



# Green Financing Framework

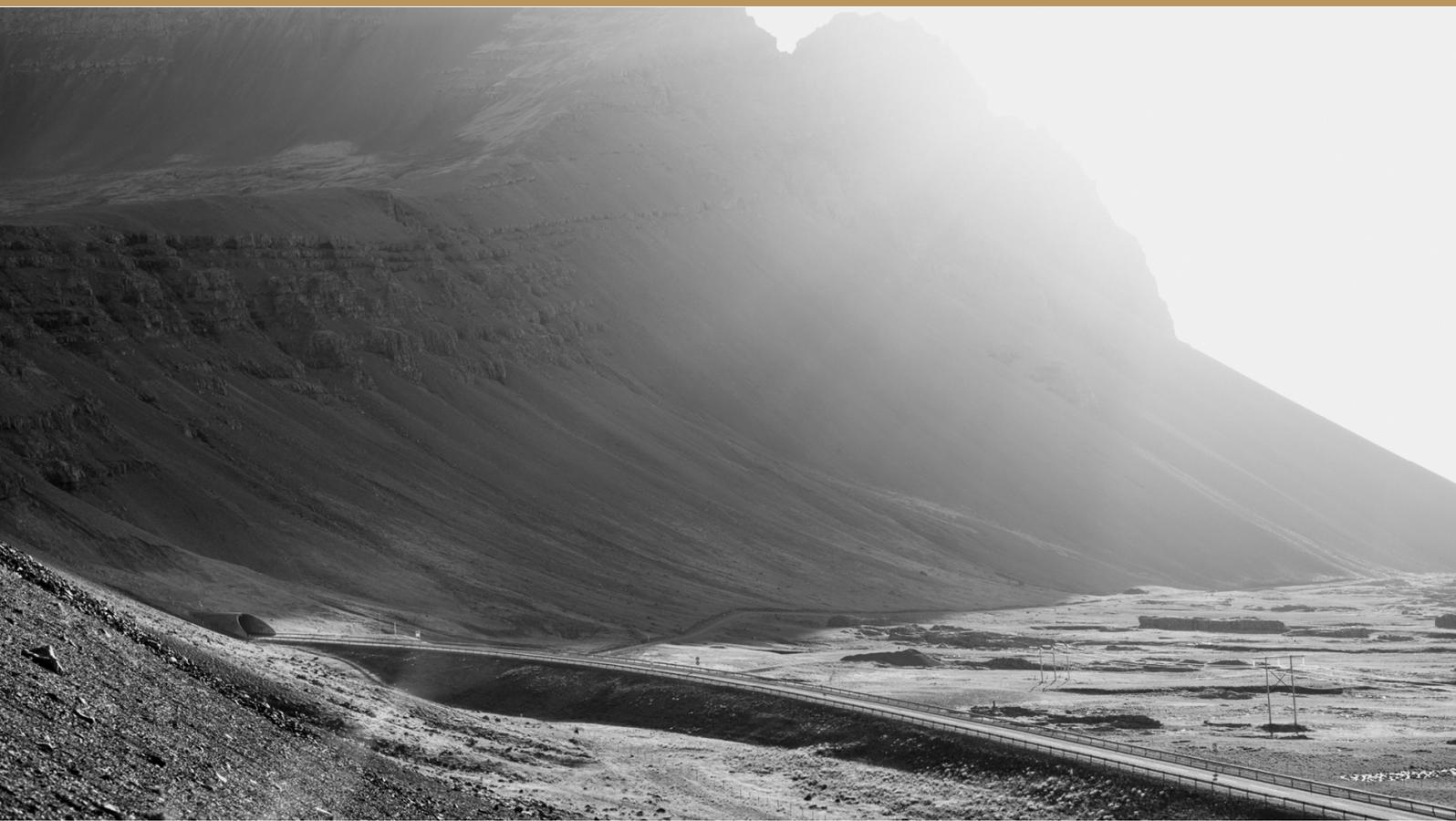
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# Kvika and Sustainability

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## About Kvika Banki

Kvika banki hf. (the “Bank” or “Kvika” and together with its subsidiaries the “Group”) is a financial conglomerate that provides commercial and investment banking, asset management and insurance services, and has been listed on Nasdaq Iceland since 2019. Kvika’s main operations are centered in Iceland with additional activities in the United Kingdom. The Bank offers a wide range of services in all major areas of financial and insurance services, including (but not limited to):

Commercial Banking, which finances companies and the investments of the Bank’s customers, as well as offering car, machinery, and equipment financing through Kvika’s lending brand, Lykill<sup>1</sup>, to individuals and companies, and digital deposit accounts to individuals through

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<sup>1</sup> [www.lykill.is](http://www.lykill.is)



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the brand Audur<sup>2</sup>; Investment Banking including Capital Markets, which offers customers comprehensive securities brokerage and foreign exchange market services; and Corporate Finance, which provides various types of advisory services in connection with investments and financing.

The Bank's asset management subsidiary Kvika Asset Management<sup>3</sup> offers a broad range of services for investing in Iceland, as well as in global markets. Furthermore, Kvika's U.K. based subsidiary Kvika Securities Ltd.<sup>4</sup> is authorized and regulated by the British Financial Conduct Authority to manage alternative investment funds and provide asset management and corporate finance services in the U.K. Finally, TM Insurances<sup>5</sup>, also a subsidiary of Kvika, provides a wide range of insurance services to individuals and companies in Iceland, focusing on digital solutions.

Kvika emphasizes coordinated and professional work procedures throughout the Group including upholding Kvika's value of long-term thinking, which entails long term performance and having a positive long-term impact on the community, by means that are further described in this Green Financing Framework (the "Framework"). Kvika's commitment to long-term thinking is at the core of its corporate social responsibility policy.

The Framework is an important part of Kvika's constant development and evolution in its approach to sustainability. The Bank recognizes the important role financial institutions have in influencing sustainable development by supporting financial decisions and capital allocation that benefits the environment, especially at times when the importance of taking actions to mitigate greenhouse gas ("GHG") emission, to reach the goals of the Paris Agreement, has never been clearer, as highlighted in the most recent report of the United Nations' s Intergovernmental Panel on Climate Change<sup>6</sup>.

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2 [www.audur.is](http://www.audur.is)

3 [www.kvikaegnastyring.is/en/](http://www.kvikaegnastyring.is/en/)

4 [www.kvika.co.uk/](http://www.kvika.co.uk/)

5 [www.tm.is/](http://www.tm.is/)

6 [www.ipcc.ch/report/ar6/wg1/](http://www.ipcc.ch/report/ar6/wg1/)



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## Sustainability and Governance

Underlying in Kvika's business strategy is its core value of long-term thinking in building business relationships and the long-term success of its customers. Kvika is also aware that the underlying principle in sustainability is long-term thinking, where Kvika acknowledges the impact that actions today can have on the future, in terms of the environment, businesses, and society. It is therefore important for Kvika to conduct its business with that in mind and to consider sustainability, including ESG (Environmental, Social, and Governance) factors, as well as the contribution towards prosperity, as investment parameters. Kvika's ambition is to grow further within the field of sustainability, including in green financing, as is reflected in Kvika establishing this Framework, and in Kvika's efforts to incorporate sustainability more fully into its operations.

*The Environment and Climate Change:* Efforts are made to minimize the negative effects of the Group's operations on the environment, including by employing various measures to reduce GHG emissions as much as possible. Kvika's mitigation measures include waste management, carbon offset, encouraging dialogue with suppliers and other stakeholders to protect the environment, having employees prioritize digital technology over travelling, and to use environmentally friendly, cost-efficient, and healthy modes of transport. Kvika started monitoring the operation's carbon footprint in the fall of 2020, with the help of a digital solution that traces the origin of data in a transparent way. Kvika's Board of Directors and Executive Board oversee and manage climate risks within the operation.

One of the key factors for the progress of sustainable development is that capital is directed into sustainable projects. Kvika awards environmentally friendly lending, e.g. by offering its customers favorable car loans for sustainable vehicles. Kvika, also works on ways to automate processes within its operation, and to deliver digital solutions and services to its customers, resulting in a positive effect on the environment and the community, as paperwork and unnecessary commuting is avoided. This is in line with the Bank's policy on responsible lending and investment that sets objectives providing for the inclusion of ESG factors when decisions are made on lending, changes to loan terms, refinancing and investment.

*Social (People and Community):* The Bank's ambition is to be an attractive workplace where all employees are given equal opportunities. Kvika's work culture is characterized by flexibility, good management, co-operation, team spirit, employee initiative, equal opportunities, trust, and a healthy and positive environment. Kvika places emphasis on protecting human rights and encourages its partners, such as suppliers, to do so as well, for example through Kvika's Code of Conduct for Suppliers. Information on social ratio and metrics within the Bank's operation, such as on gender pay ratio, employee turnover, and on the outcome of Kvika's equal pay certification, can be found in Kvika's annual sustainability statement, which is published on Kvika's website.

Kvika's focus and core value of having a long-term effect on society is also reflected in the Bank's support of the wellbeing of children and education through its Incentive and Encouragement Fund (Hvatningarsjodur Kviku), and women's entrepreneurship and innovation through its charity grant program FrumkvodlaAudur, as well as through co-operation with various organizations, such as UNICEF in Iceland.



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*Good Corporate Governance and Prosperity:* Kvika published its first annual report on the progress of its ESG work for the operating year 2019. Since then, effort has been made within Kvika to further specify and integrate the ESG factors into the Group's operations. Kvika's good governance is based on the core company value of long-term thinking and is built around the importance of bearing in mind the ESG factors in the Group's decision making processes, including when developing new products and services, as well as in daily operations. Kvika ambition is to use digital innovation as a tool to produce better products and services for its clients, resulting in a positive impact on the community and environment.

Kvika has established rules on actions against money laundering and terrorist financing, which fulfil the requirements made of financial undertakings in this respect, both domestically and globally. The Bank uses an Intelligent AML solution to strengthen the Bank's defenses. Furthermore, Kvika has established a Code of Conduct for its employees, which is published on its website and sent to employees for electronic confirmation. Processes are in place enabling anonymous reporting of any breaches of the Code and providing protection for whistle-blowers, as well as for dealing with offenders.

The policies that support Kvika's good corporate governance are approved either by the Bank's Board of Directors or its CEO. In April 2021 Kvika received a commendation of good governance for the year 2020. The commendation is based on a good governance appraisal that applies directives developed by the Icelandic Chamber of Commerce, SA Confederation of Icelandic Enterprises, and Nasdaq Iceland. Kvika also received such commendation for 2018 and 2019.

Kvika's CEO is responsible for matters relating to sustainability. The Bank also has a Committee on Corporate Social Responsibility and Sustainability (the "Sustainability Committee"). Its role is to oversee and be responsible for enforcing the Bank's Corporate Social Policy, approved by its Board of Directors. The Sustainability Committee is also responsible for validating the eligibility of projects under the Framework, and to maintain the Framework's credibility, by monitoring developments and changes in the field of green finance. The Committee is composed of diverse members across the Group's divisions and subsidiaries, as well as Kvika's Director of Sustainability, who works with individual units on issues and development within sustainability.

For more information on the latest developments, guidelines, and policies that have been implemented at Kvika, please visit Kvika's website [www.kvika.is](http://www.kvika.is).



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## Sustainable Finance

Kvika places special focus on having a positive influence on the development and functionality of financial markets, as Kvika believes the Bank can have the greatest impact on the community through actions in areas related to its operations, such as by finding ways to better mobilize investors by developing more diversified investment options, including green financial products.

To achieve these goals Kvika has initiated various projects, partnerships, and commitments. Kvika is engaged with its stakeholders by supporting community initiatives such as being a founding member of IcelandSIF, an organisation for responsible investment, which contributes to increasing investor's knowledge of the methodology of sustainable and responsible investments.

Furthermore, the Bank emphasises finding ways to better serve its customers with digital solutions. Kvika has done this by establishing a deposit account under the brand Audur, which is solely available online. That enables Kvika to keep costs to a minimum and thus create scope to offer its customers better deposit terms. Another example are online payment solutions that the Bank operates through its subsidiaries, Aur app<sup>7</sup> and Netgiro<sup>8</sup>, as well as Kvika's efforts to increase automation of processes within the Group's operation.

In September 2020, Kvika signed a joint declaration of intent – Investment for a Sustainable Recovery<sup>9</sup>, which the Icelandic Government and parties controlling close to 80% of assets in the Icelandic financial market adopted collectively. The declaration is a joint initiative of private parties in the financial market and the government, which focuses on developing investment, financing and lending activities towards sustainability and social responsibility. The declaration bears in mind Iceland's international commitments and targets adopted by the government, such as the goal of Iceland reaching carbon-neutrality by 2040, alignment with the Paris Agreement's target to reduce GHG emission, and to achieve the Sustainable Development Goals (SDGs) by 2030. By signing the declaration of intent Kvika confirms its commitment to support sustainability in its operations, including by means which are described in this Framework.

Alongside these engagements, Kvika is embedding sustainability in its operations by integrating the Principles for Responsible Investments (the "PRI") into its good corporate governance. Policies on responsible lending and investments, and on responsible product and services offering, have been adopted by the CEO to integrate the ESG factors more fully into decision-making processes. To ensure a proper transparency, Kvika voluntarily reported to the PRI for the operating year 2020.

Finally, following the merger of Kvika with TM Insurance and its subsidiary, Lykill Financing, Lykill became one of Kvika's brands under Commercial Banking. The merger has enabled Kvika to enter a new field of car, machinery and equipment financing that is offered to companies and individuals, including green financing for electric and hybrid vehicles. The Bank will continue to offer and build on green and environmentally friendly financing through Lykill, in its effort to support sustainable development.

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<sup>7</sup> [www.aur.is](http://www.aur.is)

<sup>8</sup> [www.netgiro.is](http://www.netgiro.is)

<sup>9</sup> [www.samfelagsabyrgd.is/assets/2020/09/declaration-of-intent-signatures-25sept2020-1.pdf](http://www.samfelagsabyrgd.is/assets/2020/09/declaration-of-intent-signatures-25sept2020-1.pdf)



# Participation, Partnerships, and Commitments

Kvika works on the recognition and implementation of sustainability, both within its operations and externally. Below is a summary (non-exhaustive) of commitments and initiatives that Kvika participates in, within the field:



## Iceland's Sustainable Investment Forum

Founded in 2017, IcelandSIF aims to promote awareness and debate about the methods of sustainable and responsible investment in Iceland. Kvika is one of IcelandSIF's founding members and actively engages in the work of the forum.



## UN Principles for Responsible Investment (PRI)

In the fall of 2020, Kvika became a signatory of the PRI, an independent organization on responsible investments, offering multiple possible actions for incorporating ESG issues into investment practices. Kvika reports to the PRI on its progress adhering to the organization's principles of responsible investments.



## Reitun – Rating Iceland

Reitun is an Icelandic rating company that conducts independent ESG risk assessments (ESG rating) on listed companies in Iceland, including on Kvika. Kvika co-operates with Reitun by offering information and transparency on its sustainability governance and implementation.



## Kolviður – Iceland Carbon Fund (ICF):

Kolviður offers carbon mitigation through tree planting in Iceland. Kvika has invested in tree planting through the ICF to mitigate part of its GHG emission, as described in its annual ESG reporting.



## Nasdaq

Kvika follows Nasdaq's ESG reporting guide in its annual ESG reporting. The Guide includes the latest third-party reporting methodologies by the industry and supports private and public companies in evolving their standards on ESG data disclosure.



## Equal Pay Certification

Kvika has established, documented, and implemented an equal pay system and obtained an equal pay certification in 2020 from the Ministry of Welfare.



## UNICEF in Iceland

Kvika has been UNICEF's main partner in Iceland in the banking services since 2011, and is also a special benefactor of UNICEF's Global Parent program. Kvika subsidizes the banking cost of the Global Parent program, enabling UNICEF in Iceland to make even better use of its fundraising benefits for the rights and welfare of children around the world. Kvika provides UNICEF with the best possible terms for banking services and is committed to supporting UNICEF's operations and fundraising in Iceland, both through direct donations and other partnerships.



## The Icelandic Wetland Fund

The Icelandic Wetland Fund was established in 2018 and aims at having companies, associations and individuals finance the restoration of wetlands in Iceland. By restoring wetland GHG are reduced. It also promotes the recovery of biosphere and birdlife and improves aquatic resources. The Fund co-operates with farmers, landowners, municipalities, and the Icelandic state to restore the areas not used for cultivation or forestry. Kvika has co-operated with the Fund since early 2021 by investing in restoration of wetland as mitigation measures to offset part of its GHG emission, as described in its annual ESG reporting.



## Grænvangur

Grænvangur is a co-operation platform between the business community and the Icelandic government on climate issues and green solutions. The platform brings together Icelandic companies and the government to work towards a common goal of a carbon neutral Iceland by 2040. Grænvangur was founded in 2019. Kvika became a supporting member of the initiative in 2021.



## FrumkvöðlaAuður

FrumkvöðlaAuður is a charity fund founded in 2009. Initially, the main aim of the Fund was to encourage women to act and take initiative, especially in developing countries. Recently, the fund has looked more closely to Iceland, emphasizing supporting women's entrepreneurship.



## Kvika's Incentive and Encouragement Fund (Hvatningarsjodur Kviku)

Dating back to 2018 the fund's role is to encourage and support young people to vocational and teacher education. The aim of the fund is to strengthen discussion and awareness of the importance of vocational and teacher education and the significance of related jobs for the Icelandic economy.



## Festa – Center for Sustainability

Festa is an NGO with members that include small and larger Icelandic businesses, as well as public organizations, the city of Reykjavik, and other municipalities. Festa focuses on sustainable development and encourages co-operation and action in the field. Kvika has been a member of Festa since 2017.





# GREEN FINANCING FRAMEWORK

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## Introduction

Kvika has developed this Framework to issue green financing instruments such as, but not limited to, green bonds, commercial paper, and deposits (together referred to as “Green Financing Instruments”). Documentation for Green Financing Instruments will refer to this Framework.

This Framework outlines the Bank’s methodology and procedures for the identification, classification, selection and reporting of green assets, projects and activities that are eligible for being directly or indirectly financed by the proceeds of Green Financing Instruments issued by the Bank (“Eligible Assets”).



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Eligible Assets may include, green loans and financing, investments, activities and/or projects that fit into Kvika's Eligible Categories and Criteria, as seen in the table below. Kvika's Framework consists of the following four components, which are described below:

- 1. Use of Proceeds (including Eligible Categories and Criteria)**
- 2. Process for Project Evaluation, Selection and Exclusion**
- 3. Management of Proceeds**
- 4. Reporting and External Review**

Kvika strives to align this Framework with current and recognized international market standards and practices in the field of sustainable finance. Accordingly, Kvika's Framework is based on the 2021 Green Bond Principles ("GBP"), published by the International Capital Markets Association ("ICMA"). The Framework may be updated and/or amended as needed, in collaboration with the Framework's external reviewer, to reflect current market practice, updates of the GBP, legislative changes, and/or to better reflect the Bank's development and growth in the field of sustainability and green financing.

## Use of Proceeds

An amount equal to the net proceeds of Green Financing Instruments issued by Kvika under this Framework, will be used for the financing or refinancing, in whole or in part, of activities, projects and assets (including loans, investments, expenditures and the Bank's own operations) that are deemed eligible, according to Kvika's Eligible Categories and Criteria. To be eligible, the Eligible Asset must fall in at least one of the categories described in the table below.

Net proceeds can be used to finance existing and new Eligible Assets. In the beginning the majority of Eligible Assets financed under this Framework will be existing Eligible Assets. However, Kvika's ambition is to grow its collection of Eligible Asset under the Framework.

If the use of proceeds is not specified or dedicated to facilitating a certain activity, project, or asset, Kvika can assess the eligibility of a transaction for classification as sustainable based on the company profile at hand. Transactions for such purpose are eligible if a company derives over 90% of its revenues from activities eligible according to the Eligible Categories and Criteria.

Kvika strives to reach full allocation of proceeds within two years after each issuance of a Green Financing Instrument.



Project Category	Eligible Asset Criteria	SDG Mapping	Impact Measurement Indicators	
			Climate change mitigation	Impact measurement indicators
<b>Clean Transportation</b>	<p>Clean transportation means an Eligible Asset that relates to project or activities and related equipment, technology, and processes towards clean transportation infrastructure (such as intermodal/multi-modal freight facilities, hubs, terminals and rolling stock) for passenger or freight transportation (such as buses, cars, ferries, or electric vehicles). This includes:</p> <ul style="list-style-type: none"> <li>• <b>Passenger cars, and light commercial vehicles</b> (including hydrogen, methane (landfill gas) and electric) which emit below the defined threshold of <math>\leq 50/34</math> gCO<sub>2</sub>e/km (WLTP/NEDC) until 31 Dec 2025<sup>1</sup>.</li> <li>• <b>Two- and three-wheel vehicles and quadricycles</b> which have zero CO<sub>2</sub> emissions.</li> <li>• <b>Public transport</b> such as buses, trains, or ferries (including hydrogen, methane (landfill gas) and electric) which emit below the defined threshold of <math>\leq 50/34</math> gCO<sub>2</sub>e/km (WLTP/NEDC) until 31 Dec 2025<sup>2</sup>.</li> <li>• <b>Heavy commercial vehicles</b> (including hydrogen, methane (landfill gas) and electric) which emit below the defined threshold of <math>&lt; 25</math> gCO<sub>2</sub>/tkm.</li> <li>• <b>Infrastructure</b> that supports the above-mentioned sub-categories of clean energy vehicles, e.g. charging points for electric vehicles and installation.</li> </ul>	 <p><b>11.2</b> Affordable and sustainable transport systems.</p>	<ul style="list-style-type: none"> <li>• Reduction in GHG emissions</li> <li>• Reduction of pollution</li> </ul>	<ul style="list-style-type: none"> <li>• Number of clean vehicles and/or infrastructure deployed per year</li> <li>• Estimated reduced/avoided GHG emission (tons CO<sub>2</sub>e) per year (if the data gathering is possible)</li> </ul>
<b>Green Buildings</b>	<p>Green Buildings means an Eligible Asset that relates to purchase or construction of new, or refurbishment of public, commercial, and private buildings that must achieve at least a 30% improvement in energy efficiency to be eligible or be certified or expected to be certified by the below certification schemes<sup>3</sup>:</p> <ul style="list-style-type: none"> <li>• LEED “Gold”</li> <li>• BREEAM (or BREEAM In-use), at least “Excellent”</li> <li>• DGNB “Gold”</li> <li>• Nordic Swan Ecolabel</li> </ul> <p>Green Buildings should also fulfil at least one of the following criteria: a) be climate resilient; b) have good access to public transportation; and/or c) have life cycle assessment.</p>	 <p><b>11.6</b> Reduce the environmental impact of cities.</p>	<ul style="list-style-type: none"> <li>• Reduction in GHG emissions</li> <li>• Reduction of pollution</li> </ul>	<ul style="list-style-type: none"> <li>• Number of qualified buildings per year and the volume of m<sup>2</sup></li> </ul>
<b>Renewable energy</b>	<p>Renewable energy means an Eligible Asset that relates to renewable energy projects, including the generation and transmission of energy from renewable sources and manufacturing of the related equipment and infrastructure for geothermal, wind, solar, hydropower (as further articulated below)<sup>4</sup>, and biogas, used for transport, heating, and industrial purposes.</p> <p>A hydropower facility in operation before 2020 is eligible if it has either:</p> <ul style="list-style-type: none"> <li>• A power density <math>&gt; 5</math> W/m<sup>2</sup>; or</li> <li>• GHG emissions intensity <math>&lt; 100</math> g CO<sub>2</sub>e/kWh.</li> </ul> <p>A hydropower facility commencing operation in 2020 or after is eligible if it has either:</p> <ul style="list-style-type: none"> <li>• A power density <math>&gt; 10</math> W/m<sup>2</sup>; or</li> <li>• GHG emissions intensity <math>&lt; 50</math> g CO<sub>2</sub>e/kWh.</li> </ul> <p>A geothermal facility is eligible if it has:</p> <ul style="list-style-type: none"> <li>• GHG emissions intensity <math>&lt; 100</math> g CO<sub>2</sub>e/kWh.</li> </ul> <p>Development, construction, and operation of facilities using renewable energy for electricity and heating with carbon intensity <math>&lt; 100</math> gCO<sub>2</sub>e/kWh considering life-cycle emissions. Such facilities must have implemented relevant solutions that reduce the most important physical climate risks that are material to that activity.</p>	 <p><b>7.2</b> Increase global percentage of renewable energy.</p> <p><b>7.A</b> Promote access, technology, and investments in clean energy.</p>  <p><b>9.1</b> Develop sustainable, resilient, and inclusive infrastructures</p>	<ul style="list-style-type: none"> <li>• Reduction in GHG emissions</li> <li>• Reduction of pollution</li> </ul>	<ul style="list-style-type: none"> <li>• Installed renewable energy production capacity (MW)</li> <li>• Annual production of renewable energy (MWh)</li> <li>• Estimated reduced/avoided GHG emissions (tons CO<sub>2</sub>e) per year</li> </ul>

1 From 2026 0/0 gCO<sub>2</sub>/km

2 From 2026 0/0 gCO<sub>2</sub>/km

3 Buildings may not be dedicated to extraction, storage, transport, or manufacture of fossil fuels

4 <https://www.climatebonds.net/files/files/Hydropower-Criteria-doc-March-2021-release3.pdf>



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## Process for Project Evaluation, Selection and Exclusions

The relevant business unit at Kvika pre-classify an approved project as an Eligible Asset, according to the criteria applicable under each Project Category.

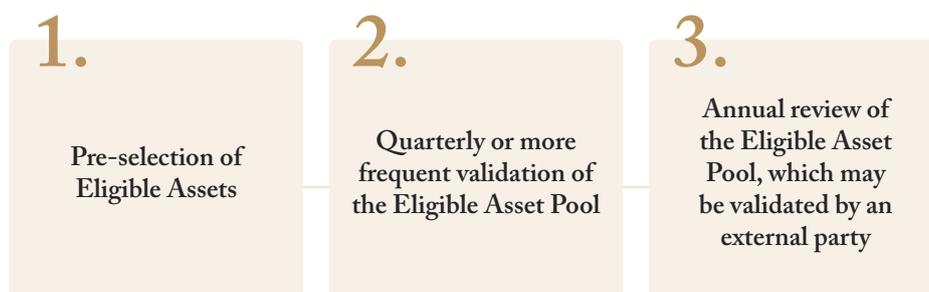
The pre-classification of an Eligible Asset may be subject to automated process, such as is the case with green car loans. When a green car loan is registered into Kvika's system the asset (the vehicle) is analyzed and factors such as the vehicle's energy source and volume of GHG emissions (if above 0% gCO<sub>2</sub>/km) are registered. If the vehicle meets the applicable criteria under the Clean Transportation Category, it is pre-classified as an Eligible Asset in Kvika's registry.

Loan and/or investment activity may also be subject to comply with Kvika's detailed credit- and internal compliance processes. Kvika's Credit Committee is responsible for final loan and investment approval, as well as confirming that a loan and/or an investment proposal complies with the Bank's policy on responsible lending and investments.

The pre-selection of Eligible Assets is validated quarterly by the Sustainability Committee. Kvika's Credit Committee may however seek the validation of the Sustainability Committee of Eligible Assets that are subject to Kvika's detailed credit- and internal compliance processes more frequently. The Sustainability Committee is responsible for screening Kvika's Eligible Asset Pool, based on the criteria set forth under each Project Category, in this Framework. Kvika may obtain an opinion from external sustainability advisors, as needed with the screening. Only assets that truly align with the criteria set forth in this Framework can be confirmed as registered into Kvika's Eligible Asset Pool.

Certain activities are excluded from ever being approved as an Eligible Asset that is suitable for allocation of proceeds from the Bank's issuance of Sustainable Instruments. No proceeds will be allocated to Eligible Assets that are used to finance fossil fuel related energy generation and related infrastructure, nuclear energy generation, environmentally negative resource extraction (such as rare-earth elements or fossil fuels), deforestation and degradation of forests, weapons, gambling, tobacco, and adult entertainment.

Kvika may seek an annual review of its Eligible Asset Pool (under the Allocation Reporting) from an external party, prior to the publication of the Green Financing Report.



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## Management of Proceeds

Kvika will manage the net proceeds of issued Green Financing Instruments on a portfolio basis. That means that the amount equal to net proceeds of the Green Financing Instruments issued by Kvika will be deposited in the general funding accounts and earmarked for allocation towards its portfolio of Eligible Assets, without legal segregation, in the Bank's register, in accordance with this Green Financing Framework.

The Bank's portfolio of Eligible Assets will be documented by Kvika's Risk Management in the Bank's register, subject to a quarterly internal review by Kvika's Sustainability Committee, to match Eligible Assets with the Bank's outstanding Green Financing Instruments. In the case of divestment or if a project no longer meets the Eligible Asset Criteria, the Bank will reallocate the funds to other existing Eligible Assets as soon as practically possible. Any portion of the net proceeds of Green Financing Instruments that have not been allocated to Eligible Assets will be held in accordance with Kvika's liquidity management policy, in a portfolio consisting of cash and/or cash equivalents, and/or other liquid marketable instruments.

## Reporting and External Review

Kvika will publish a Green Financing Report, including Allocation- and Impact reporting to its investors and other stakeholders annually in line with its general annual reporting cycle, until proceeds are fully allocated. Further, an independent assurance provider will provide on an annual basis limited assurance that an amount equal to Green Financing Instruments outstanding has been allocated to Eligible Assets.

The reporting will be conducted in line with best market practices and applicable guidelines. Kvika aims to align the timing of the reporting with other annual sustainability reporting of the Bank and will publish the report on its website. Impact Reporting will be provided on a best-effort basis subject to availability of data. The Allocation- and Impact Report will contain at minimum:

### Green Financing Report

#### Allocation Reporting:

- Overview and total value of outstanding Green Financing Instruments
- Share of proceeds used for financing vs. re-financing of Eligible Assets, as well as remaining balance of unallocated net proceeds.
- The amount of net proceeds that have been allocated within each Project Category.

#### Impact Reporting:

- Relevant impact metrics (subject to availability) of the Eligible Assets, per each Project Category (see in the table above).

Sustainalytics has issued a Second Party Opinion on this Framework, which is published in parallel with this Framework and other relevant documents, on Kvika's website [www.kvika.is](http://www.kvika.is).



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## Disclaimer

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