <https://circon.graennibyggd.is/en/>

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 Kaldalón Green Financing Framework are expected to help advance the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 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.

Conclusion

Kaldalón has developed the Kaldalón Green Financing Framework, under which it may issue green bonds, including secured bonds, green bills (commercial papers) and green loans, and use the proceeds to finance or refinance green buildings. Sustainalytics considers that the eligible projects are expected to reduce the carbon footprint of Kaldalón’s real estate portfolio in Iceland.

The Kaldalón Green Financing Framework outlines a process for tracking, allocation and management of proceeds and makes commitments for reporting on allocation and impact. Sustainalytics considers the Framework to be aligned with the overall sustainability strategy of Kaldalón and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goal 9. Additionally, Sustainalytics is of the opinion that Kaldalón 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 Kaldalón is well positioned to issue green bonds, including secured bonds, green bills (commercial papers) and green loans and that the Kaldalón Green Financing Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

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