

Green Finance Framework



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August 2020

1. Strategy and rationale

The impact of climate change on environment and society poses increasing requirements on Eastnine as a property owner. By some estimates, buildings and construction jointly account for 36 percent of global energy consumption and nearly 40 percent of global energy-related emissions. Against this background, the ability and capacity to minimize a climate impact and deliver climate neutral or even climate positive solutions will, in our opinion, be a defining feature of sustainable real estate operations. There is also a rising commitment to environmental and social causes expressed by our employees, existing and potential customers, and business partners. Therefore, since 2018 we have been working systematically with creating business processes, routines and policies to set a sustainable path for the way Eastnine develops and grows its operations in the Baltics.

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Steering sustainability efforts

Internally, our environmental efforts are guided by an environmental policy which communicates our vision and commitments. The policy is publicly available at our website. This policy underpins our annual goals which are disclosed in our annual reports. In 2018 we signed UN Global Compact, mapped our contributions towards UN's Sustainable Development Goal's and issued our first GRI-referenced report. In 2019 Eastnine became a member in GRESB and completed its first assessment that further informed the internal improvement process. Eastnine achieved 64 points vs 58 points average for first-year participants. Internal efforts around sustainability initiatives and engagements are coordinated by Head of Sustainability who reports directly to the company CEO. Sustainability targets are incorporated in annual performance assessment of each employee.

Contribution to the United Nations 2030 Agenda

By working towards our targets we will support the United Nations' 2030 Agenda for Sustainable Development through contribution to the following Sustainable Development goals.

3 GOOD HEALTH AND WELL-BEING 	3. Good Health and Well-Being Eastnine will contribute to Target 3.9 by focus on environmentally friendly construction methods and healthy indoor climate in our properties.	7 AFFORDABLE AND CLEAN ENERGY 	7. Affordable and Clean Energy Eastnine will contribute to Targets 7.2 and 7.3 by committing to 100% renewable energy in its energy supply composition by 2030.
11 SUSTAINABLE CITIES AND COMMUNITIES 	11. Sustainable Cities and Communities Eastnine will contribute to Target 11.6 by implementing efficient controls over air quality, emissions, and waste.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	12. Responsible consumption and production Eastnine will contribute Target 12.6 by integrating sustainable practices in its operations and increasing transparency over these efforts via public sustainability reporting. Target 12.5 will be contributed to via improvement of waste management including landfill diversion and recycling. Target 12.8 will be pursued via increasing communication to Eastnine's tenants on sustainable lifestyles and practices.

Improving environmental performance of buildings

The main pillar of Eastnine environmental efforts is our commitment to zero net emissions by 2030. Specific goals have been set with respect to absolute level of energy intensity by 2025 as well as average expected reduction per year. With regards to future development projects we aim to achieve at least 80 percent of possible points within environmental certification's energy section and intend to include Life Cycle Analysis of building carbon footprint as a standard element of design process. Both tools target reduced energy consumption and greater focus on embodied carbon in the construction process. During 2019, we started a design process for our first office building to be built in wood. The Pine, designed for a site in Riga, will be the first wooden project in the Baltics.

The improvement of environmental performance of our buildings is steered primarily by the commitments and investments we conduct within the framework of environmental certifications. We aim to start a certification process for all newly acquired properties within six months from the acquisition, with the exception of properties subject to redevelopment. Our goal is to achieve 100 per cent environmentally certified portfolio at the minimum level of Excellent in BREEAM and Gold in LEED. As of 30 June 2020, 84 percent of the company's property portfolio measured by gross floor area is certified according to BREEAM (Excellent) or LEED (Platinum), while 16 percent is in ongoing certification process with LEED Platinum as a target. With respect to new acquisitions, we apply an obligatory ESG due diligence requirement to ensure viability of potential acquisition targets in terms of alignment with Eastnine's environmental targets. Our properties in Lithuania achieved the highest scores in the region with 93 points in the existing building category awarded to 3Bures-1,2 and 88 points achieved by 3Bures-3 in Core&Shell. 3Bures-1,2 is the first building in the Baltics to receive LEED Platinum award in the Existing Buildings category and was in 2019 one out of six in the whole of Northern Europe.

Engaging with tenants

In order to help our tenants evolve, we strive to provide best-in-class service by offering flexible and modern workplaces. One of the growing trends that we observe and intend to pursue in our operations, is an increasing focus on health and wellbeing of building users. To this end we focus increasingly on the indoor environment controls, sustainable construction policies for new fit-outs, and measures and policies encouraging tenant physical activity inside the building along with active commuting. In 2018 we put together a comprehensive tenant engagement plan to support development in this area across our whole portfolio. In line with this plan we launched an annual tenant survey in all directly managed properties to create a dialogue around physical well-being in our properties. An example of activities and measures implemented during the past year were Facebook communications around health aspects, articles featured in the local press on health and wellbeing trend in commercial real estate, competitions for tenants based on steps data, stability balls give-aways, and celebration of the Sports Day in our properties 3Bures-1,2 and 3. In the properties, we invest in initiatives promoting clean transportation and active commuting, including bicycle storage, shower possibilities and charging stations for electric vehicles. To develop our knowledge and expertise in this area, the decision was taken to make Eastnine's future development project in Riga the first property in the Baltics to be certified according to the WELL standard, the only global certification framework focusing primarily on health and wellbeing of building users.

Striving to be a good employer

Eastnine has a small team of around 20 employees split between Stockholm and the Baltic countries. Our work ethics is formulated in the Eastnine Code of Conduct, Anti-Corruption and Equal Treatment policies. Eastnine is ranked among the top Swedish companies with respect to gender equality in board and management groups and has been placed on the "green list" by the Allbright Foundation, a Swedish foundation ranking listed companies from a gender equality perspective. In the annual employee survey conducted by the Great Place to Work, a global authority on workplace culture, 93 percent of our employees called Eastnine a great place to work, while our total Trust Index reached 89 percent indicating very high level of employee satisfaction.

Risk mitigation in operations

We have zero tolerance for corruption and bribery and every year we conduct an anti-corruption focused

training where we discuss potential risks in our operations as well as methods and tools to manage those risks. Eastnine has a whistleblower channel for anonymous reporting as well as Code of Conduct for Suppliers. Starting 2020, we are implementing a web-based tool for environmental and social screening of Eastnine's suppliers to mitigate potential risks in the company's supplier chain.

Supporting local networks

The impact of our operations on the Baltic real estate market will steadily increase with the growth of our portfolio. This implies an increasing share of responsibility for sustainable development of the region. With this commitment in mind, we intend to continue our support to the projects contributing to the transfer of best practice and knowledge in our region of operations. Eastnine is actively engaged with the Green Building Council Lithuania and offers both its expertise and financial sponsorship related to conferences and seminars organized by GBCL. In 2019 we also acted as a sponsor to a photo exhibition in Riga devoted to green innovative buildings. We offer space in our premises in Vilnius for installations of local artists. We also actively engage with the local authorities to encourage initiatives promoting the popularization of green practices. In 2019 we conducted several meetings with the representatives of the district heating association in Vilnius in the course of these engagements.

2. Framework Structure

The structure of the Eastnine Green Finance Framework is in line with the ICMA Green Bond Principles 2018 (GBP) and LMA and APLMA Green Loan Principles 2018 (GLP) four key pillars. In addition, Eastnine has obtained an External Review from CICERO.











3. Use of proceeds



Eastnine will finance Eligible Assets in part or in full that promote the transition to low-carbon and climate resilient growth as determined by Eastnine and in line with Eastnine sustainability policy. The proceeds raised based on the Green Finance Framework can be applied towards new assets, projects and to refinance existing assets. All proceeds under the Green Finance Framework will be used in compliance with the below list of Eligible Assets providing environmental benefits in accordance with the defined categories. Eligible Assets will be owned by Eastnine group. Eastnine will only finance or refinance investments in the Baltics.

Eastnine intends to allocate a clear majority of proceeds raised, especially from a first issue of Green Finance Instruments, to Green buildings.

In addition to Green Finance Instruments issued by Eastnine in the capital market, the company may have Green Loans provided by lending institutions. Green Loans taken by Eastnine may be provided by lending institutions that finance these by issuing Green Bonds. Eastnine will report the aggregate amount of Green Loans taken and specify each Eligible Asset that has been financed by a Green Loan in a separate section of the Green Finance Investor report.

Table 1. Eligible categories and asset descriptions

GBP / GLP Categories	Eligible Assets	Core UN SDG Targets
Green Buildings	<p>Financing of buildings certified by at least one of the following certification systems that have, or will, receive a design stage certification, a post construction certification or an in-use certification of:</p> <ul style="list-style-type: none"> ✓ BREEAM with a minimum certification level of at least Excellent and at least 80 percent of the possible points within the energy category ✓ LEED with certification level of Platinum and at least 80 percent of the possible points within the energy category ✓ Or any equivalent system as determined by Eastnine 	   
Clean Transportation	<p>Financing of electric vehicles, charging stations, bicycle garages, pedestrian walkways, bicycle lanes and other investments that support and emphasize the use of clean transportation solutions.</p>	 
Energy Efficiency	<p>Financing of refurbishment of existing buildings that lead to a 30 percent increase in energy efficiency. Investments include energy retrofits such as the installation of more efficient ventilation or heating system, replacing fuse ratings and adjusting light controls and light fittings.</p>	   

GBP / GLP Categories	Eligible Assets	Core UN SDG Targets
Renewable Energy	Financing of on-site solar power installations and stand-alone solar farms, related infrastructure and other renewable energy technologies in order to increase the share of renewable energy.	 

4. Process for project selection and evaluation

The evaluation and selection process for Eligible Green Assets is a key process in ensuring that the proceeds from Green Bonds are allocated to assets and activities which meet the criteria in the Framework. Eastnine has established a Green Finance Committee (GFC) to evaluate and select assets that are in line with its Green Finance Framework. The Green Finance Committee is responsible for the ongoing monitoring of the Green Portfolio and for the reporting on its environmental benefits. The Green Portfolio of Eligible Assets will be reviewed and updated on a quarterly basis. The GFC consists of representatives from Management, Group Treasury, Corporate Sustainability, and Property Management. Decision-making is made on a unanimous basis. Any future updates of the Green Finance Framework must be approved by the Green Finance Committee. A list of Eligible Green Assets is kept by the Treasury Department and the Head of Treasury is responsible for keeping this list up to date. The list of Eligible Green Assets is monitored on a regular basis during the term of the Green Bond to ensure that the proceeds are entirely being allocated to Eligible Green Assets.

5. Management of Proceeds

An amount equal to the net proceeds of any Green Financing raised will be separately identified within Eastnine's treasury department and applied by the company in the financing of Eligible Assets. The amounts so identified for such financing, together with such Eligible Assets, will form an earmarked portfolio within the internal systems of the company. On a regular basis any such amounts will be adjusted to reflect amounts advanced for the financing and any repayment or prepayment of Eligible Assets. Pending such allocation those amounts not applied in the financing of Eligible Assets will be applied by the company on the same basis as for the management of its liquidity reserves. Proceeds from Green Finance Instruments will not be used to finance investments linked to fossil energy generation, the weapons and defence industries, potentially environmentally negative resource extraction, gambling or tobacco.

6. Reporting

To enable investors to follow the development and to provide insight to prioritised areas Eastnine will provide a Green Finance Investor Report on an annual basis. The Green Finance Investor Report will include:

1. a description of selected project(s) in the green portfolio;
2. geographical distribution,
3. type of financing instruments utilized and respective outstanding amounts,
4. information on the split between new financing and re-financing,
5. a list of Eligible Assets financed and allocated amounts,
6. a selection of Eligible Asset examples.

Eastnine intends to report yearly on quantitative impact indicators where feasible and relevant data information is available. The Green Finance Committee is responsible for the Green Finance Investor Report and will make it available on Eastnine's webpage.

Table 2. Examples of impact indicators

Examples of impact indicators
<p>Green buildings</p> <ul style="list-style-type: none"> ✓ Environmental certification ✓ Energy consumption disclosed by absolute consumption (kWh) and intensity (kWh per square metre) per year ✓ Calculated carbon footprint disclosed by absolute emissions (tons) and intensity (kg per square meter) per year. The GHG emissions are monitored annually by Eastnine in accordance with the GHG Protocol ✓ Capacity renewable energy installed (MWh per year and MW) <p>Clean Transportation</p> <p>Each yearly report will include one example (if applicable) of a clean transportation investment that have been financed with green net proceeds. Given the number of project types that qualify under the category the KPI's will not be disclosed beforehand in the framework. Eastnine will emphasize on carbon savings, where applicable, as relevant performance metrics.</p> <p>Energy efficiency</p> <ul style="list-style-type: none"> ✓ kWh/m² / annum ✓ % of energy use reduced/avoided ✓ Energy efficiency increase (%) ✓ Annual GHG emissions reduced/avoided in tCO₂ <p>Renewable energy</p> <ul style="list-style-type: none"> ✓ For an investment in a stand-alone renewable energy project the energy production (MWh per year), installed capacity (MW) and the estimated yearly reduction of GHG emissions. ✓ For an installation of a renewable energy in a real estate asset the percent of the asset's total energy use supplied by the installation, the energy production (kWh per year) and the estimated yearly greenhouse gas reduction

7. External Review

To secure alignment with national and international guidelines Eastnine has obtained an external third-party opinion on the Green Finance Framework. The second opinion has received a Dark Green Shading from Cicero. The document is available on Eastnine's webpage.

An appropriate external independent assurance provider will annually assure Eastnine selection process for the financing of Eligible Assets and the allocation of the proceeds of any Eastnine Green Finance product and that such processes and allocations are in accordance with the Eastnine Green Finance framework. The opinion of the assurance provider will be made publicly available on Eastnine' webpage.

Policy documents that govern Eastnine Environmental and Sustainability work

Public Policies and Guidelines are available at eastnine.com. All documents in English unless otherwise stated.

#	Name	Public / Non-Public
1	Annual Report including sustainability report (GRI-referenced) 2019	Yes
2	Environmental policy	Yes
3	Code of Business Conduct (employees)	Yes
4	Supplier Code of Conduct	Yes
5	Whistle-blower Policy	No
6	Equal Treatment Policy	Yes
7	Anti-Corruption Policy	Yes
8	GRESB benchmark report 2019	No