

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Framework

Eika Boligkreditt AS

18 September 2024

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Green bonds

Relevant standards

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)
- EU Taxonomy Climate Delegated Act, Annex I (as of June 2023)

Scope of verification

- Eika Boligkreditt Green Bond Framework (as of Sept. 5, 2024)
- Eika Boligkreditt Selection Criteria (as of Sept. 5, 2024)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the cited Framework remains unchanged

CONTENTS

| | |
|---|----|
| SCOPE OF WORK..... | 3 |
| EIKA BOLIGKREDITT OVERVIEW | 4 |
| ASSESSMENT SUMMARY | 5 |
| SPO ASSESSMENT..... | 7 |
| PART I: ALIGNMENT WITH THE GREEN BOND PRINCIPLES..... | 7 |
| PART II: SUSTAINABILITY QUALITY OF THE SELECTION CRITERIA | 9 |
| A. CONTRIBUTION OF THE GREEN BONDS TO THE U.N. SDGs..... | 9 |
| B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE SELECTION CRITERIA | 11 |
| PART III: ALIGNMENT OF THE SELECTION CRITERIA WITH THE EU TAXONOMY CLIMATE DELEGATED ACT | 14 |
| PART IV: CONSISTENCY OF GREEN BONDS WITH EIKA BOLIGKREDITT'S SUSTAINABILITY STRATEGY..... | 22 |
| ANNEX 1: METHODOLOGY | 28 |
| ANNEX 2: QUALITY MANAGEMENT PROCESSES..... | 29 |
| About this SPO..... | 30 |

SCOPE OF WORK

Eika Boligkreditt AS (“the Issuer,” “the Bank” or “Eika Boligkreditt”) commissioned ISS-Corporate to assist with its green bonds by assessing four core elements to determine the sustainability quality of the instruments:

- Eika Boligkreditt’s Green Bond Framework (as of Sept. 5, 2024), benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP).
- The selection criteria — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against ISS-Corporate’s proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
- The alignment of the project categories with the EU Taxonomy on a best-efforts basis¹ — whether the nominated project categories are aligned with the EU Taxonomy Technical Screening Criteria (including Substantial Contribution to Climate Change Mitigation Criteria and Do No Significant Harm Criteria) and Minimum Safeguards requirements as included in the EU Taxonomy Climate Delegated Act (June 2023).²
- Consistency of green bonds with Eika Boligkreditt’s sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

¹ While the Final Delegated Acts for Mitigation and Adaptation were published in June 2023, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage, the alignment with the EU Taxonomy has been evaluated on a “best efforts basis.”

² Commission [Delegated Regulation \(EU\) 2023/2485](#) of 27 June 2023 amending [Delegated Regulation \(EU\) 2021/2139](#).

EIKA BOLIGKREDITT OVERVIEW

Eika Boligkreditt AS engages in the provision of mortgage services. It focuses on funding mortgages generated by its parent companies by issuing covered bonds in the domestic and foreign debt markets. The company was founded on March 24, 2003, and is headquartered in Oslo, Norway.





ESG risks associated with the Issuer's industry

Eika Boligkreditt is classified in the mortgage and public sector finance industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies³ in this industry are statutory ESG standards linked to the geographical allocation of the lending portfolio, employee relations and work environment, sustainability impacts of lending and other financial services/products, customer and product responsibility, and sustainable investment criteria.

This report focuses on the sustainability credentials of the issuance. Part IV of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

³ Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within that industry. Key ESG issues by industry are sourced from ISS ESG's Corporate Rating methodology.

ASSESSMENT SUMMARY

| SPO SECTION | SUMMARY | EVALUATION ⁴ |
|---|--|-------------------------|
| <p>Part I:</p> <p>Alignment with GBP</p> | <p>The Issuer has defined a formal concept for its green bonds regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the Green Bond Principles.</p> | <p>Aligned</p> |
| <p>Part II:</p> <p>Sustainability quality of the selection criteria</p> | <p>The green bonds will (re)finance the following eligible asset category: Green Buildings.</p> <p>Product and/or service-related use of proceeds category⁵ individually contribute to one or more of the following SDGs:</p> <div style="display: flex; justify-content: center; gap: 10px;">   </div> <p>Other use of proceeds categories improve the operational impacts of Eika Boligkredit's borrower(s) and mitigate potential negative externalities of the sector it finances on one or more of the following SDGs:</p> <div style="display: flex; justify-content: center; gap: 10px;">   </div> <p>The environmental and social risks associated with the use of proceeds category and the financial institution are managed.</p> | <p>Positive</p> |
| <p>Part III:</p> <p>Alignment with EU Taxonomy</p> | <p>Eika Boligkredit's project characteristics, due diligence processes and policies have been assessed against the requirements of the EU Taxonomy (Climate Delegated Act of June 2023), on a best efforts basis.⁶ The nominated project categories are considered to be:</p> <ul style="list-style-type: none"> Aligned with the Climate Change Mitigation Criteria | |

⁴ The evaluation is based on Eika Boligkredit's Green Bond Framework (Sept. 5, 2024, version), on the analyzed selection criteria as received on Sept. 5, 2024.

⁵ Green Buildings: residential green buildings in Norway, refurbished residential buildings in Norway.

⁶ While the Final Delegated Acts for Mitigation and Adaptation were published in June 2023, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage, the alignment with the EU Taxonomy has been evaluated on a "best efforts basis."

| | | |
|--|---|--|
| | <ul style="list-style-type: none"> ▪ Aligned with the Do No Significant Harm Criteria, except for 7.2 Renovation of Existing Buildings ▪ Not applicable for the Minimum Safeguards requirements | |
| <p>Part IV:</p> <p>Consistency of green bonds with Eika Boligkreditt's sustainability strategy</p> | <p>The key sustainability objectives and the rationale for issuing green bonds are clearly described by the Issuer. All project categories considered are in line with the Issuer's sustainability objectives.</p> <p>At the date of publication of the report and leveraging ISS ESG Research, no severe controversies have been identified.</p> | <p>Consistent with Issuer's sustainability strategy</p> |

SPO ASSESSMENT

PART I: ALIGNMENT WITH THE GREEN BOND PRINCIPLES

This section evaluates the alignment of the Eika Boligkreditt's Green Bond Framework (as of Sept. 5, 2024) with the Green Bond Principles.

| GREEN BOND PRINCIPLES | ALIGNMENT | OPINION |
|---|-----------|---|
| <p>1. Use of Proceeds</p> | <p>✓</p> | <p>The Use of Proceeds description provided by Eika Boligkreditt's Green Bond Framework is aligned with the GBP.</p> <p>The Issuer's green categories align with the project categories as proposed by the GBP. Criteria are defined clearly and transparently. The issuer confirmed that the disclosure of distribution of proceeds by project category is provided to the investors pre-issuance. Environmental benefits are described and quantified.</p> |
| <p>2. Process for Project Evaluation and Selection</p> | <p>✓</p> | <p>The Process for Project Evaluation and Selection description provided by Eika Boligkreditt's Green Bond Framework is aligned with the GBP.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed appropriately. Moreover, the projects selected show alignment with the Issuer's sustainability strategy. The Issuer defines exclusion criteria for harmful projects categories.</p> <p>The Issuer clearly defines responsibilities in the process for project evaluation and selection and is transparent about it, in line with best market practice. Moreover, the Issuer identifies the alignment of its Green Bond Framework and green projects with the EU Taxonomy, in line with best market practice.</p> |

| | | |
|---|----------|--|
| <p>3. Management of Proceeds</p> | <p>✓</p> | <p>The Management of Proceeds provided by Eika Boligkreditt's Green Bond Framework is aligned with the GBP.</p> <p>The net proceeds collected will equal the amount allocated to eligible projects. The net proceeds are tracked appropriately and are managed on an aggregated basis for multiple green bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>Furthermore, the Issuer discloses ESG criteria for temporary investments, in line with best market practice.</p> |
| <p>4. Reporting</p> | <p>✓</p> | <p>The allocation and impact reporting provided by Eika Boligkreditt's Green Bond Framework is aligned with the GBP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and report with appropriate frequency. The reporting will be publicly available on the Issuer's website. Eika Boligkreditt has disclosed the type of information that will be reported and explains that the level of expected reporting will be at the project category level. Moreover, the Issuer commits to report annually until the proceeds have been fully allocated.</p> <p>Eika Boligkreditt is transparent on the level of impact reporting and the information reported and further defines the duration, scope and frequency of the impact reporting, in line with best market practice. The Issuer discloses roles and responsibilities in the monitoring and reporting process, in line with market practice. Additionally, Eika Boligkreditt discloses the location and link of the report(s), in line with best market practice.</p> |

PART II: SUSTAINABILITY QUALITY OF THE SELECTION CRITERIA

A. CONTRIBUTION OF THE GREEN BONDS TO THE U.N. SDGs⁷

Companies can contribute to the achievement of the SDGs by providing specific services/products that help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain.

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the Green/Social Bond Principles and other regional taxonomies, standards and sustainability criteria). This section assesses the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:


- Specific products/services
- Improvements of operational performance

1. Products and services

The assessment of UoP categories for (re)financing specific products and services is displayed on a three-point scale:



Each of the green bonds' use of proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

| USE OF PROCEEDS (PRODUCTS/SERVICES) | CONTRIBUTION OR OBSTRUCTION | SUSTAINABLE DEVELOPMENT GOALS |
|--|-----------------------------|---|
| <p>Green Buildings</p> <p><i>Residential buildings in Norway:</i></p> <ul style="list-style-type: none"> ▪ Buildings built ≥2021: NZEB-10% (buildings complying with | <p>Contribution</p> |  |

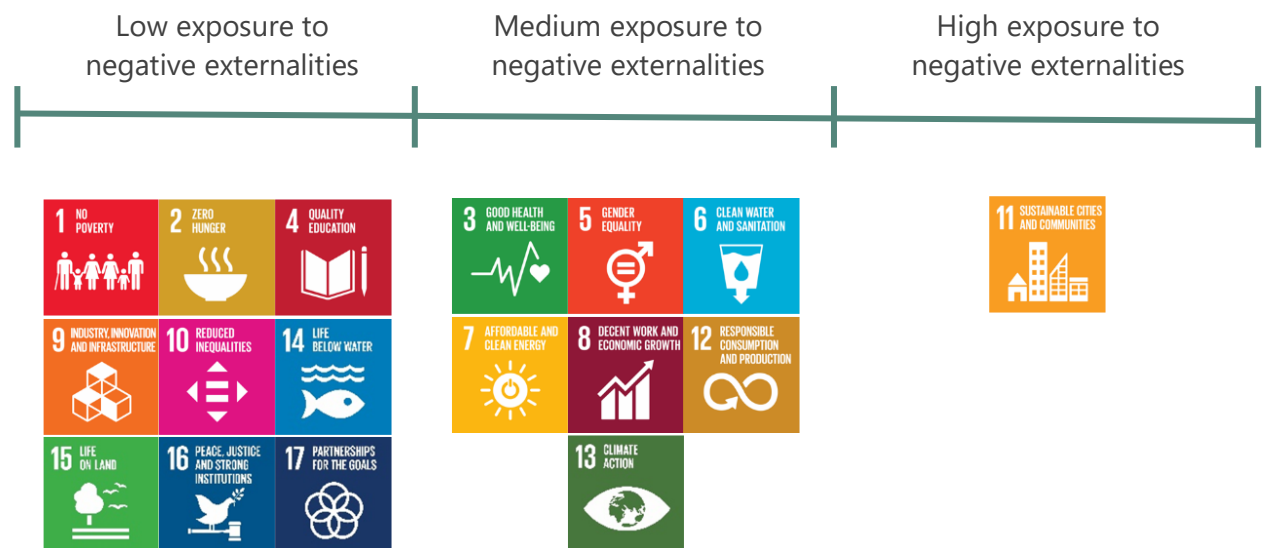
⁷ The impact of the UoP categories on the SDGs is assessed with proprietary methodology and may therefore differ from the Issuer's description in the Framework.

| | | |
|--|--|--|
| <p>the relevant NZEB-10% threshold)⁸⁹</p> <ul style="list-style-type: none"> ▪ Buildings built <2021: EPC A label or within the top 15% low carbon buildings in Norway¹⁰ | | |
|--|--|--|

2. Improvements of operational performance (processes)

The below assessment qualifies the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related SDGs impacted. The assessment displays how the UoP categories mitigate the exposure to the negative externalities relevant to the Issuer’s business model and sector.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities in the real estate sector (which Eika Boligkreditt finances) are the following:



The table below displays the direction of change resulting from the operational performance


⁸ In accordance with the EU Taxonomy Climate Delegated Act, buildings built from Jan. 1, 2021, onwards should meet the NZEB -10% criterion. In Norway, NZEB definitions were announced on Jan. 31, 2023.

Compliant buildings are assessed against the respective NZEB threshold published by the Norwegian Ministry, expressed as specific energy demand in kWh/m². At the time of writing, all Norwegian buildings with EPC labels of A and some EPC B labels are compliant with NZEB-10%. The full methodology and selection approach used for NZEB-10% compliant buildings will be published in a technical report from a specialized external consultant (Multiconsult). In addition, model estimates from Eiendomsverdi for PED may be used, as outlined in Eiendomsverdi’s [report](#).

⁹ The Issuer confirmed that buildings bigger than 5,000 m² will not be financed under the Green Bond Framework.

¹⁰ Qualifying building codes and/or EPC labels will be determined with the support of a specialized external consultant and may take into account guidance from the Norwegian Ministry and may use model estimates from Eiendomsverdi for PED where EPCs are missing. The Norwegian residential buildings under building codes TEK10 and TEK17 and EPC label A or B are within the top 15% as of FY23 statistics.

improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

| USE OF PROCEEDS (PROCESSES) | OPERATIONAL IMPACT IMPROVEMENT ¹¹ | SUSTAINABLE DEVELOPMENT GOALS |
|--|--|---|
| <p>Green Buildings</p> <p>Refurbished residential buildings in Norway</p> <p><i>Leading to a reduction of primary energy demand (PED) of at least 30%¹² or comply with the applicable requirements for major renovations¹³</i></p> | <p>✓ ¹⁴</p> |  |

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE SELECTION CRITERIA

The table below evaluates the selection criteria against issuance-specific KPIs. The entirety of the assets are and will be located in Norway

ASSESSMENT AGAINST KPIs

Inclusion

✓ The Issuer prohibits and/or does not tolerate discrimination on the grounds of personal characteristics (e.g., age, disability, ethnic origin, family status, race, religion, gender, sexual orientation or social origin). Furthermore, inclusion is upheld under Norwegian Law as the [Equality and Anti-Discrimination Act](#) prohibits discrimination and promotes equality. Finally, the Norwegian Financial Services Complaints Board deals with disputes that arise between finance companies and their customers in service areas such as insurance, banking, financing, securities funds and debt collection, including disputes on discrimination.

¹¹ Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

¹² Qualifying buildings will be determined with the support of a specialized external consultant. The initial primary energy demand and the estimated improvement is based on a detailed building survey, an energy audit conducted by an accredited independent expert or any other transparent and proportionate method and validated through an energy performance certificate. The 30% improvement results from an actual reduction in primary energy demand (where the reductions in net primary energy demand through renewable energy sources are not taken into account) and can be achieved through a succession of measures within a maximum of three years.

¹³ As set in the applicable national and regional building regulations for “major renovation” implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive. Renovated buildings may take into account the future PED thresholds for renovations in line with the future Long Term Building Renovation Plan of the government.

¹⁴ The Issuer has aligned its selection criteria with the Technical Screening Criteria for a Substantial Contribution to Climate Change Mitigation of the EU Taxonomy Delegated Act (June 2021).

Data protection and information security

The Issuer has implemented some elements of an information security management system, covering risk assessments, structure and responsibilities, training and awareness-raising, physical and technical safeguards and audits.



Furthermore, the Issuer complies with the Norwegian Personal Data Act and the EU's General Data Protection Regulation, which ensure privacy protection and provides customer data rights, protection measures, and privacy and data security principles. Regarding sensitive data management, the [Financial Institutions Act](#) mandates that employees and elected officers of financial institutions should ensure confidentiality regarding customers' matters, and the financial institution is under an obligation to prevent unauthorized parties from gaining access to or knowledge of information about the business or personal circumstances of clients or other parties which the institution receives during the conduct of its business.

Regarding outsourcing, both the Issuer and the owner banks¹⁵ must report any outsourcing agreement to the Financial Supervisory Authority of Norway, including assessments of related risk and vulnerability of any outsourcing, which are checked annually by the Issuer.

Responsible treatment of customers with debt repayment problems

The Issuer has implemented various measures to responsibly deal with clients having debt repayment problems. For example, the Issuer has taken preemptive actions to prevent client debt repayment problems, including covenants limiting indebtedness, proactively approaching customers potentially at risk and [sharing tips](#) to improve customers' management of finances. Furthermore, the Norway Lending Regulation imposes restrictions on banks' lending practices and includes requirements on the customers' debt-to-income ratio (max 500%), loan-to-value ratio (85% for installment loans, 60% for home equity credit lines).



As per debt counseling, the Issuer has a system in place to design adjustments and has an [open channel](#) with customers who wish to discuss their repayment options.

Regarding debt restructuring under non-detrimental conditions, the Issuer offers debt management [options](#), such as repayment holidays, reduced repayment amounts over an extended timeframe and lowering of the interest and/or principal forgiveness. Options are offered under conditions that are not detrimental to clients.

¹⁵ The Issuer is owned by 55 small- and medium-sized Norwegian local saving banks.

Finally, regarding foreclosure, the Issuer has policies in place that provide for a series of warnings to be sent to the customer before initiating formal procedures to request repayment. Once these are finalized, the mortgages are sold to the owner banks, who in turn assume the rights and obligations of the Issuer toward the relevant customers.¹⁶ In case the mortgages are not bought by the owner banks, all alternative options are examined before undertaking foreclosure as a last resort.

¹⁶ The Issuer is owned by 55 small- and medium-sized Norwegian local saving banks.

PART III: ALIGNMENT OF THE SELECTION CRITERIA WITH THE EU TAXONOMY CLIMATE DELEGATED ACT

The alignment of Eika Boligkreditt's project characteristics, due diligence processes and policies for the nominated use of proceeds project category have been assessed against the relevant Climate Change Mitigation and Do Not Significant Harm Criteria (DNSH) Technical Screening Criteria of the [EU Taxonomy Climate Delegated Act](#) (June 2023), based on information provided by Eika Boligkreditt. Where Eika Boligkreditt's project characteristics, due diligence processes and policies meet the EU Taxonomy criteria requirements, a tick is shown in the table below.

Eika Boligkreditt's project selection criteria overlap with the following economic activities in the EU Taxonomy:

7.2 Renovation of existing buildings




7.7 Acquisition and ownership of buildings

All projects financed under the Green Bond Framework are and will be located in Norway.

Note: To avoid repetition, the evaluation of the alignment of Eika Boligkreditt's assets to the Do No Significant Harm Criteria to Climate Change Adaptation is provided in Section C. Section C is applicable to both activities.

Furthermore, this analysis only displays how the EU Taxonomy criteria are fulfilled/not fulfilled. For ease of reading, the original text of the EU Taxonomy criteria is not shown. Readers can recover the original criteria at the following [link](#).

a) 7.2 – Renovation of existing buildings

| PROJECT CHARACTERISTICS AND SELECTION PROCESSES | ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA |
|---|---|
| 1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION | |
| <p>For the primary energy demand (PED) reduction screening criteria, the Issuer works with a specialized external consultant to ensure that a thorough assessment of the building's energy performance is conducted before and after renovation. The assessment is based on actual PED in kWh/m² obtained from building survey or energy audit and is verified through the EPC rating. The 30% reduction in PED can be accomplished through a series of measures implemented within a maximum of three years, but excludes any reduction achieved through renewable energy sources.</p> <p>For the criteria of compliance to major renovations requirements, Directive 2010/31/EU on the energy performance of buildings has been incorporated into the European Economic Area Agreement through Joint Committee Decision 135/2022. This decision sets the cost-optimal minimum energy performance requirements in line with the directive, using the same fundamental methodological principles. The Joint Committee Decision has been in force in Norway since 2023.</p> |  |
| 2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA | |
| See c) |  |
| 3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA | |
| <p>While the Planning and Building Act (2008), TEK17 (Norway's building technical regulations) and the Pollution Control Act of 1981 are in place to regulate water resources usage in building construction and renovation, they do not mandate the following technical specifications required by the EU Taxonomy:</p> <ul style="list-style-type: none"> ▪ Wash hand basin taps and kitchen taps have a maximum water flow of 6 liters/min ▪ Showers have a maximum water flow of 8 liters/min ▪ WCs, including suites, bowls and flushing cisterns, have a full flush volume of a maximum of 6 liters and a maximum average flush volume of 3.5 liters |  |

- Urinals use a maximum of 2 liters/bowl/hour. Flushing urinals have a maximum full flush volume of 1 liter

Furthermore, the Issuer has limited visibility into compliance with these requirements at the borrower level and beyond, and thus cannot confirm alignment with this DNSH criteria.

4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA

EU Waste Framework Directive (2008/98/EC) has been transposed into Norwegian law. As a result, Eika Boligkreditt's borrowers are required to comply with the regulation, ensuring that at least 70% (by weight) of non-hazardous waste generated from construction, renovation or demolition activities is prepared for reuse, recycling or other material recovery processes, including backfilling operations where waste is used to replace other materials.¹⁷ The law also mandates the implementation of the waste hierarchy and selective demolition techniques to maximize resource efficiency. Norway's actual recycling rate for construction waste surpassed 80% in 2018.¹⁸



Under the Norwegian Planning and Building Act of 2008, the Pollution Control Act of 1981 and [Section 9-6 of TEK17](#), borrowers are required to develop and submit waste management plans before initiating new construction, renovation or demolition projects. These plans aim to minimize waste generation and ensure the proper segregation of hazardous materials. Furthermore, the selection of building materials and products must prioritize reuse and material recovery options.

5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA

Eika Boligkreditt is committed not to finance companies or projects that do not comply with the Planning and Building Act, the Pollution Control Act or the Nature Diversity Act, where requirements regarding control of air and water pollution, indoor air quality, ventilation, acoustic conditions, vibration and soil contamination during building construction or renovation are in place.

Through the European Economic Area Agreement, Eika Boligkreditt's borrowers are also obligated to comply with a large part of the EU legislation, including:

- The Norwegian building codes, which mandate avoidance of materials containing dangerous materials (including mercury), and Regulation





¹⁷ In line with [TEK17 guidance](#), a minimum of 70% by weight of the waste generated in measures pursuant to Section 9-6, first paragraph, must be sorted into clean waste types, and all waste must be delivered to approved waste reception, reuse or directly for recycling.

¹⁸ As outlined on Page 48 of "[Circular Economy in the Nordic Construction Sector](#)" published by the Nordic Council of Ministers in 2018.

| | |
|---|--|
| <p>(EU) 2019/1021, which has been adopted into Norwegian regulation and restricts the use of persistent organic pollutants</p> <ul style="list-style-type: none"> ▪ Regulation (EU) 2017/852, adopted into Norwegian law forbidding the production, import, export, sell or use of mercury and mercury compounds ▪ Regulation (EU) 1005/2009 and 2011/65/EU, adopted into Norwegian law forbidding the production, import, export, sell or use of substances that deplete the ozone layer ▪ Regulation (EC) 1907/2006 Concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), which has been transposed into Norwegian law <p>Regulation (EC) 1272/2008, ensuring that chemicals are classified according to their hazards and proper labeling, is applied. Norway's guideline value¹⁹ for formaldehyde emissions aligns with European standards, ensuring that the limits for emissions are met. However, legal thresholds for other Category 1A and 1B carcinogenic volatile organic compounds per m³ of material or component have not been established. Consequently, the Issuer cannot guarantee that its borrowers' building components and materials will meet the requirement of <0.001 mg/m³ for emissions of Category 1A and 1B carcinogenic VOCs. Therefore, the Issuer's alignment with this criterion cannot be confirmed.</p> | |
| <p>6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</p> | |
| <p>N/A — there is no EU Taxonomy criteria for the category.</p> | |

¹⁹ As outlined in "[Indoor Air Pollution by Formaldehyde in European Countries.](#)"


b) 7.7 – Acquisition and ownership of buildings

| PROJECT CHARACTERISTICS AND SELECTION PROCESSES | ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA |
|---|---|
| 1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION | |
| <p>For buildings constructed from 2021 onwards, the Issuer confirms that financing under this Framework will only apply to buildings with a floor area of 5,000 square meters or less. These buildings are evaluated against the specific Nearly Zero Energy Buildings (NZEB) thresholds set by the Norwegian Ministry in 2023, which are defined by energy demand in kWh/m². A comprehensive methodology and selection process for NZEB-10% compliant buildings will be detailed in a technical report prepared by specialized external consultant, which will be published alongside the annual impact report. Additionally, model estimates for PED from Eiendomsverdi may be utilized.</p> <p>For buildings constructed before 2021, eligibility is restricted to those with at least an EPC class A or those within the top 15% of the Norwegian building stock based on operational PED. The qualification of building codes and EPC labels will be determined with assistance from a specialized external consultant, potentially incorporating guidance from the Norwegian Ministry. In cases where EPCs are not available, the Eiendomsverdi model may be used to estimate PED, focusing on Norwegian homes built before 2021. As of the latest assessment, Norwegian residential buildings constructed under the TEK10 and TEK17 building codes with an EPC rating of A or B fall within the top 15% of energy performance. The assessment will be reviewed by experts annually.</p> |  |
| 2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA | |
| See c) |  |
| 3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA | |
| N/A — there is no EU Taxonomy criteria for the category. | |
| 4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA | |
| N/A — there is no EU Taxonomy criteria for the category. | |
| 5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA | |
| N/A — there is no EU Taxonomy criteria for the category. | |

6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA

| | |
|--|--|
| N/A — there is no EU Taxonomy criteria for the category. | |
|--|--|


c) Generic Criteria for DNSH to Climate Change Adaptation

| PROJECT CHARACTERISTICS AND SELECTION PROCESSES | ALIGNMENT WITH THE EU TAXONOMY |
|---|---|
| 2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA | |
| <p>Eika Boligkreditt leverages the Task Force on Climate-Related Financial Disclosures framework to identify, manage and report on climate-related risks within its mortgage portfolio.²⁰ Since 2021, the Issuer has prioritized assessing physical climate risks associated with properties in its cover pool, including vulnerabilities to floods, landslides, sea level changes and extreme weather events. This assessment is conducted quarterly using data from Eiendomsverdi, which sources information from authoritative institutions such as the Norwegian Mapping Authority, the Norwegian Water Resources and Energy Directorate, and the Norwegian Geotechnical Institute. Additionally, the Planning and Building Act of 2008 mandates that climate change be considered in risk and vulnerability analyses for all levels of planning. If risks are identified during the screening phase, county-level climate scenarios, based on the RCP4.5 and RCP8.5 emission scenarios developed by the Intergovernmental Panel on Climate Change must be used.</p> <p>A key condition in Eika Boligkreditt’s mortgage agreements is that the mortgaged property must be insured. Adaptation measures may be implemented through renovations, which, under current building regulations and laws (TEK10 and the Planning and Building Act of 2008), must address physical climate risks related to relevant climate hazards.</p> <p>If high physical climate risks are identified and adaptation solutions are not feasible, the Issuer may remove the mortgage from its green loan portfolio to ensure risk integrity. Additionally, when the Financial Supervisory Authority of Norway establishes a framework for scenario analyses and stress tests related to climate risk, the Issuer plans to incorporate these into its ongoing climate risk management practices and define acceptable levels of climate risk.</p> |  |

²⁰ As outlined on Pages 49-52 of Eika Boligkreditt’s [2023 Annual Report](#).

Minimum Safeguards

The alignment of the project characteristics and selection processes in place with the EU Taxonomy Minimum Safeguards, as described in Article 18 of the [Taxonomy Regulation](#), have been assessed. The results of this assessment are applicable for every project category financed under this Framework and are displayed below:

| PROJECT CHARACTERISTICS AND SELECTION PROCESSES ²¹ | ALIGNMENT WITH THE EU TAXONOMY REQUIREMENT |
|---|---|
| Banks do not have to inquire households on minimum safeguards when providing mortgages or other types of financing. |  |

²¹ This column is based on input provided by the Issuer.

PART IV: CONSISTENCY OF GREEN BONDS WITH EIKA BOLIGKREDITT'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

| TOPIC | ISSUER APPROACH |
|------------------------------------|---|
| <p>Strategic ESG topics</p> | <p>The Issuer focuses on (i) decent work and economic growth (promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), (ii) sustainable cities and communities (make cities and local communities inclusive, secure, resilient and sustainable), and (iii) climate action (act immediately to combat climate change and its consequences). These sustainability pillars have been defined through a materiality/impact assessment.</p> |
| <p>ESG goals/targets</p> | <p>To achieve its strategic ESG topics, the Issuer has set the following goals:</p> <ul style="list-style-type: none"> ▪ Better utilization of resources ▪ Work to end the link between economic growth and environmental damage ▪ Achieve full and productive employment and decent work for all ▪ Protect labor rights and promote a safe and secure working environment for all employees ▪ Stimulate and expand access to banking, insurance and financial services for all ▪ Ensure that everyone has access to satisfactory and secure homes and basic services at an affordable price ▪ Support positive economic, social and environmental links between urban, peri-urban and rural areas ▪ Strengthen the ability to withstand and adapt to climate-related hazards and natural disasters, strengthen the ability of individuals and institutions to counter, adapt to and reduce the consequences of climate change as well as their ability to give early warning, and strengthen knowledge and awareness of this |

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| | <p>The goals are publicly available in Eika Boligkredit's annual report and monitored annually.</p> |
| <p>Action plan</p> | <p>The Issuer has implemented the following initiatives to achieve its goals.</p> <p>For the ESG topic of decent work and economic growth (promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all):</p> <ul style="list-style-type: none"> ▪ Keep the employee satisfaction above 80 (index ranges from 0-100) through a number of schemes, including paying the difference between full pay and benefits paid by the Norwegian Labour and Welfare Administration while on parental leave; granting flexible working hours; providing employees with the employer's liability, health and travel insurance paid by the company; and adhering to an early retirement scheme ▪ Reduce the sickness absence among its employees from 5.1% in 2022 to less than 2.5% ▪ Carry out a qualitative assessment for internal promotion to managerial positions ▪ Increase the percentage of female employees from 21.1% in 2023 to over 30% in the short term, and over 40% in the long term ▪ Keep the percentage of female directors above or equal to 33.33% (currently 50%) <p>For the ESG topic of sustainable cities and communities (make cities and local communities inclusive, secure, resilient and sustainable):</p> <ul style="list-style-type: none"> ▪ Keep the alliance satisfaction above 80 (index ranges from 0-100) ▪ Achieve approximately the same credit spread on covered bond financing as comparable issuers would have done with the same tenor, the same issued volume and the same issue date |

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| | <ul style="list-style-type: none"> Keep the percentage of green collateral added to the cover pool above 20% <p>The action plan concerning the third ESG topic is outlined in the following section.</p> |
| <p>Climate transition strategy</p> | <p>In 2022 and 2023, the Issuer participated in a working group established by Finance Norway to develop guidance for calculating financed emissions. A prioritized project in 2023 was to calculate Scope 3 emissions from its products (which account for over 99% of the Issuer’s emissions),²² in part through a working group under the U.N. Principles for Responsible Banking, and the Issuer is currently working on the calculation of relevant Scope 3 emission categories. This will provide a basis for setting relevant sub-goals aimed at achieving net-zero emissions. The Issuer has identified two main KPIs for its climate transition strategy: (i) GHG emissions, CO₂ equivalents from the residential mortgage business, and (ii) GHG emissions, CO₂ equivalents from other business activity.²³ The target for the latter has already been identified, as the Issuer is aiming for ≤21.6 tons CO₂e in 2025, showing a decrease of 27.3% from a historic average (2012–2019).</p> <p>Moreover, Eika Boligkreditt has performed an analysis of the carbon footprint of all the buildings within the cover pool to measure the status of the climate footprint for the assets financed by its mortgages with the goal of reducing the footprint for residential units financed by the company over time. The full analysis on the carbon footprint of the covered pool has been conducted by Multiconsult, an external specialized Norwegian consultant, and the report will be updated annually.</p> <p>In 2024, all the banks in the Eika Alliance have set net-zero ambitions on the portfolio level and will set sub-goals and action plans during 2025.</p> |

²² As outlined in the [2023 GHG Emission Accounting Report](#).

²³ As outlined on Page 21 of its [2023 Annual Report](#).

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| <p>ESG risk and sustainability strategy management</p> | <p>The Issuer’s Board determines the ESG strategy and risk strategies for the company, through the risk and compensation committee. The Issuer has three lines of defense in place: the CEO and the line management/staff, who deal with the day-to-day risk management and control and implement risk strategies; the risk management function and compliance function, which identify and evaluate compliance risk, testing and reporting and develop methods, tools and processes for risk management, monitoring and reporting; and the internal audit, which provides independent confirmation to the board concerning the quality of risk management and control processes.</p> |
| <p>Top three areas of breaches of international norms and ESG controversies in the industry²⁴</p> | <p>Financial market irregularities, failure to prevent money laundering, and failure to respect the right to just and favorable conditions of work.</p> |
| <p>Breaches of international norms and ESG controversies by the Issuer</p> | <p>At the date of publication and leveraging ISS ESG research, no severe controversy in which the Issuer would be involved has been identified.</p> |
| <p>Sustainability reporting</p> | <p>The Issuer reports on its ESG performance and initiatives annually, in its annual report and corporate and sustainability report. The report is prepared in line with the recommendations of the Task Force on Climate-Related Financial Disclosures and, starting in 2025, the Issuer will report under the Corporate Sustainability Reporting Directive, as well.</p> |
| <p>Industry associations, collective commitments</p> | <p>The Issuer’s affiliated asset management company has been a signatory of the U.N. Principles for Responsible Investment since 2021.</p> |
| <p>Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework</p> | <p>In line with its environmental commitments, in 2021, Eika Boligkreditt issued a Green Bond Framework to finance energy efficient residential buildings in Norway. To date, the Issuer has issued two green bonds under the framework for a total of EUR 1 billion.</p> |

²⁴ Based on a review of controversies identified by ISS ESG over a two-year period, the top three issues that have been reported against companies within the mortgage and public sector finance industry are displayed above. Please note that this is not a company-specific assessment but rather areas that can be of particular relevance for companies within that industry.

Rationale for issuance

In 2024, all the banks in the Eika Alliance have set net-zero ambitions at the portfolio level and will set sub-goals and action plans during 2025. Furthermore, the group will continue working on the calculation of relevant Scope 3 emission categories. This will provide a basis for setting relevant sub-goals aimed at achieving net zero emissions. The financing and refinancing of green building projects match Eika's SDG focus, net-zero ambition and transition planning with an emphasis on Scope 3 emissions. In alignment with the broader Eika corporate responsibility strategy, Eika Boligkreditt has established its Green Bond Framework to be able to issue green bonds to finance or refinance mortgages for energy efficient residential properties with lower energy needs and consumption.

Eika's sustainability strategy builds on the U.N. Sustainable Development Goals, which represent the world's shared blueprint for eliminating poverty, combating inequality and halting climate change by 2030. Eika is targeting in particular:

- SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable
- SDG 13: Take urgent action to combat climate change and its impacts

Opinion: *The key sustainability objectives and the rationale for issuing green bonds are clearly described by the Issuer. All the project categories financed are in line with the Issuer's sustainability objectives.*

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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary [methodology](#).

EU Taxonomy

The assessment evaluates whether the details of the nominated projects and assets or project selection eligibility criteria included in the Green Bond Framework meet the criteria listed in relevant Activities in the EU Taxonomy Climate Delegated Act (June 2023).

The evaluation shows if Eika Boligkreditt's project categories are indicatively in line with the entirety (or some of) the requirements listed in the EU Taxonomy Technical Annex.

The evaluation was carried out using information and documents provided on a confidential basis by Eika Boligkreditt (e.g., Due Diligence Reports). Furthermore, national legislation and standards, depending on the project category location, were drawn on to complement the information provided by the Issuer.

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

Eika Boligkreditt commissioned ISS-Corporate to compile a green bonds SPO. The second-party opinion process includes verifying whether the Green Bond Framework aligns with the Green Bond Principles and assessing the sustainability credentials of its green bonds, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant standards for this second-party opinion:

- ICMA's Green Bond Principles
- EU Taxonomy Climate Delegated Act (June 2023)

ISSUER'S RESPONSIBILITY

Eika Boligkreditt's responsibility was to provide information and documentation on:

- Framework
- Selection criteria
- Documentation of ESG risk management at the Framework level

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is a part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent second-party opinion of the green bonds to be issued by Eika Boligkreditt has been conducted based on proprietary methodology and in line with the Green Bond Principles.

The engagement with Eika Boligkreditt took place in August and September 2024.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so that investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>.

For more information on SPO services, please contact: SPOsales@iss-corporate.com.

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