



public property invest

PUBLIC PROPERTY INVEST ASA

# Sustainable Financing Framework

December 2025



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SUSTAINABLE FINANCING FRAMEWORK

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# Introduction

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Public Property Invest ASA ("PPI") has a long-term strategy of owning, operating and developing social infrastructure properties in a sustainable manner.

PPI's portfolio mainly consists of community service properties with government backed tenants that are centrally located in significant cities in the Nordics. The properties house functions of essential importance to society such as hospitals, police stations, courts, nursing homes for elderly care, schools, preschools and other public service properties. PPI offers high-quality and specially adapted premises that enable its tenants to fulfil their social mandate.





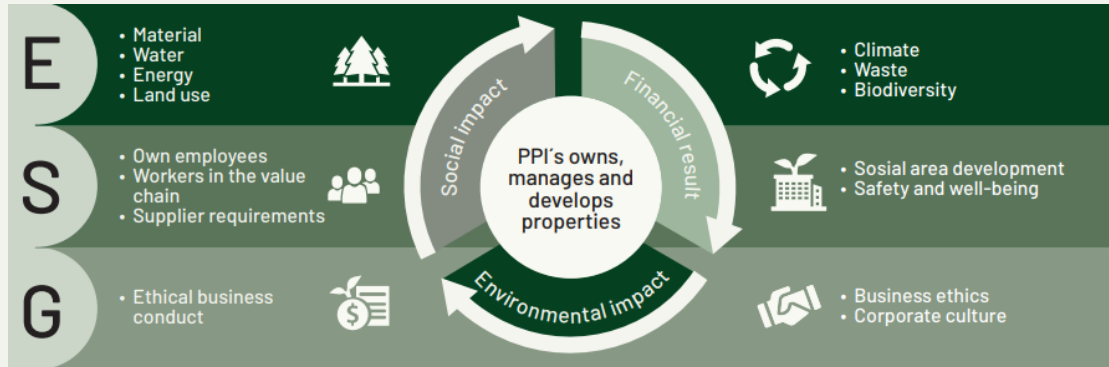
SUSTAINABLE FINANCING FRAMEWORK

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# PPI's Sustainability Strategy

# PPI's Sustainability Strategy

During 2024, PPI conducted a double materiality analysis to identify which sustainability aspects have the most material impact on the company's business model, value chain and stakeholders, and where the company has a significant impact on people and the environment. The illustration below describes PPI's value chain from a sustainability perspective, and the material sustainability issues in the areas of environment, social responsibility and governance where PPI has a direct and indirect impact in the value chain.



## Sustainability governance

Governance is based on policy documents in the forms of the Code of Conduct, the Group's ESG policy and other governance and policy documents. Focus is on sustainability areas as identified in PPI's double materiality analysis. The company's process for governance and follow up involves identification and management of sustainability risks and opportunities and securing progress towards the targets and commitments that have been adopted.

## Climate and environmental impact

PPI works actively to reduce its negative climate impact through sustainable property management and portfolio quality. Having a sustainable property portfolio is important for future-proofing PPI's business and property values while also reducing operational costs and ensuring the best product for the customers.

A cornerstone of PPI's climate work is to reduce greenhouse gas emissions from its own operations and value chain in accordance with the 1.5 degree target set by the Paris Agreement, with the goal of achieving climate neutrality.

PPI aims to work smart and with the most efficient climate change mitigating solutions. PPI's most significant sources of greenhouse gas emissions are from energy consumption in its property portfolio and from the use of materials in its development and renovation projects. Therefore, PPI systematically works on reducing energy consumption and improving energy efficiency in its property portfolio and strives to use low carbon materials/reuse as much building material and inventory as possible in its development and renovation projects.

The main indirect greenhouse gas emissions that occur in the value chain stem from production of purchased materials and inventory. PPI seeks to work together with its customers and to co-invest in implementing efficiency measures that increase environmental qualities and reduce operating costs. This intention is also included in PPI's lease contracts which state that the parties shall cooperate to raise and further develop the environmental standards of the leasehold during the lease period. PPI also works with suppliers who share its values and all suppliers must adhere to PPI's sustainable supplier requirements and ethical guidelines. Sustainability targets linked to energy reduction and waste sorting are included in the overall company performance targets, also serving as a basis for performance-related pay.

*PPI has set the following overarching targets for climate risk mitigation in its portfolio and property management:*

- Reduce energy consumption in the property portfolio by at least 2 per cent per year
- Work and invest together with the customers to implement effective climate measures and improve the environmental qualities of the property portfolio
- Increase the amount of energy produced from renewable sources
- Reduce water consumption in the property portfolio
- Reduce waste and increase waste sorting rates
  - Goal of waste sorting rate of >70% in property management
  - Goal of waste sorting rate of >90% in development and renovation projects
- Review mitigating measures to reduce effects from potential physical climate risks

PPI is currently working on improving GHG accounting practices and preparing a transition plan with quantitative decarbonisation measures to reach net zero. Updates on progress will be detailed in PPI's Annual Reports.

### *Environmental certifications*

PPI is conducting work to increase the percentage of buildings in the property portfolio which can be labelled as sustainable through objective criteria, such as the EU Taxonomy and/or BREEAM. PPI is currently in process of reviewing the Energy Performance Certification (EPC) status of all properties and map performance improvement activities for the properties with low EPC status.

### *Refurbishment and development projects*

PPI is primarily involved in smaller projects involving renovation of (parts of) existing buildings and/or refurbishment projects for its tenants. The company has an overarching ambition to increase the energy efficiency of its property portfolio and to use low carbon materials and reuse as much building material and inventory as possible in development and renovation projects. PPI is further engaging with customers to increase their awareness of the significant emission reduction potential associated with reusing materials and inventory. The company is thereby actively promoting reuse also in the choices that are made by the customers.

## Social impact

PPI is a responsible owner, manager and developer of social infrastructure-properties and has established relevant procedures and initiatives in its daily operations.

PPI's portfolio mainly consists of community service properties housing functions of essential importance to society such as police stations, courts, hospitals, schools, preschools, nursing homes for elderly care and other public services. PPI's portfolio offers high-quality and specially adapted premises that enable its tenants to provide their essential services and fulfil their social mandate.

PPI's focus areas involve employees and their working environment, working conditions and human rights in the supply chain, health, safety and community engagement. PPI works to promote equality and to prevent discrimination in the workplace. The company has also set ethical requirements for its own operations as well as for suppliers and partners. When evaluating new initiatives, PPI seeks partners and suppliers with common values and targets.

It is fundamental for PPI's success that its employees consider PPI to be an attractive place to work. PPI therefore focuses on employee motivation and satisfaction, which are considered to form the basis for an individual's desire and willingness to perform and contribute to the development of the company. Employees are offered opportunities for personal and professional development through close dialogue and follow-up by their immediate superior and by external courses and seminars.



### *Business ethics*

PPI's Code of Conduct summarises the most important principles of the company's social responsibilities, as well as personal, ethical and professional principles to which all employees must adhere, and which govern the company's relationships with employees, customers, suppliers, society and shareholders. All managers in the Group are responsible for informing new employees about the company's Code of Conduct. All employees, including managers, are responsible for adhering to the Code of Conduct and other applicable company policies, as well as applicable legislation.

### *Supply chain management*

PPI has implemented a Supplier Code of Conduct and Supplier Requirements that all suppliers need to sign and which are available on [www.publicproperty.no](http://www.publicproperty.no). This enables PPI to request information more easily from its suppliers for verification purposes and to conduct reviews of the suppliers' conditions as part of its routine control measures, aligned with the Norwegian Transparency Act. All direct suppliers, licensing partners, and relevant indirect suppliers must contractually agree to have the performance of their operations evaluated, as well as that of their sub-suppliers.

PPI conducts regular evaluations of third-party entities, with a particular focus on safeguarding fundamental human rights and promoting fair working conditions. These evaluations are carried out prior to new assignments with suppliers, and in response to any reports or suspicions of violations related to fundamental human rights and working conditions.

### *Community engagement*

PPI is deeply committed to involvement in community life. One example of this commitment is the long-term sponsorship of the Norwegian Athletics Federation. Through this agreement, PPI, in collaboration with the Norwegian Athletics Federation (Norges Friidrettsforbund), has a special focus on making participation in organised sports activities available for more children. An important project the parties will collaborate on is the National Athletics School (Landslagets Friidrettsskole), which is organised by sports clubs in over 80 municipalities around Norway. This school gives children and young adolescents a positive, inclusive and exciting first encounter with the sport of athletics.



SUSTAINABLE FINANCING FRAMEWORK

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# The Sustainable Financing Framework

# The Sustainable Financing Framework

To support PPI's ambition of being a leading owner, manager and developer of social infrastructure in the Nordics, and promote environmentally sustainable practices within its portfolio, PPI has established this Sustainable Financing Framework ("**Framework**"). The Framework is aligned with the 2021 ICMA Green Bond Principles (with 2022 appendix), the 2023 ICMA Social Bond Principles, the 2021 ICMA Sustainability Bond Guidelines, and the 2025 LMA/LSTA/APLMA Green Loan Principles (hereafter referred to as the "ICMA/LMA Principles").

Under this Framework, PPI can issue three types of instruments, including both bonds and loans:

1. "**Green Financing Instruments**" – the proceeds of which are exclusively allocated to Green Projects as described in the "use of proceeds"- section;
2. "**Social Financing Instruments**" – the proceeds of which are exclusively allocated to Social Projects as described in the "use of proceeds"- section; or

- 3) "**Sustainability Financing Instruments**" – the proceeds of which are allocated to both Green and Social Projects, as described in the "use of proceeds"- section.

For the sake of ease, Green, Social and Sustainability Financing Instruments will hereafter collectively be referred to as "**Sustainable Financing Instruments**". If a loan includes multiple tranches, only such tranche(s) where proceeds are earmarked for sustainable purposes will carry a Green, Social or Sustainability label.

By issuing Sustainable Finance Instruments, PPI offers further insights into the company's sustainability strategy and commitments and is also an opportunity for its investors to support the transition to a low carbon economy as well as providing needed social infrastructures.

The Framework defines the assets and projects which can be financed by Sustainable Financing Instruments, (“**Green and Social Projects**”), and it also outlines the process for evaluating, selecting, tracking and reporting on such investments. In line with the ICMA/LMA Principles and market practice, this Framework includes the following segments:

- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting
- External review

Sustainable Financing instruments include any financial instrument where the proceeds can be exclusively allocated to finance or re-finance, in part or in full, new and / or existing eligible Green or Social Projects or both as defined in this framework.

ISS-Corporate has provided a second party opinion on the Sustainable Financing Framework.

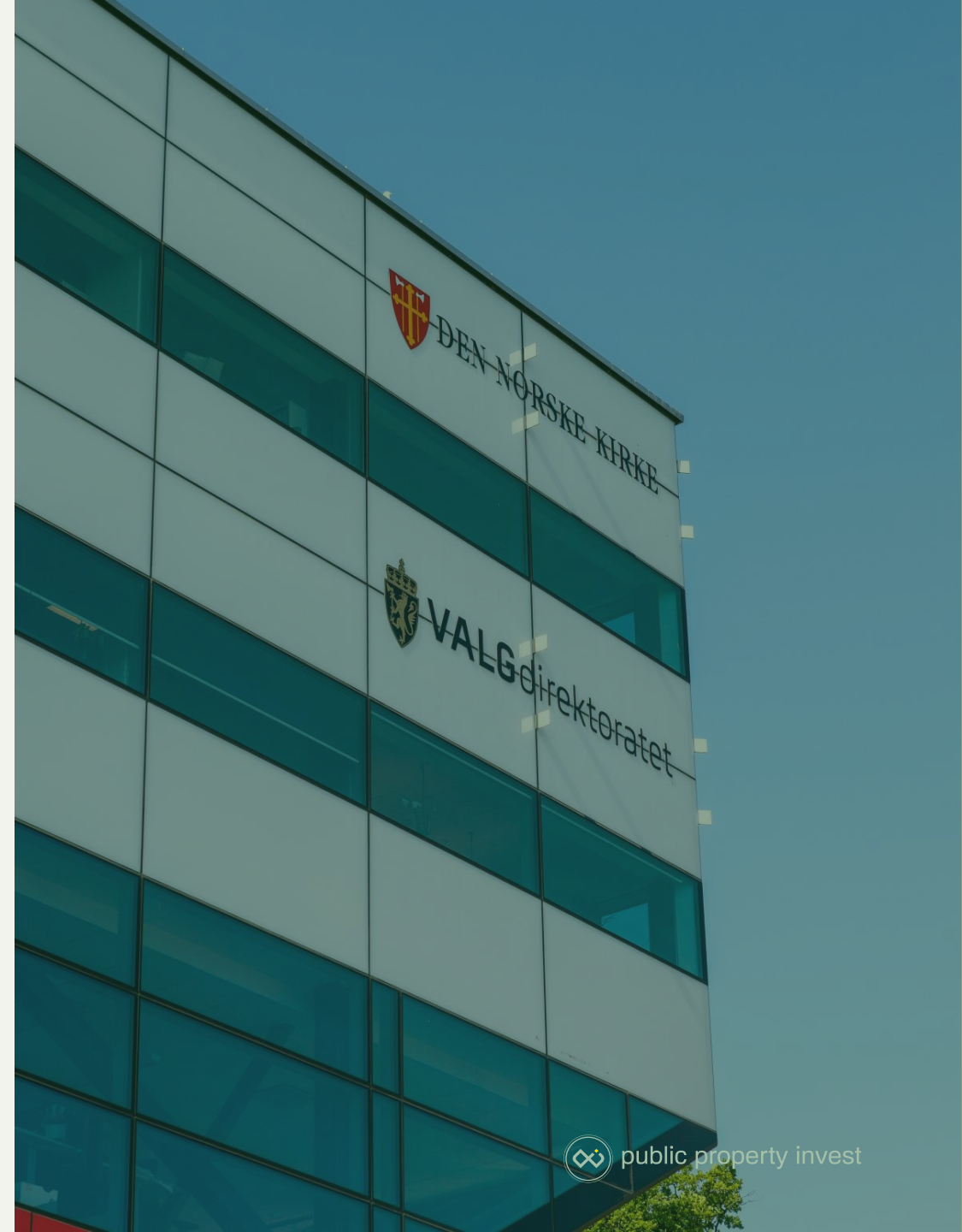
The framework together with the second party opinion by ISS-ESG is publicly available at PPI’s website: <https://publicproperty.no/>



## Use of Proceeds




An amount equivalent to the net proceeds from Sustainable Financing Instruments issued under this Framework will be used to finance or refinance, in part or in full, a portfolio of assets and projects that meet the Green or/and Social Project criteria

Net proceeds can be allocated towards financing of new assets and projects, as well as for refinancing purposes. New financing is defined as ongoing projects and investments made within the reporting year, while refinancing represents earlier investments. Refinancing of capital expenditures are applicable without lookback period. For operational expenditures, a lookback of 24 months applies.




## Green Projects

Green Projects are defined as capital and operational expenditures related to the acquisition, development, renovation, and maintenance of buildings meeting, or expected to meet upon completion, the following criteria:

Category	Green Project Criteria	UN SDG Targets
Green Buildings	<p><b>Buildings built after 31 December 2020</b></p> <ul style="list-style-type: none"> <li>▪ Primary Energy Demand (“PED”) at least 10% lower than the nearly zero-energy building (NZEB) threshold, as defined by local standards, or</li> <li>▪ At least one of the following certifications (design-stage or post-construction):               <ul style="list-style-type: none"> <li>- Miljöbyggnad Silver or Gold,</li> <li>- Nordic Swan Ecolabel</li> <li>- BREEAM Very Good, or</li> <li>- LEED Gold</li> </ul> </li> </ul> <p><b>Buildings built before 31 December 2020</b></p> <ul style="list-style-type: none"> <li>▪ Energy Performance Certificate (EPC) of A or within the top 15% of the national building stock in terms of Primary Energy Demand (PED), as defined by local standards, or</li> <li>▪ At least one of the following certifications (design-stage or post-construction):               <ul style="list-style-type: none"> <li>- Miljöbyggnad Silver or Gold,</li> <li>- Nordic Swan Ecolabel,</li> <li>- BREEAM Very Good, or</li> <li>- LEED Gold</li> </ul> </li> </ul> <p><b>Renovation of buildings</b></p> <p>Major renovations resulting in, or upon completion expected to result in, a reduction of Primary Energy Demand of at least 30% or with certification from BREEAM-NOR or BREEAM In-Use with a minimum certification of “Very Good”.</p> <p><b>Energy efficiency</b></p> <p>Individual renovation and efficiency measures aimed at reducing energy consumption or increasing energy efficiency of individual installations by at least 30%, including insulation, energy efficient windows, doors or lights as well as heating, ventilation and low water and energy equipment.</p>	  

## Social Projects

Social Projects include capital and operational expenditures related to the acquisition, development, renovation, and maintenance of buildings meeting, or expected to meet upon completion, the following criteria:

Category	Social Project Criteria	UN SDG Targets
Access to Essential Services	<p><b>Community Service Properties (target population):</b></p> <ul style="list-style-type: none"> <li>Healthcare properties (community population and underserved)</li> <li>Elderly care home</li> <li>Assisted living service properties (people with disabilities)</li> <li>Preschools (students in relevant age group)</li> <li>Primary schools and secondary schools (students in relevant age group)</li> <li>Higher education and universities (students in relevant age group)</li> </ul>	 <p>The icons represent four UN Sustainable Development Goals: 3 (Good Health and Well-being), 4 (Quality Education), 10 (Reduced Inequalities), and 16 (Peace, Justice and Strong Institutions).</p>

**Exclusions:** For the avoidance of doubt, Sustainable Financing Instruments will not be used to directly finance investments related to fossil energy generation, research and/or development of weapons or defence, potentially environmentally negative resource extraction, gambling, or tobacco.

## Process for Project Evaluation and Selection

### *Sustainable Financing Committee*

The evaluation and selection process for Green and Social Projects is a key process in ensuring that the proceeds from Sustainable Financing Instruments are allocated to assets and activities which meet the criteria in the Framework. To ensure transparency and accountability, PPI has established a Sustainable Financing Committee, being responsible for the evaluation and selection process for Green and Social Projects. The committee consists of:

- CEO
- CFO
- EVP Finance

Other company representatives with relevant expertise within the company may from time to time be invited when deemed relevant. All decisions will be made in consensus, and to ensure traceability, all decisions will be documented and filed.

A list of Green and Social Projects is kept by the Sustainable Financing Committee and the committee is responsible for keeping this list up to date. The list of Green and Social Projects is monitored on a regular basis as long as there are Sustainable Financing Instruments outstanding to ensure that proceeds are sufficiently allocated and that these assets continue to meet the criteria described in the Use of Proceeds section.

The Sustainable Financing Committee holds the right to exclude any Green or Social Project already funded by Sustainable Financing Instruments and is also in charge of potential future oversight and updates of this framework.



### *Risk management process*

PPI is exposed to various risks that may affect the company's ability to achieve overall strategic targets and goals. A structured process is carried out at least annually by the Group Management and Board to identify risks. This includes an assessment of their probability and potential impact on strategy, and how individual risks are to be managed. This assessment includes relevant environmental and social risks as described below. For a more detailed description, we refer to our annual report.

**Environmental and climate risk:** PPI is in the process of mapping consequences and probabilities of all properties regarding physical climate risks to be able to prioritise and implement adequate mitigation measures. Potential damage to properties from e.g. flooding or heavy rain is an integral part of risk management on individual asset level. PPI aims to design, upgrade and operate buildings in a manner that minimise GHG emissions and energy consumption, and improvement activities will be evaluated for those with lowest performance. KPIs for energy efficiency and waste management are included in the scorecard for determining variable pay for all employees.

**Health and safety risk:** A central element in PPI's HSE work is a continuous focus on identifying, reporting and processing risk, and to take appropriate measures to avoid unwanted incidents on all levels. PPI has internal routines and systems to ensure compliance with HSE requirements. Reporting of precautionary safety or unwanted HSE incidents are included as one of the KPIs in the company's scorecard for performance-related pay for both all employees.

**Suppliers:** PPI is committed to responsible purchasing practices, guided by a comprehensive procurement policy and supplier code of conduct. Stringent supplier controls are in place to uphold these standards.



## Management of Proceeds

An amount equivalent to net proceeds from issued Sustainable Financing Instruments will be earmarked for financing and refinancing of Green and Social Projects as defined in this Framework. PPI aims to fully allocate proceeds from each Sustainable Financing Instrument within two years from its issue date.

PPI will follow a portfolio approach, where an amount equivalent to net proceeds from Sustainable Financing Instruments will be allocated towards a portfolio of Green and Social Projects. As new assets are acquired, or existing assets may be sold, the portfolio of Green and Social Assets may be dynamic over time. After reaching full allocation, PPI aims to ensure that the value of Green and Social Projects exceed the value of outstanding Sustainable Financing Instruments.

If a Green or Social Project already funded by Sustainable Financing Instruments is sold, or for other reasons loses its eligibility in line with the criteria of this Framework, PPI will strive to replace such a project with another qualifying Green or Social project as soon as practically possible.

Proceeds yet to be allocated to Green or Social Projects will be held as cash equivalents, or in short-term money market instruments. For the sake of clarity, the exclusions defined in the use of proceeds section of this Framework also apply to temporary holdings of unallocated proceeds.



## Reporting

To enable investors to follow the development and provide insight to prioritised areas, PPI will provide a Sustainable Financing Report, publicly available on its website <https://publicproperty.no/> (“the Report”). The Report will be provided on an annual basis until full allocation, and on a timely basis in case of material developments and will include an allocation report and an impact report.

The allocation report will include the following information:

- a) a list of outstanding Sustainability Financing Instruments
- b) The amount of net proceeds allocated to each of the Green and Social Project categories at portfolio level
- c) The amount of net proceeds awaiting allocation (if any)
- d) The share of new financing versus refinancing
- e) examples of properties and projects financed

The impact report will include the following information:

The impact report will aim to disclose the environmental and social impact of the assets and projects financed under this Framework. Impact will, where possible, be measured or otherwise estimated. The information may be provided on an aggregated portfolio basis because of confidentiality agreements, competitiveness consideration, or numerous Green or Social Projects limiting the amount of detail that can be made available.

The impact assessment is provided with the reservation that not all relevant data can be covered and that calculations therefore will be on a best-effort basis. Methods and assumptions used in calculations will be disclosed. Metrics may, where applicable, include the following:

### *Green buildings:*

- Annual energy usage in kWh/sqm/year
- Estimated annual greenhouse gas emissions (tCO<sub>2</sub>e)
- Energy performance certificate class, if any
- Type of certification including level, if any
- Estimated, or confirmed, reduction in Primary Energy Demand (PED) after renovations

### *Affordable Housing for Elderly and People with disabilities and Access to Essential Services:*

- Number of patients who have accessed healthcare services through financed facilities
- Number of apartments accessible for elderly tenants
- Number of apartments accessible for people with disabilities
- Number of students benefitted from Preschools, Primary and Secondary schools
- Number of students benefitted from Higher education and universities buildings

## External Review

To confirm the transparency and robustness of this Sustainable Financing Framework and its alignment with the ICMA/LMA Principles, PPI has obtained a pre-issuance Second Party Opinion from ISS. The Second Party Opinion will be made available on the company's website, together with this Framework and future Sustainable Financing Reports.

An independent auditor appointed by PPI will on an annual basis provide a limited assurance report confirming the amount of net proceeds from issued Sustainable Financing Instruments that have been allocated towards Green and Social Projects.

