



gróska

Green Financing Framework



Introduction and commitment to sustainability

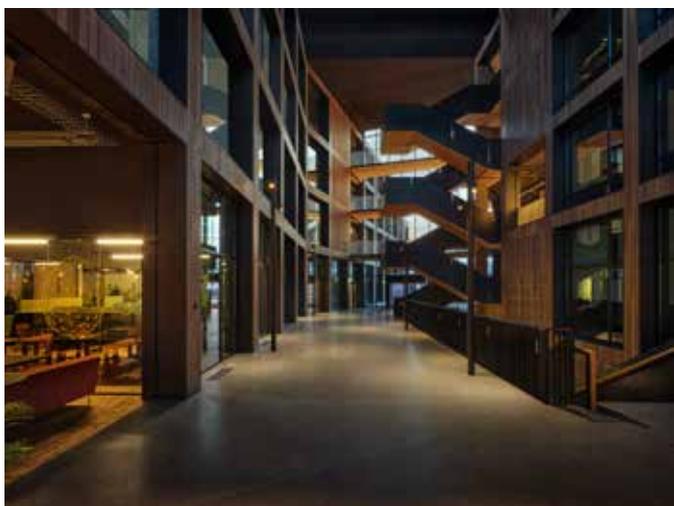
Gróska ehf. (a limited liability company) is the owner of Gróska, the building (collectively referred to as Gróska). Gróska is located in Vatnsmýri in Reykjavík, Iceland, next to the University of Iceland campus. Gróska leases its land from a subsidiary of the University of Iceland. Gróska's main purpose is to lease office space but is selective on its tenants to foster its innovation and social role. Gróska is committed to contributing to raising the bar for green buildings in Iceland by having in place a BREEAM In-Use certification.

One large tenant, for example, is CCP, Iceland's largest and internationally recognized video game developer. Other tenants in Gróska include startup associations, smaller start-up companies, the University of Iceland, Promote Iceland (Íslandsstofa, which role is to attract foreign investments to Iceland), a gym, and other companies, associations and NGOs involved in creating, designing, and innovating. By doing so, Gróska can support socioeconomic advancement by creating opportunities for tenants and people within the building by enabling them to support each other to further contribute to a prosperous society and future for all and contribute to a more dynamic and vibrant city.

Gróska wants to achieve these goals while simultaneously promoting sustainable development. To create the most value and address the most material environmental, social and governance (ESG) risks and opportunities, Gróska performed a materiality analysis. The analysis demonstrated that environmental and social aspects are

the most material to the business, including key issues like energy efficiency, waste and water management, climate change adaptation, and resident and visitor well-being, for both Gróska and its tenants, as key issues to address. Gróska is developing a sustainability policy to further commit to addressing these material issues and will be published in 2022. Furthermore, Gróska is currently performing a flood risk assessment as one component of the company's climate risk assessment as a part of its BREEAM In-Use process. Flood risk is the main risk associated with physical climate risks as Iceland is not expected to be critically affected by climate change related events¹. Gróska will regularly review the need for further climate risk assessments.

Some of the key environmental parameters for Gróska are in the areas of energy, transport, resources, and pollution – which are the areas in which Gróska received a very good score for in its BREEAM In-Use certification. In terms of energy, Gróska's high scores were due to its use of LED lighting and the site's energy efficient heating, ventilation, and air conditioning (HVAC) system. In terms of transportation, Gróska is centrally located, close to public transportation and provides facilities for bicycles to support emission free transport. In terms of resources, Gróska scores well because of the long lifetime of the materials which were selected in its design and building phase. Furthermore, with increased awareness of green aspects, Gróska is committed to improving its performance over time, further detailed in its sustainability policy.



¹ Icelandic Meteorological Office (2018). The third report on impacts of climate change in Iceland. <https://en.vedur.is/climatology/iceland/climate-report>

Green Financing Framework

This Green Financing Framework describes Gróska's intention to issue debt instruments, including bonds, commercial papers, and loans (together referred to as Green Instruments) to finance defined Eligible Projects. This applies to Gróska ehf.'s only building in Vatnsmýri, Gróska. Potential additional buildings are not considered under this Framework. The issued debt instruments shall refer to this Framework. This aligns with the shareholders' and the management's vision to further contribute towards sustainable development at a local and global level.

This Framework may, from time to time, be updated in order to comply with future changes to green financing guidelines and taxonomies as well as to general green financing market practices and/or changes in Gróska's own operation.

Use of proceeds

An amount equal to the net proceeds of the Sustainable Instruments will be used to finance or refinance, investments, and expenditures, in whole or in part, Eligible Projects, as described below .

Financing and refinancing. Net proceeds can finance both existing and new Eligible Projects. New financing refers to projects initiated in the same year as financing has taken place and is disbursed to said project. Refinancing refers to activities and/or projects initiated in the previous calendar year or earlier.

Exclusions. Net proceeds will not be placed in Assets, Projects, or in entities with a business plan focused on fossil energy generation or infrastructure, nuclear energy generation, research and/or development within weapons and defence, environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling, or tobacco

Eligible Project categories & impact indicators

Project Category	SDGs	Green Bond Principles description and criteria	Indicators
<p>Green buildings – Gróska in Vatnsmýri</p> <p>EU Taxonomy environmental objectives:</p> <ul style="list-style-type: none"> Transition to circular economy Climate change adaptation 	<p>SDG targets:</p> <p>11.3 12.2 13.1</p>	<p>Description / Criteria:</p> <p>Gróska's building in Vatnsmýri will meet one of the following thresholds:</p> <p>Threshold:</p> <ol style="list-style-type: none"> A postconstruction certification of at least BREEAM In-Use with a score of "Very Good" Top 15% of the existing local stock in terms of operational Primary Energy Demand, expressed as kWh/ m2. 	<ul style="list-style-type: none"> BREEAM In-Use certification Estimated annual energy savings (in MWh). Estimated reduced/ avoided GHG emissions (tons CO2e) per year.

² Expenditures towards administrative charges will be capped at 15%.

³ It is recognized that publicly citable energy efficiency numbers for the 15% criteria for existing building stock in Iceland is still under development. If such a dataset will be readily available that may be used by Gróska in the future. As of publishing of this Framework it is anticipated that having a BREEAM-in-use certification in place will be the criteria used when evaluating projects as green.

Governance: evaluation and selection

Gróska's CEO is responsible for sustainability in the company's general operation. Gróska's Board of Directors (Board) will be responsible for project evaluation, selection, disbursements of green financing, overview of the Sustainability Registry, replacement of Projects in the Registry, and other related tasks.

The Board consists of and is chaired by the Chairman of the Board and other board members. The CEO attends all Board meetings and is involved in the decision-making process. Other parties recognized as subject matter experts, internal or external, may be consulted. The Board meets when required but at least annually. Any future updates of the Green Finance Framework must be approved by the Board.

In evaluating and selecting Eligible Projects and allocating Green Financing, the Board will also consider aspects such as and compliance to human and labour rights and the avoidance of significant harm to the other environmental objectives as defined in the EU Taxonomy. International and local environmental and social standards, laws and regulations, as is relevant.

Management of proceeds

Gróska will establish a Sustainability Registry for the purposes of recording Sustainable Financing and only support the financing of Eligible Projects as well as serving as the basis for Gróska's Allocation and Impact reporting. Internal budgeting and accounting systems will be used to identify project costs, which will then be marked against the outstanding instruments in the Registry. The Registry will be reviewed at least annually. Projects no longer complying with the Eligible Project criteria and thresholds will be removed from the Registry.

Gróska intends to fully allocate the proceeds from any financing within 36 months of the date of funding. Gróska strives to achieve a level of allocation for the Eligible Project Portfolio which matches or exceeds the balance of net proceeds from its outstanding instruments. Unallocated net proceeds may temporarily be placed in cash, cash equivalents, or other liquid marketable instruments.

Reporting & Transparency

Gróska will provide reporting to its investors and other stakeholders in its allocation and impact reporting annually in line with Gróska's general annual reporting cycle until Green Financing net proceeds are fully allocated. The reporting will be conducted in line with best market practice and international guidelines and protocols at an aggregated level and on a portfolio basis

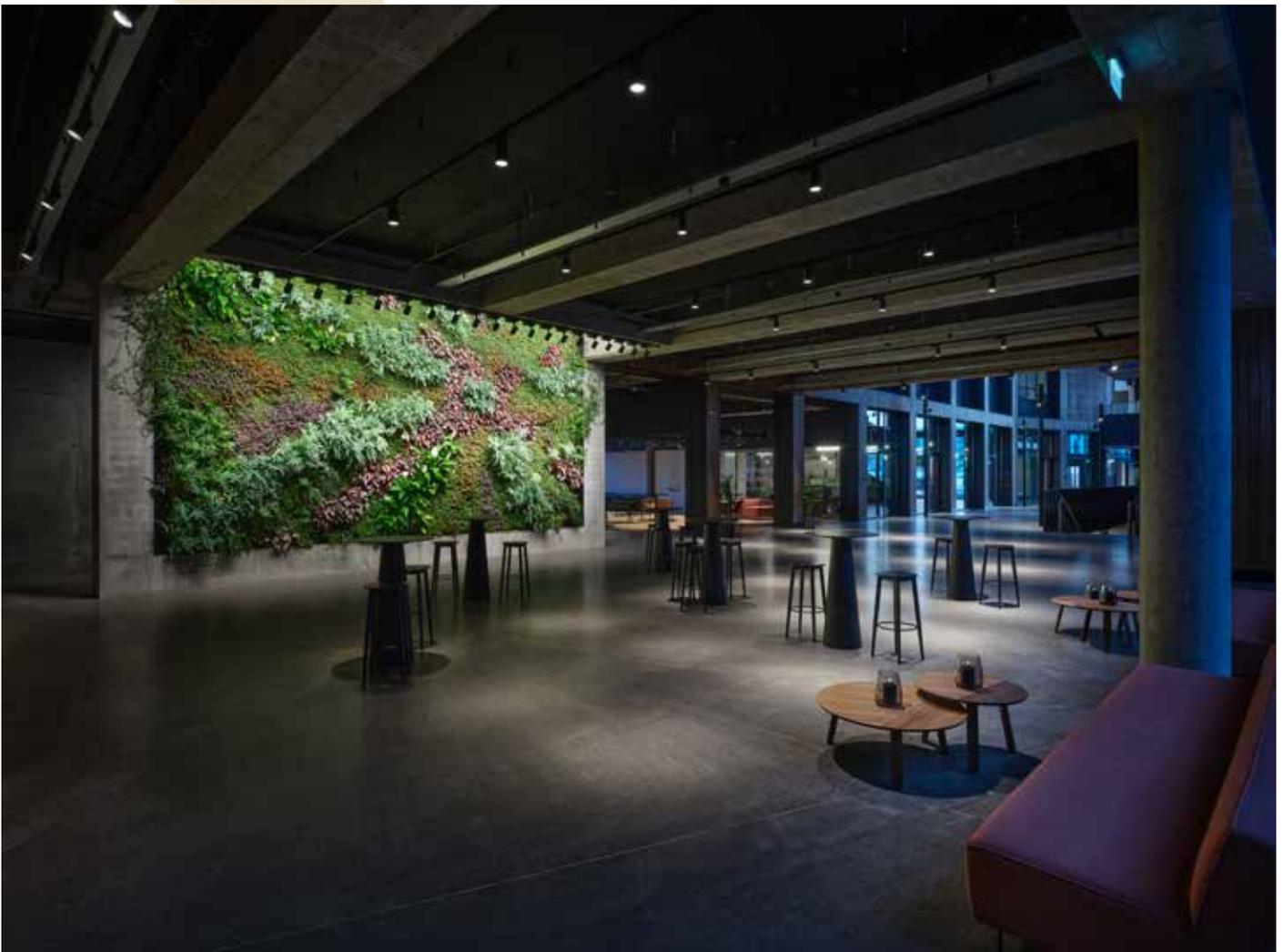
Allocation reporting	Impact reporting ⁴
<ul style="list-style-type: none">• Summary of financing activities• Types of financing instruments• Outstanding amounts• Balance of unallocated proceeds• New vs. refinancing ratio• Project category allocation• An example list of projects financed	<ul style="list-style-type: none">• Methodologies• Impact indicator results

⁴ The impact assessment is provided subject to the availability of information and baseline data. This may also be subject to confidentiality agreements, competitive considerations, and other such factors, which may limit the scope of impact reporting.

External parties

To ensure alignment with international guidelines and best practices this Green Financing Framework followed the most relevant green bond standard developments such as The Green Bond Principles (GBP) (2021), Green Loan Principles (2021), Climate Bonds Standard (v. 3.0 2019), and GBP Harmonised Framework for Impact Reporting (2020). It has also been benchmarked, to the extent possible, to the EU Sustainable Finance Taxonomy, a draft of EU's Green Bond Standard to the extent possible and according to the data available, as well as benchmarked to other Green Financing Frameworks.

A pre-issuance independent external second-party opinion has been obtained on this Framework from CICERO Shades of Green which is publicly available. Gróska intends to request an independent external party to provide limited assurance, verification, and/or consulting to prepare and/or assure, verify, or confirm its post-issuance Allocation and Impact Reporting.



Disclaimer

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