

# Second-Party Opinion

## Bonava Green Finance Framework



### Evaluation Summary

Sustainalytics is of the opinion that the Bonava Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:



**USE OF PROCEEDS** The eligible category for the use of proceeds – Green and Energy Efficient Buildings – is aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 and 11.



**PROJECT EVALUATION AND SELECTION** Bonava’s Green Finance Committee has been in place since 2020 and is responsible for evaluating and selecting projects in line with the Framework’s eligibility criteria. The committee is chaired by the Group Head of ESG Control and Reporting and includes members from Bonava’s Treasury. Bonava has a standard due diligence procedure and decision-making process to identify and manage environmental and social risks commonly associated with the financed projects, which apply to all allocation decisions made under the Framework. Sustainalytics considers the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** The Green Finance Committee will be responsible for the management of proceeds and will track allocation in a green register using a portfolio approach. Pending full allocation, unallocated proceeds may be temporarily placed in a liquidity reserve and managed accordingly by Bonava. This is in line with market practice.



**REPORTING** Bonava will report on allocation of proceeds and the impact of the green projects, publishing a report on its website on an annual basis until full allocation. Allocation reporting will include a summary of green debt developments, the outstanding amount of green debt issued, and additional information on financed projects and the share of refinancing activities. Bonava also intends to report on relevant impact metrics on a best-effort basis. Sustainalytics views Bonava’s allocation and impact reporting as aligned with market practice.

**Evaluation date** January 30, 2025

**Issuer Location** Stockholm, Sweden

### Report Sections

Introduction.....	2
Sustainalytics’ Opinion .....	3

**For inquiries, contact the Sustainable Corporate Solutions project team:**

**Aishwarya Ramchandran (Toronto)**  
Project Manager  
aishwarya.ramchandran@sustainalytics.com  
(+1) 416 861 0403

**Lokesh Jain (Mumbai)**  
Project Support

**Kibii Sisulu (London)**  
Client Relations  
susfinance.emea@sustainalytics.com  
(+44) 20 3880 0193

## Introduction

Bonava (or the “Company”) is a residential development company headquartered in Stockholm, Sweden which builds multi-family and single-family homes as well as semi-detached homes.<sup>1</sup> Operating in Germany, Sweden, Finland, Estonia, Latvia and Lithuania, Bonava’s business serves a range of customers, including both retail consumers and investors.<sup>2</sup> As of 2024, the Company communicated that it had approximately 900 employees and approximately 3,000 housing units in production.<sup>3</sup>

Bonava has developed the Bonava Green Finance Framework dated January 2025 (the “Framework”) under which it and its subsidiaries<sup>4</sup> intend to issue green debt instruments such as bonds and loans.<sup>5,6</sup> Bonava intends to use the proceeds from these instruments to finance or refinance<sup>7</sup>, in whole or in part, existing and future projects that aim at contributing to the decarbonization of the building stock in the countries where Bonava operates. The Framework defines eligibility criteria in one area:

### 1. Green and Energy-Efficient Buildings

Bonava engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)<sup>8</sup> and the Green Loan Principles 2023 (GLP).<sup>9</sup> The Framework has been published in a separate document.<sup>10</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>11</sup> opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.18, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Bonava’s management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Bonava representatives have confirmed that: (1) they understand it is the sole responsibility of Bonava to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

<sup>1</sup> Bonava, “Bonava in Brief”, at: <https://www.bonava.com/en/about-us/bonava-brief>

<sup>2</sup> Bonava, “Clients and business model”, at: <https://www.bonava.com/en/about-us/clients-and-business-model>

<sup>3</sup> Bonava, “Bonava Green Finance Framework”, (2025).

<sup>4</sup> Bonava has confirmed to Sustainalytics that it has operational control over the issuances of its subsidiaries in relation to any instrument issued under the Framework. Bonava has further confirmed that it will be responsible for ensuring alignment of any issuances with the criteria defined in the Framework.

<sup>5</sup> Bonava has communicated to Sustainalytics that loans may include revolving credit facilities.

<sup>6</sup> This Second-Party Opinion is valid only for the financial instruments expressly cited in the Framework.

<sup>7</sup> Bonava defines new financing as funds allocated to green projects that are ongoing, acquired or completed during the reporting period; while refinancing is defined as funds allocated to green projects acquired prior to the reporting year.

<sup>8</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

<sup>9</sup> The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

<sup>10</sup> The Bonava Green Finance Framework is available at: <https://www.bonava.com/en/financing/green-finance-framework>.

<sup>11</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Bonava.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Bonava has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Bonava Green Finance Framework

Sustainalytics is of the opinion that the Bonava Green Finance Framework is credible, impactful and aligned with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible category, Green and Energy Efficient Buildings, is aligned with those recognized by the GBP and GLP.
  - Bonava has established a look-back period of three years for the refinancing of operating costs related to ongoing housing projects, which Sustainalytics considers to be aligned with market practice.<sup>12</sup>
  - Under the Green and Energy Efficient Buildings category, Bonava may finance or refinance new residential buildings<sup>13</sup> according to the following criteria: i) new buildings built after 31 December 2020 that have a net primary energy demand (PED) that is at least 10% lower than the threshold set for the applicable nearly zero-energy building (NZEB) requirements; and ii) buildings completed in 2024 and onwards will, in addition to the previously mentioned criterion, have conducted a life cycle assessment (LCA) of the global warming potential of the building. Sustainalytics considers these investments to be aligned with market practice.
    - Buildings in Finland and Sweden will also meet additional country-specific criteria:
      - In Finland, business-to-business projects: i) will have a PED that is at least 15% lower than the NZEB threshold; and ii) beginning in 2024, all new buildings will align with the EU Taxonomy criteria.<sup>14</sup> Business-to-consumer projects in Finland will: i) have a PED that is at least 15% lower than the NZEB threshold; and ii) achieve or be expected to achieve RTS Environmental classification ("RTS") 3 stars. Sustainalytics views positively Bonava's criteria of setting a PED threshold 15% lower than the applicable NZEB requirement. Furthermore, Sustainalytics views the certification and level to be robust, credible and aligned with market practice.

<sup>12</sup> Expenditures related to land, and development costs associated with land held for future development, do not have a specific look-back period.

<sup>13</sup> May include land held for development, development costs, and housing units under construction that will, once completed, comply with the eligibility criteria defined under the Framework for the respective geographic market.

<sup>14</sup> Bonava has communicated to Sustainalytics that it intends to adhere to the technical screening criteria for Activity 7.1 – Construction of new buildings contributing to climate change mitigation under the Climate Delegated Act. European Union, "EUR-Lex: Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R2139>

- In Sweden, buildings must be certified or expected to be certified to the Nordic Swan Ecolabel.<sup>15</sup> Sustainalytics views this certification to be robust, credible and aligned with market practice.
- The Framework excludes financing projects involving 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), mining, gambling or tobacco. Sustainalytics considers this exclusionary list to strengthen the Framework.
- Project Evaluation and Selection:
  - Bonava’s Green Finance Committee (GFC) has been in place since 2020 and is responsible for evaluating and selecting projects in line with the Framework’s eligibility criteria. The GFC is chaired by the Group Head of ESG Control and Reporting and includes members from Bonava’s Treasury.
  - Bonava has a standard due diligence procedure and decision-making process to identify and manage environmental and social risks commonly associated with the financed projects. This process is applicable to all allocation decisions made under the Framework. Bonava’s risk management strategy is outlined in its policies and guidelines. Sustainalytics considers this process to be adequate. For additional details, see Section 2.
  - Based on the established process for project evaluation and selection and the presence of a risk management process, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - The GFC will be responsible for the management of proceeds and will track allocation in a green register using a portfolio approach.
  - Bonava has communicated to Sustainalytics that multi-tranche loan facilities may be obtained under the Framework. The Company has confirmed that it will label only those tranches of such facilities whose proceeds will be allocated according to the eligibility criteria in the Framework. This is aligned with market practice.
  - Pending full allocation, unallocated proceeds may be temporarily placed in a liquidity reserve and managed accordingly by Bonava. Temporary holdings will not be placed in entities with a business plan focused on fossil fuel generation, nuclear generation, weapons and defence, environmentally negative resource extraction, gambling or tobacco.
  - Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - Bonava will report on the allocation of proceeds and the impact of the green projects, publishing a report on its website on an annual basis until full allocation.
  - Bonava has confirmed to Sustainalytics that if it obtains RCFs under the Framework, it will report on allocation until loan maturity.
  - Allocation reporting will include: i) a summary of green debt developments; ii) the outstanding amount of green debt issued, presented per type of debt instrument; iii) the balance of green projects in the green register (including any temporary investments and green debt repayments); iv) the total proportion of green debt net proceeds used for new financing and the proportion used for refinancing; v) total aggregated proportion of green debt net proceeds used per green project category; and vi) additional information that may be of relevance, such as reporting in relation to the EU Taxonomy. Bonava will obtain third-party verification for its allocation report.
  - Impact reporting will be provided on a best-effort basis and may include impact indicators such as: i) building certification and/or share of total project portfolio with PED at least 10% lower than NZEB; ii) estimated annual energy use reduced or avoided (in kWh per year); and iii) estimated annual GHG emissions reduced or avoided (in tCO<sub>2</sub>e).<sup>16</sup>
  - Based on the commitments to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

<sup>15</sup> Nordic Swan Ecolabel: <https://www.nordic-swan-ecolabel.org/>

<sup>16</sup> Impact reporting will be based on Bonava’s financing share of each project. As Bonava may finance a large number of smaller green projects in the same green project category, impact reporting will, to some extent, be aggregated.

## Alignment with the Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that the Bonava Green Finance Framework aligns with the four core components of the GBP and GLP.

## Section 2: Sustainability Strategy of Bonava

### Contribution to Bonava's sustainability strategy

Bonava has in place a sustainability strategy that focuses on the following areas of its operations: i) embedded environmental respect; ii) people-centric culture; and iii) governance for high performance.<sup>17,18</sup> Sustainalytics has focused below on the environmental focuses that are most relevant to the Framework.

Bonava has set a target to reduce absolute scope 1 and 2 emissions by 50%, as well as achieve a 50% reduction in scope 3 emissions per production unit by 2030, compared to a 2018 baseline, in alignment with the Science Based Targets Initiative (SBTi).<sup>19</sup> These targets were validated by the SBTi in 2019.<sup>20</sup> Bonava has communicated to Sustainalytics that, in 2025, it will rebase its targets using LCA data instead of its current spend-based approach to enhance the reliability and credibility of its emissions data. The Company has further communicated that it has mandated all business units within the Bonava to develop a full-scope emission reduction plan by 2026, aligned with climate targets and Corporate Sustainability Reporting Directive<sup>21</sup> requirements. Furthermore, starting in 2025, Bonava will include an evaluation of climate performance in the overall assessment for short and long-term incentive programmes so as to integrate climate into its compensation model.

Bonava's Sweden unit has committed to certifying all new projects in the design phase under Nordic Swan Ecolabel version 4.0. Since 2024, Bonava's Finland unit has aligned all business-to-business projects with the EU Taxonomy and set a goal for business-to-consumer projects to achieve RTS 3 stars.<sup>22</sup> Bonava further aims to develop energy-efficient housing by adapting its building systems to national environmental and certification standards.<sup>23</sup> To support its scope 1 and 2 emissions reduction goals, Bonava pursues opportunities to increase the proportion of renewable energy used in its operations in all markets, including through multi-lateral renewable energy agreements in the countries where it operates. For the development of energy-efficient housing, Bonava assesses national definitions and prevailing regulations for energy performance and access to renewable and fossil-free energy in each of its markets. In 2023, 69% of the housing units constructed were 10% more energy efficient than the requirements established in the required national permits.<sup>24</sup>

Given the above context, Sustainalytics is of the opinion that the Bonava Green Finance Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

### Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental or social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving: i) land use and biodiversity issues arising from construction of large projects; ii) emissions, effluents and waste generated during construction; iii) occupational health and safety; and iv) community relations.

Sustainalytics is of the opinion that Bonava is able to manage and/or mitigate potential risks through implementation of the following:

- To address risks related to land use and biodiversity issues arising from construction of large projects, Bonava's Sustainability Policy mandates the sustainable use of land by conducting due diligence. This includes use of land and measures for the remediation, protection and compensation

<sup>17</sup> Bonava, "Sustainability Policy", (2024), at: <https://www.bonava.com/sites/default/files/sustainability-policy-6-december-2024.pdf>

<sup>18</sup> Bonava, "Annual and Sustainability Report 2023", at: <https://vp224.alertir.com/afw/files/press/bonava/202403187072-1.pdf>

<sup>19</sup> Ibid.

<sup>20</sup> SBTi, "Companies taking action", at: <https://sciencebasedtargets.org/companies-taking-action>

<sup>21</sup> European Commission, "Corporate Sustainability Reporting", at: [https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting\\_en](https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en)

<sup>22</sup> Bonava, "Annual and Sustainability Report 2023", at: <https://vp224.alertir.com/afw/files/press/bonava/202403187072-1.pdf>

<sup>23</sup> Ibid.

<sup>24</sup> Ibid.

of endangered species.<sup>25</sup> Bonava also has a formal procedure in place to evaluate the risk of ecological impact and study the need for soil remediation prior to investment. When required, Bonava remediates the land to make it suitable for building homes.<sup>26</sup> Additionally, Bonava complies with the Directive 2014/52/EU,<sup>27</sup> which requires projects to have appropriate measures to avoid, prevent, reduce and, if possible, offset significant adverse effects on the environment, with focus on species and habitats. For land intensive projects, the directive also requires projects to obtain an environmental impact assessment which identifies, describes and assesses land-related impacts.<sup>28</sup> Furthermore, the EU Habitats Directive and Birds Directive, which are part of the EU Biodiversity Strategy for 2030, require projects in the EU to support the conservation of biodiversity, particularly threatened and endemic species.<sup>29,30</sup>

- Regarding emissions, effluents and waste generation, Bonava's Sustainability Policy outlines the Company's commitment to adopt a circular production model through resource-efficient design and production, including efficient waste management, reusing or recycling materials when possible, and avoiding harmful substances.<sup>31</sup> Additionally, Bonava commits to comply with various EU guidelines and regulations, such as EU Directive 2008/98/EC<sup>32</sup>, EU Construction and Demolition Waste Protocol and Guidelines,<sup>33</sup> the EU Waste Framework Directive,<sup>34</sup> and the Waste Electrical and Electronic Equipment Directive.<sup>35</sup> These regulation mandates EU companies to manage their construction and demolition waste, hazardous waste, non-hazardous waste, and e-waste without endangering human health or harming the environment.<sup>36</sup>
- To address occupational health and safety risks, the Company has established the Bonava Group Health and safety procedure, which provides a framework to ensure a healthy and safe working environment.<sup>37</sup> The procedure mandates: i) compliance with all relevant laws and regulations related to health and safety; ii) all employees, suppliers, and contractors must comply with safety requirements, which are essential for employment; iii) that health and safety activities are based on risk assessments conducted in collaboration with employees; iv) management takes responsibility for promoting ongoing health and safety education and training for all employees, regularly reviewing the training programme to identify potential areas for improvement; and v) Bonava evaluates all accidents and incidents and actively shares the information with its managers, promoting knowledge sharing and best practices across the Group.
- Regarding community relations, Bonava engages with key stakeholders during its project planning process to ensure that neighbourhoods are constructed to meet their needs. Bonava collaborates with public authorities and other stakeholders, and engages in regular dialogue with customers, municipalities, representatives from the local community and the public to identify, reduce, mitigate and remediate any environmental concerns.<sup>38</sup> As a result of the engagement, the Company identified relevant building permits and implemented various measures to maintain ecological, cultural and social values of the specific location.<sup>39</sup> Bonava also commits to adhering to the European Commission's EIA Directive, which requires effective consultation and public participation as part of the EIA process.<sup>40</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Bonava has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

<sup>25</sup> Bonava, "Sustainability Policy", (2024), at: <https://www.bonava.com/sites/default/files/sustainability-policy-6-december-2024.pdf>

<sup>26</sup> Bonava, "Annual and Sustainability Report 2023", at: <https://vp224.alertir.com/afw/files/press/bonava/202403187072-1.pdf>

<sup>27</sup> European Parliament, "Directive 2014/52/EU of the European Parliament and of the Council", (2014), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>

<sup>28</sup> Ibid.

<sup>29</sup> European Commission, "Biodiversity strategy for 2030", at: [https://environment.ec.europa.eu/strategy/biodiversity-strategy-2030\\_en](https://environment.ec.europa.eu/strategy/biodiversity-strategy-2030_en)

<sup>30</sup> European Parliament, "Directive 2009/147/EC of the European Parliament and of the Council", (2009), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02009L0147-20190626>

<sup>31</sup> Bonava, "Sustainability Policy", (2024), at: <https://www.bonava.com/sites/default/files/sustainability-policy-6-december-2024.pdf>

<sup>32</sup> European Commission, "Directive 2008/98/EC on waste", (2008), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32008L0098>

<sup>33</sup> European Commission, "EU Construction and Demolition Waste Protocol and Guidelines", (2018), at: [https://single-market-economy.ec.europa.eu/news/eu-construction-and-demolition-waste-protocol-2018-09-18\\_en](https://single-market-economy.ec.europa.eu/news/eu-construction-and-demolition-waste-protocol-2018-09-18_en)

<sup>34</sup> European Parliament, "Directive 2008/98/EC", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32008L0098>

<sup>35</sup> European Parliament, "Directive 2012/19/EU (WEEE)", (2012), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32012L0019>

<sup>36</sup> European Commission, "Waste Framework Directive", at: [https://environment.ec.europa.eu/topics/waste-and-recycling/waste-framework-directive\\_en](https://environment.ec.europa.eu/topics/waste-and-recycling/waste-framework-directive_en)

<sup>37</sup> Bonava, "Group Health and safety procedure", (2021), at: <https://insite.bonava.com/globalassets/group-health-safety-procedure-2021.pdf>

<sup>38</sup> Bonava, "Annual and Sustainability Report 2023", at: <https://vp224.alertir.com/afw/files/press/bonava/202403187072-1.pdf>

<sup>39</sup> Bonava has shared its stakeholder engagement process, purpose of engagement and outcomes with Sustainalytics confidentially.

<sup>40</sup> European Commission, "Focus on Environmental Impact Assessment" at: [https://www.era-comm.eu/EU\\_Legislation\\_on\\_Environmental\\_Assessments/part\\_2/part\\_2\\_12.html](https://www.era-comm.eu/EU_Legislation_on_Environmental_Assessments/part_2/part_2_12.html)

### Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP and GLP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

#### Importance of green buildings for climate change mitigation in EU

The buildings sector was responsible for more than one-third of energy-related GHG emissions in the EU and accounted for approximately 40% of the bloc's total energy consumption in 2023.<sup>41</sup> Heating, cooling and domestic hot water accounted for 80% of this energy use.<sup>42</sup> Additionally, 85% of the EU's existing building stock was built before 2000, of which 75% is considered energy inefficient. In this context, building renovations play a key role in decarbonizing the sector in the EU.<sup>43,44</sup> Furthermore, the construction sector is responsible for over 35% of the EU's total waste. From material extraction and the manufacturing of construction products to the construction and renovation of buildings account for an estimated 5-12% of total national GHG emissions in each member state. By improving material efficiency, the EU can reduce up to 80% of these emissions.<sup>45</sup>

To improve the energy performance of buildings and meet GHG emission targets, the EU established the Energy Performance of Buildings (EPBD) legislative framework which aims to increase the rate of renovation in the EU. A revision to the EPBD was made and published in May 2024.<sup>46</sup> The directive outlines the EU's GHG reduction targets, which includes reducing emissions in the building sector by at least 60% by 2030 compared to 2015 and contributing to the achievement of a decarbonized, zero-emission building stock by 2050.<sup>47</sup> Other components of the EPBD include binding targets for improving the energy performance of residential buildings, including a 16% and 20-22% improvement by 2030 and 2035 respectively.<sup>48</sup> Furthermore, regarding the construction sector, the EU is launching a new strategy for a sustainable built environment to increase material efficiency and reduce climate impact. This strategy will allow for consistency across key policy areas such as climate, energy and resource efficiency, construction and demolition waste management, accessibility, digitalisation, and skills development. It will also promote circularity throughout buildings' lifecycles by including recycled content requirements for certain construction products, integrating LCA in public procurement and the EU sustainable finance framework, and promoting durability and adaptability of built assets<sup>49</sup>

Based on the above, Sustainalytics is of the opinion that Bonava's financing of green buildings in the EU will contribute to the bloc's decarbonization efforts and support the EU in achieving its climate targets.

#### Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Bonava Green Finance Framework are expected to help advance the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Green and Energy Efficient Buildings	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	11. Sustainable Cities and Communities	11.B By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource

<sup>41</sup> European Commission, "Energy performance of Buildings Directive", at: [https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive\\_en#facts-and-figures](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en#facts-and-figures)

<sup>42</sup> Ibid.

<sup>43</sup> Ibid.

<sup>44</sup> European Commission, "A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives", (2020), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1603122220757&uri=CELEX:52020DC0662>

<sup>45</sup> European Commission, "Buildings and construction", at: [https://single-market-economy.ec.europa.eu/industry/sustainability/buildings-and-construction\\_en](https://single-market-economy.ec.europa.eu/industry/sustainability/buildings-and-construction_en)

<sup>46</sup> European Commission, "Energy Performance of Buildings Directive", at: [https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive\\_en](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en)

<sup>47</sup> Ibid.

<sup>48</sup> Ibid.

<sup>49</sup> European Commission, "Buildings and construction", at: [https://single-market-economy.ec.europa.eu/industry/sustainability/buildings-and-construction\\_en](https://single-market-economy.ec.europa.eu/industry/sustainability/buildings-and-construction_en)

---

		efficiency, mitigation and adaptation to climate change, resilience to disasters
--	--	--

## Conclusion

Bonava has developed the Bonava Green Finance Framework under which it, and its subsidiaries, may issue green debt instruments and use the proceeds to finance green and energy efficient buildings. Sustainalytics considers that the eligible projects are expected to provide positive environmental impacts.

The Bonava Green Finance Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Bonava Green Finance Framework is aligned with the overall sustainability strategy of Bonava and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 7 and 11. Additionally, Sustainalytics is of the opinion that Bonava has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Bonava is well positioned to issue green bonds and loans and that the Bonava Green Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

## Disclaimer

**Copyright ©2025 Sustainalytics, a Morningstar company. All rights reserved.**

The information, methodologies, data and opinions contained or reflected herein (the "Information") are proprietary to Sustainalytics and/or its third-party content providers and may be made available to third parties only in the form and format disclosed by Sustainalytics. The Information is not directed to, nor intended for distribution to or use by India-based clients and/or users, and the distribution of Information to India resident individuals and entities is not permitted.

The Information is provided for informational purposes only and (1) does not constitute an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (2) does not constitute investment advice nor recommends any particular investment, nor represents an expert opinion or negative assurance letter; (3) is not part of any offering and does not constitute an offer or indication to buy or sell securities, to select a project nor enter into any kind of business transaction; (4) is not an assessment of the economic performance, financial obligations nor creditworthiness of any entity; (5) is not a substitute for professional advice; (6) has not been submitted to, nor received approval from, any relevant regulatory or governmental authority. Past performance is no guarantee of future results.

The Information is based on information made available by third parties, is subject to continuous change and no warranty is made as to its completeness, accuracy, currency, nor the fitness of the Information for a particular purpose. The Information is provided "as is" and reflects Sustainalytics' opinion solely at the date of its publication.

Neither Sustainalytics nor its third-party content providers accept any liability in connection with the use of the Information or for actions of third parties with respect to the Information, in any manner whatsoever, to the extent permitted by applicable law.

Any reference to third party content providers' names is solely to acknowledge their ownership of information, methodologies, data and opinions contained or reflected within the Information and does not constitute a sponsorship or endorsement of the Information by such third-party content provider. For more information regarding third-party content providers visit <http://www.sustainalytics.com/legal-disclaimers>

Sustainalytics may receive compensation for its ratings, opinions and other services, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics maintains measures designed to safeguard the objectivity and independence of its opinions. For more information visit [Governance Documents](#) or contact [compliance@sustainalytics.com](mailto:compliance@sustainalytics.com).

This deliverable, in particular the images, text and graphics contained therein, and the layout and company logo of Sustainalytics are protected under copyright and trademark law. Any use thereof shall require express prior written consent. Use shall be deemed to refer in particular to the copying or duplication of the opinion wholly or in part, the distribution of the opinion, either free of charge or against payment, or the exploitation of this opinion in any other conceivable manner.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

## About Morningstar Sustainalytics

Morningstar Sustainalytics is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds, which incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).

