



# kojamo

Green Finance Framework February  
2024





# 1. Background

## 1.1. About us

Kojamo plc (“Kojamo”) is Finland's largest private residential real estate investor with 40,619 apartments<sup>1</sup> with the fair value of the investment properties totalling EUR 8.0 billion<sup>1</sup>. The company offers rental apartments and housing services in Finland’s biggest growth centres. Kojamo’s shares are listed on the official list of Nasdaq Helsinki.

Kojamo’s mission is to create better urban housing. Our goal is to be the property market frontrunner and the number one choice for our customers. We aim to grow by developing new properties, acquiring properties and by converting buildings used for other purposes into apartments. Lumo is our consumer brand and provides a combination of unique rental living and housing services.

## 1.2. Our sustainability programme

Sustainability is a key strategic priority in our mission to create better urban housing. Our sustainability programme supports

the execution of our strategy and is based on materiality analysis to ensure a focus on the most material sustainability themes for our strategy, business operations and key stakeholders. The cornerstones of our sustainability programme are to ensure long-term profitability and growth, conduct sustainable and responsible operations, and transparent communications and reporting on sustainability. The programme contains four key sustainability focus areas, being:

- (i) Sustainable cities;
- (ii) The best customer experience;
- (iii) A responsible corporate citizen; and
- (iv) The most competent personnel and a dynamic workplace

In this document we will concentrate on the Sustainable cities, which is at the core of our Green Finance Framework.



<sup>1</sup> As at 31 December 2023.



### 1.2.1. Our sustainability programme – Sustainable cities

The sustainable cities focus area of the sustainability programme includes our key targets related to carbon neutrality and climate change mitigation, energy efficiency, circular economy and recycling opportunities, and minimising the lifecycle environmental impacts of properties.



The key sustainability objectives of the Sustainable cities focus area include the following:

- We are committed to owning only assets that are net zero carbon in operation by the end of 2030. This target is our commitment to the World Green Building Council’s Net Zero Carbon Buildings Commitment
- We will enhance the efficiency of our energy consumption by 7.5% during the period of 2017-2025, using 2016 as the baseline. This target is our commitment to the Finnish national voluntary energy efficiency agreement and its rental property action plan second phase (VAETS II). The programme covers properties completed by the end of 2016
- We will annually reduce the portfolio energy intensity by 3% (kWh/m<sup>3</sup>)
- Starting from 2021, new own development projects will be implemented with an energy performance level (E-value) equivalent or below 80 kWh/m<sup>2</sup>
- Starting from 2021, all major renovation projects will achieve a relative improvement in energy efficiency by at least 30%
- We will reduce the portfolio water consumption by 5% by the end of 2030 (compared to 2019 level)
- We will improve the portfolio waste recycling rate to 55% by the end of 2023<sup>2</sup>

- We will achieve waste sorting and recycling rate above 70% in both new development and major renovation projects by the end of 2024
- All our own offices are WWF Green Office certified

We are assessing climate risks as part of our corporate level risk assessment process.

We will continue investing in Finnish growth centres, in locations with good public transportation connections and services.

Since 2016, we have implemented all of our new construction projects using our own plot reserves as nearly zero-energy buildings

Our digital solutions promote the development of smart solutions and sustainable cities.

We will control and optimise the indoor temperatures of our property portfolio using AI solutions, based on actual temperatures and weather forecasts.

We are committed to preventing and reducing the environmental impacts of our operations, throughout the life cycle of our property portfolio. We work towards increasing the energy and material efficiency and to more circular economy adapted models.

We are committed to using carbon neutral property electricity in our whole property portfolio. In addition, we are using carbon neutral district heating in part of our properties. In 2023, carbon neutral district heating was used at 163 properties.

We promote sustainability related services such as ecological driving through our car sharing services offered to residents of Lumo homes.

We are committed to sustainability principles in all our purchasing and cooperation with our partners.

### 1.2.2. UN Sustainable Development Goals (SDGs)

With the sustainability programme, Kojamo commits to aligning our strategy and map our contribution towards the UN Sustainable Development Goals. We systematically implement initiatives that support the achievement of the goals that are particularly relevant for our business and where we can have the greatest impact.

Our sustainability programme is based on the following eight UN SDGs:

<sup>2</sup>Kojamo is currently reviewing target and thus it will be updated during autumn 2024



### 1.2.3. The Net Zero Carbon Buildings Commitment

With our sustainability programme, Kojamo commits to improving the energy efficiency and reducing greenhouse gas emissions of our property portfolio.

Our goal is to have a property portfolio operating at net zero carbon by 2030.

We are a signatory of the World Green Building Council's Net Zero Carbon Buildings 2030 Commitment. The Commitment calls upon business, organisations, cities, states and regions to take urgent, ambitious and immediate climate action towards decarbonising the built environment. Increasing the portfolio energy efficiency, production of renewable energy and the share of purchased renewable energy play a key role in reaching this goal.

Kojamo's Net Zero Carbon Buildings Commitment is publicly available [here](#).



- 3. Good health and well-being
- 5. Gender equality
- 7. Affordable and clean energy
- 8. Decent work and economic growth
- 9. Industry innovation and infrastructure
- 11. Sustainable cities and communities
- 12. Responsible consumption and production
- 13. Climate action



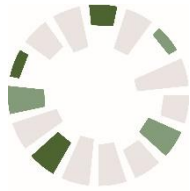




### 1.2.4. Our sustainability reporting and recognitions

In our sustainability reporting we transparently disclose our sustainability related KPI data and the progress related to the sustainability programme. Our annual reporting is conducted in accordance with the GRI Standards and EPRA (European Public Real Estate Association) Sustainability Best Practises

Recommendations Guidelines (EPRA sBPR). We also disclose our sustainability performance annually to Global Real Estate Sustainability Benchmark (GRESB). We aim for high-quality and comprehensive sustainability reporting.



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#### GRESB

We are annually reporting our sustainability performance to GRESB, the real estate sector's international sustainability assessment and benchmark. In 2023 we participated in the assessment for the fourth time. We received 78 points out of 100, exceeding the average result, and a Green Star designation with three stars out of five.

The GRESB assessment provides an extensive framework for the development of our sustainability work. GRESB covers a wide range of areas of sustainability on both the company and asset level: company-level management of sustainability, policies and principles, reporting, risk management, sustainability of the supply chain, environmental performance of the asset portfolio and stakeholder cooperation.



#### EPRA sBPR

We are annually reporting our sustainability performance in accordance with EPRA's sustainability Best Reporting Practices (sBPR). EPRA promotes comparable analysis of property investment companies and introduced measures to evaluate companies' sustainability reporting in environment, social and environment aspects. Kojamo received a silver award for the 2022 sustainability reporting.

### 1.2.5. Other key sustainability memberships and frameworks



All our own offices are certified according to the WWF Green Office programme. The WWF Green Office programme is aimed at reducing the environmental impact of offices, increasing environmental awareness among employees and achieving energy savings.



We are a member in FIBS (Finnish Business and Society), the largest corporate responsibility network in the Nordic countries. The aim of the network is to promote sustainable business and develop and share expertise among its member organisations.



## 2. Kojamo Green Finance Framework



Kojamo is committed to climate action and responding to the challenges brought on by climate change by creating better and more energy-efficient housing. By setting up this document (“Green Finance Framework” or “Framework”), Kojamo aims to mobilize debt capital to promote the transition towards smart and environmentally sustainable economy.

This Framework, aligned with the Green Bond Principles (GBP) published in June 2021 (with June 2022 Appendix I) by the International Capital Market Association (ICMA) and the Green Loan Principles (GLP) published in February 2023 by the Loan Market Association (LMA), the Loan Syndications & Trading Association (LSTA) and the Asia Pacific Loan Market Association (APLMA), defines the investments eligible for financing by green debt instruments issued by Kojamo (“Green Debt”). Moreover, the Framework outlines the process used to identify, select and report on eligible green projects and the set-up for managing the Green Debt proceeds.

Green Debt may be issued in the format of (i) unsubordinated notes, (ii) subordinated notes, (iii) hybrid securities and (iv) commercial paper. This Framework could also be referenced to for loans and revolving credit facilities (RCF). The terms and conditions of the underlying documentation for each Green Debt instrument shall provide a reference to this Framework. Depending on the format, products can go under different labels such as Green Bond, Green Commercial Paper or Green RCF.

Sustainalytics has provided a Second Party Opinion, which is publicly available at our website. Kojamo will also assign an external verifier to provide a verification that an amount equal to the Green Debt net proceeds has been allocated to projects in line with the Green Finance Framework.





## 3. Use of proceeds



### 3.1. Allocation of net proceeds

The net proceeds from the Green Debt will be used to finance or refinance, in whole or in part, investments undertaken by Kojamo or its subsidiaries that promote the transition towards a low-carbon and environmentally sustainable economy (“Green Projects”), in each case as determined by Kojamo in accordance with the Green Project categories defined in section 4. Green Projects will form a portfolio of assets eligible for financing and refinancing by Green Debt. The look-back period is applicable to OPEX and limited to 3 years.

### 3.2. Financing and refinancing

Green Debt net proceeds can finance both existing and new Green Projects financed by Kojamo or its subsidiaries. New financing is defined as Green Projects completed after the Green Debt has been issued, and refinancing is defined as the financing of Green Projects completed prior to the Green Debt issuance.

The distribution between new financing and refinancing will be reported in Kojamo’s annual Green Impact reporting.

### 3.3. Exclusions













Green Debt net proceeds will not be allocated to projects involving the production of fossil energy, nuclear energy generation, weapons and defence, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

### 3.4. SDG mapping

As outlined in section 1.2.2., Kojamo contributes to several SDGs on a corporate level. In this Green Finance Framework, each Green Project category has been mapped to the SDGs in accordance with the High-Level Mapping to the Sustainable Development Goals published by ICMA.



## 4. Green project categories

Green project category	Description	Types of projects	SDG
Green and energy efficient buildings	Kojamo promotes the increase of energy efficiency of its property portfolio by investing in the improvement of energy efficiency of existing buildings, and by investing in the development of new energy efficient buildings. Energy efficiency has a key role in our target of owning only assets that are net zero carbon in operation by 2030. Green and energy efficient buildings category covers the financing or refinancing of the construction, acquisition, expansion, or upgrade/modification of buildings that meet the defined criteria.	<p><b>New buildings (built after 31 December 2020)</b></p> <ul style="list-style-type: none"> <li>Construction of new buildings for which the design was initiated after 31 December 2020, with an Energy Performance Certificate (EPC) of class A or B and an energy performance value (E-value) equivalent or below 80 kWh/m<sup>2</sup>, or</li> <li>Construction of new buildings for which the design was initiated before or on 31 December 2020, with an EPC of class A or B and E-value equivalent or below 82 kWh/m<sup>2</sup></li> </ul> <p><b>Existing buildings (built before 31 December 2020)</b></p> <ul style="list-style-type: none"> <li>Existing buildings with an EPC of class A or B, the E-value equivalent or below 82 kWh/m<sup>2</sup>, or</li> <li>Existing buildings within top 15% of the national or regional building stock expressed as operational PED demonstrated by adequate evidence.</li> </ul>	   
		<p><b>Major renovations</b></p> <p>Existing buildings under major renovation, as follows:</p> <ul style="list-style-type: none"> <li>Energy efficient major renovations of existing buildings leading to substantial reduction in the energy usage (kWh/m<sup>2</sup>/year)</li> </ul> <p>A substantial reduction means at least 30% reduction in the energy usage (kWh/m<sup>2</sup>/year) compared to the pre-investment situation.</p>	
		<p><b>Energy efficiency</b></p> <p>Direct investments (e.g. material, installation and labour costs) for installing energy efficient technologies including:</p> <ul style="list-style-type: none"> <li>Energy management systems, AI systems, improved thermal insulation, heat exchangers, heat pumps, new windows, energy efficient lighting, ventilation systems, water efficiency.</li> </ul> <p>The measures aim to improve the energy performance of a whole building or of the respective area of the building, and/or reduce the building CO<sub>2</sub> emissions.</p>	
Renewable energy	Renewable energy plays a key role in our target to own only assets that are net zero carbon in operation by the end of 2030.  Renewable energy category covers the financing or refinancing of investments in renewable energy (e.g. geothermal heating and solar panels) installations and their related infrastructure (e.g. grid connections and foundations), either in relation to new developments, existing buildings or as stand-alone investments.	<p><b>Solar energy</b></p> <p>Solar energy technologies, such as Photovoltaic systems (PV) and solar thermal facilities.</p>	  
		<p><b>Geothermal energy<sup>3</sup></b></p> <p>Geothermal power plants and geothermal heating/cooling systems.</p>	
Clean transportation	<p>Kojamo supports the transition towards clean transportation. We invest in growth centres in locations with good public transportation connections.</p> <p>Clean transportation category covers the financing or refinancing of infrastructure supporting the usage of electric and hybrid vehicles.</p>	<p><b>Infrastructure for electric vehicles</b></p> <p>Infrastructure supporting electric and hybrid vehicles, such as charging stations.</p>	 
Waste management	<p>Kojamo supports responsible consumption and advances circular economy by enabling and enhancing the waste sorting systems of Lumo homes. We are committed to improving our waste recycling rate.</p> <p>The financing or refinancing of the establishment, expansion or upgrades of solutions contributing to the management, reduction and reuse of waste in the management and construction of buildings.</p>	<p><b>Waste management solutions</b></p> <p>Systems and technologies contributing to an efficient management and sorting of waste, for the purpose of reducing, recycling and reusing of waste of Kojamo's property portfolio.</p>	  

<sup>3</sup> Facilities should operate at lifecycle emissions lower than 100g CO<sub>2</sub>e/kWh.





## 5. Green project evaluation and selection process

### 5.1. Allocation of Green Debt proceeds

Kojamo's overall management of environmental, social, corporate governance and financial risks is a core component of our decision-making processes. Our risk management strategy is stated in our policies, guidelines and instructions. The process for evaluation and selection of Green Projects will follow the same standard decision-making process.

### 5.2. Green Project evaluation and selection

Green Projects shall comply with the eligibility criteria defined under the Green Project Categories section. Kojamo has designed and implemented a process to ensure that only projects aligned with the criteria are selected as Eligible Assets and Projects for potential Green Debt issuances. To oversee this a Green Finance Committee (GFC) has been established and the following process will be used for the evaluation and selection of eligible Green Projects:

- (i) Sustainability experts within Ownership and Investing Unit of Kojamo evaluate potential Green Projects, their compliance with the Green Project Categories, and their environmental benefits
- (ii) A list of potential Green Projects is presented to Kojamo's GFC. The GFC is solely responsible for the approval of the project as green, in line with the

Green Project categories. Green Projects will be marked as green in a dedicated "Green Register".

A decision to allocate net proceeds will require a consensus decision by the GFC and Kojamo's sustainability manager will have veto power in the decision. The decisions made by the GFC will be documented and filed.

### 5.3. Green Finance Committee (GFC)

The GFC comprise members from top management, treasury, sustainability and investment management.

The GFC will convene at least annually. For the avoidance of doubt, the GFC holds the right to exclude any Green Project already funded by Green Debt net proceeds. If a Green Project is sold, or for other reasons loses its eligibility, funds will then follow the procedure under Management of Proceeds until re-allocated to other eligible Green Projects.

### 5.4. Managing environmental and social risks

Kojamo will ensure that Green Projects adhere to applicable laws and regulations as well as Kojamo's sustainability programme and Code of Conduct. Further, Kojamo will also monitor internal processes to identify environmental and/or social risks associated with the Green Projects.





## 6. Management of proceeds

### 6.1. Tracking of Green Debt net proceeds

Kojamo maintains a Green Register for monitoring that an amount equal to the Green Debt net proceeds is allocated to Green Projects. The purpose of the Green Register is to ensure that Green Debt net proceeds only support the financing of Green Projects or to repay Green Debt. The management of proceeds will be reviewed by an independent verifier appointed by Kojamo.

### 6.2. Temporary holdings

Unallocated Green Debt net proceeds may temporarily be placed in line with the liquidity reserves, taking the exclusion

criteria into account, and managed accordingly by Kojamo Treasury. Should there be any unallocated proceeds, Kojamo strives to allocate them within 12 months.

### 6.3. Exclusions

Temporary holdings will not be placed in entities with a business plan focused on fossil energy production, fossil fuel infrastructure, nuclear energy generation, weapons and defence, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

## 7. Reporting and transparency

Kojamo will annually and until full allocation and in the event of any material developments, as long as there are Green Debt outstanding, provide investors with a report (Green Impact Report) describing the allocation of proceeds and the environmental impact of the Green Projects. The report will be published on our website together with the Green Finance Framework.

### 7.1. Allocation reporting

Allocation reporting will include the following information:

- (i) A summary of Green Debt developments
- (ii) The outstanding amount of Green Debt issued
- (iii) The balance of the Green Projects in the Green Register (including any temporary investments and Green Debt repayments) and the available headroom in the value of the Green Projects (if any)
- (iv) The total proportion of Green Debt net proceeds used to finance new Green Projects (defined as Green Projects completed after the Green Debt was issued) and the proportion of Green Debt net proceeds used to re-finance Green Projects (defined as Green Projects completed before the Green Debt was issued)

- (v) The total aggregated proportion of Green Debt net proceeds used per Green Project Category.

In the event of outstanding Green Commercial Paper, Kojamo will report quarterly on the value of Green Projects and the total amount of outstanding Green Debt.

### 7.2. Impact reporting

The impact reporting aims to disclose the environmental impact of the Green Projects financed under this Framework.

As Kojamo can finance several smaller Green Projects in the same Project Category, impact reporting will to some extent, be aggregated.

The impact assessment is provided with the reservation that not all related data can be covered and that calculations therefore will be on a best effort basis. For new buildings, impact data is disclosed for sites that have been in operation for a full year.

The impact assessment is based on the Key Performance Indicators (KPIs) presented in the following table. KPIs include but are not limited to those listed. One or several applicable KPIs may be reported in each project category. The impact reporting is conducted to the extent data is available and not of a sensitive nature.





## 7.2.1. Key performance indicators

Green project category	Types of projects	Key performance indicators of eligible projects (KPIs)
Green and energy efficient buildings	New buildings and existing buildings	<p><b>New buildings (built after 31 December 2020)</b></p> <ul style="list-style-type: none"> <li>Energy performance Certificate (EPC) levels (A, B)</li> <li>Energy performance reference values (E-values)</li> </ul> <p><b>Existing buildings (built before 31 December 2020)</b></p> <ul style="list-style-type: none"> <li>Energy performance Certificate (EPC) levels (A, B)</li> <li>Energy performance reference values (E-values)</li> <li>Annual energy intensity (kWh/m<sup>3</sup>)</li> <li>Annual CO<sub>2</sub> -emission intensity (kg CO<sub>2</sub>e/m<sup>3</sup>)</li> <li>Annual water consumption intensity (l/m<sup>3</sup>)</li> </ul>
	Major renovations	<ul style="list-style-type: none"> <li>Energy performance Certificate (EPC) levels (A, B)</li> <li>Energy performance reference values (E-values)</li> <li>Annual energy intensity (kWh/m<sup>3</sup>)</li> <li>Annual avoided energy usage (kWh/m<sup>3</sup>)</li> <li>Annual avoided CO<sub>2</sub> emissions (kg CO<sub>2</sub>e/m<sup>3</sup>)</li> </ul>
	Energy efficiency	<ul style="list-style-type: none"> <li>Annual energy efficiency measures (MWh)</li> <li>Annual avoided energy usage (kWh/m<sup>3</sup>)</li> <li>Annual avoided CO<sub>2</sub> emissions (kg CO<sub>2</sub>e/m<sup>3</sup>)</li> <li>Annual avoided water consumption (l/m<sup>3</sup>)</li> </ul>
Renewable energy	Solar energy	<ul style="list-style-type: none"> <li>Share of renewable energy of annual energy consumption (%)</li> <li>Annual generation of renewable energy (kWh/m<sup>3</sup>)</li> <li>Annual avoided CO<sub>2</sub> emissions (kg CO<sub>2</sub>e/m<sup>3</sup>)</li> </ul>
	Geothermal energy	<ul style="list-style-type: none"> <li>Share of renewable energy of annual energy consumption (%)</li> <li>Annual generation of renewable energy (kWh/m<sup>3</sup>)</li> <li>Annual avoided CO<sub>2</sub> emissions (kg CO<sub>2</sub>e/m<sup>3</sup>)</li> </ul>
Clean transportation	Infrastructure for electric vehicles	<ul style="list-style-type: none"> <li>Number of assets with charging stations installed</li> <li>Increase in charging stations installed (%)</li> </ul>
Waste management	Sorting solutions	<ul style="list-style-type: none"> <li>Number of assets where waste management improved</li> <li>Increase in assets with improved waste management (%)</li> <li>Annual waste recycling rate (%)</li> <li>Annual waste utilisation rate (%)</li> </ul>



## 7.3. External review

### 7.3.1. Second Party Opinion

Kojamo has appointed Sustainalytics to provide a Second Party Opinion on the Framework to confirm alignment with the GBP and GLP. The Second Party Opinion and this Framework will be publicly available on the company's website.

### 7.3.2. Assurance

An independent assurance provider will annually verify Kojamo's selection process for the financing of Eligible Assets and the allocation of the proceeds of any Green Debt until the proceeds of the Green Debt have been fully allocated and in the event of any material developments. In addition, the external assurance provider verifies that such processes are in accordance with Kojamo's Green Finance framework. A limited assurance report will be included in the Green Impact Report and published on the company's website.





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