



LIVEN AS

Green Financing Framework

2024

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1. Introduction

Liven AS (together with subsidiaries, Liven or the group) is a housing developer established in 2014 and operating in Tallinn. In its relatively short period of operation, Liven has become one of the leading real estate developers in Estonia. Liven develops residential real estate and, over the past ten years, has created and delivered more than 700 homes. At the end of 2023, the group's development portfolio comprised ten projects, with nearly 1,500 homes in different stages of development and an estimated sales volume of around 375 million euros. The projects in the development portfolio will take another four to five years to complete. In 2023 Liven expanded geographically after acquiring a land plot in Berlin, Germany.

At the core of Liven's value proposition are thoughtful concepts and layouts, along with various furnishing alternatives, and the opportunity for the customers to participate in the design of their new home. Customers' satisfaction with both their new home as well as the entire planning-purchasing-after-sales process is important to us and regular customer satisfaction measurement is deeply ingrained into our operation.

According to KantarEmor's annual survey on the awareness and reputation of real estate brands, Liven has firmly established itself in the market according to the homebuyers and -seekers. In 2023 Liven increased its visibility and remained among the two most reputable developers around Tallinn for the fifth consecutive year. Liven is valued in the market for the most attractive developments and is described as a trendsetter with stylish and modern architecture.



Sustainability at Liven

As global environmental concerns increase, the role of the construction and real estate development industry in advancing environmental sustainability becomes even more critical. At Liven, we feel a responsibility in shaping a sustainable future and contributing to the fulfilment of the EU's ambitious 2050 carbon neutrality and environmental protection goals. Our sustainability action plan is not just a strategy, but a substantive commitment to environmental protection and responsible resource management. Through our activities, we aim to make a positive contribution to global sustainability efforts, while ensuring the long-term success of our business operations.

Within the construction and real estate development industry, the LEED (Leadership in Energy and Environmental Design) and BREEAM (Building Research Establishment Environmental Assessment Method) certification systems are among the most globally recognized green labels. These certifications are granted to buildings that are designed, built, and managed in accordance with principles of environmental conservation and sustainability, thus contributing to carbon dioxide reduction and savings on materials. Additionally, these programs align closely with the United Nations Sustainable Development Goals.



In Estonia, while a substantial number of new office buildings have sought LEED certification, only a limited number of residential projects under construction have pursued this environmental standard. A project manager at Liven has attained the LEED Green Associate designation, empowering us to incorporate best practices in creating buildings that are environmentally sustainable, consistent with LEED criteria. The Juhkentali project¹, initially selected as a pilot project, has been significantly delayed due to the prolonged establishment process of the detailed plan. Therefore, our LEED pilot has become the Regati project². Beyond our projects that achieve an A-energy class through the use of geothermal heating and solar panels, the Regati project stands out for its commitment to selecting sustainable construction materials and implementing environmentally friendly stormwater management practices, both of which contribute to enhanced environmental savings and sustainability.

Liven is in the process of designing and developing a range of residential apartments, each attaining an A-energy class. Most of these buildings incorporate solar panels to reach this level of energy efficiency. A prime example is the Iseära residential project³, distinctively utilizing geothermal heating alongside its A-energy class status. Moreover, we acknowledge and incorporate the growing market expectation for enhanced waste sorting solutions and the availability of charging stations for electric vehicles and bicycles in our projects.

¹ [Project Juhkentali development by Liven \(available here\)](#)

² [Project Regati development by Liven \(available here\)](#)

³ [Project Iseära development by Liven \(available here\)](#)

Liven's main environmental focus areas:

1. Projects with Green Labels

We give priority to projects certified by sustainability standards like LEED or BREEAM, increasing transparency and responsibility in our development and construction practices.

2. Energy Efficiency

Our objective is to design buildings that not only surpass national standards but also aim to rank in the top 10% for energy efficiency within our communities, thereby outperforming the minimum standards for energy efficiency.

3. Integration of Sustainable Materials

We are committed to monitoring and replacing high CO₂ emission materials with sustainable alternatives such as wood, thereby promoting the circular economy model and resource efficiency, and reducing environmental impact. Where risk assessment deems specifically necessary mandate our contractors to source wood that is certified, as evidence of adherence to sustainable forestry practices.

Liven AS remains firmly committed to sustainability and environmental protection. By integrating sustainability into our daily activities and management structures, we are not just building for today, but also shaping a better tomorrow for future generations.

Contribution to UN Sustainable Development Goals

Construction and real estate activities can significantly contribute to the United Nations Sustainable Development Goals (UN SDGs). Liven has determined 4 UN SDGs that are particularly important and relevant for Liven's operations. Thus far, Liven is working actively to contribute to the following SDGs:



Utilizing sustainable materials and resources to reduce the risk of construction materials containing substances detrimental to human health or the environment.

3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals.



Lowering energy use in our developed projects and implementing renewable energy capabilities.

7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.

7.3 By 2030, double the global rate of improvement in energy efficiency.



Enhancing the utilization of waste collected and treated.

11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.



Liven aims to contribute to the following targets:

12.2 Achieve the sustainable management and efficient use of natural resource.

12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle

12.5 Reduce waste generation through prevention, reduction, recycling and reuse.

2. Green Financing Framework

Liven has established the Green Financing Framework („the Framework“) to further highlight its commitment to sustainability, showcasing to its investors, financial institutions, and other stakeholders its dedication to creating and designing environmentally sustainable buildings and therefore contributing to climate change mitigation. Aiming to be Estonia's leading sustainable real estate developer, Liven may occasionally issue green bonds and secure green financing, such as green loans, from financial institutions („Green Financing“). The terms and conditions of the underlying documentation for each Green Financing instrument shall provide a reference to the Framework.

The Framework defines the investments eligible for financing by Green Financing instruments issued by Liven AS or its wholly owned subsidiaries.

Alignment with Green Bond and Loan Principles

Liven collaborated with LHV to establish the Framework, and S&P Global Ratings has contributed a pre-issuance second-party opinion, accessible on Liven's website. Additionally, Liven will appoint an independent verifier to annually confirm that an amount equivalent to the net proceeds from the Green Financing have been directed towards projects that align with the Framework.

Liven's Framework has been drafted in accordance with the International Capital Market Association (ICMA) Green Bond Principles (GBP) published in June 2021 (with June 2022 Appendix)⁴ and Loan Market Association (LMA) Green Loan Principles (GLP) published in February 2023⁵. The Framework adopts the five following recommendations of the principles:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. Verification

Liven is aware of the evolving nature of the green financing market. As such, it will periodically assess this Framework to ensure it stays in line with the latest relevant principles as they develop within the market. When this Framework was released, the European Green Bond Standard Regulation ("Regulation")⁶ had already taken effect on 20 December 2023. Its requirements will start applying from 21 December 2024 to issuers who wish to designate their bonds as European Green Bonds. If Liven opts to issue European Green Bonds in the future, it will be required to comply with this Regulation.

Any significant updates to this Framework will be subject to further review by S&P Global Ratings or another reputable and accredited provider of second-party opinions.

2.1. Use of Proceeds

Under this framework, Liven along with its wholly owned subsidiaries can issue Green Financing. An amount equal to the net proceeds raised from the issuance of Green Financing will be used by Liven AS or its wholly owned subsidiaries and shall be earmarked solely for financing and/or re-financing eligible green projects together constitute the green project portfolio ("Green Portfolio"). Projects qualified as green projects need to fall into the green project category as defined in the Framework and comply with the specific eligibility criteria set for underlying project category. These projects may include both capital and specific operational costs associated with new, ongoing, or completed initiatives.

Green project category (refer to the eligibility criteria section) has been mapped to the Sustainable Development Goals (SDGs) based on the High-Level Mapping to the Sustainable Development Goals issued by the ICMA in June 2023⁷.

The eligibility criteria take into account EU Taxonomy Regulation⁸ and the EU Taxonomy Climate Delegated Act⁹, aiming to implement them on a best effort basis.

⁴ ICMA, Green Bond Principles, June 2021 (available [here](#))

⁵ LMA/LSTA/APLMA, Green Loan Principles, February 2023 (available [here](#))

⁶ EU Green Bond Standard Regulation (ES) 2023/2631 (available [here](#))

⁷ ICMA – High-Level Mapping to the Sustainable Development Goals (available [here](#))

⁸ European Commission – EU Taxonomy Regulation (available [here](#))

⁹ European Commission – EU Taxonomy Climate Delegated Act, June, 2021 (available [here](#))

Exclusions

Green Financing will not be used to finance investments linked to energy efficiency projects that result in increased resource consumption, fossil energy (including natural gas) generation, fossil fuel transportation, nuclear energy generation, tobacco, gambling, production and distribution of weapons, defense industries, potentially environmentally negative resource extraction (such as rare-earth elements or fossil fuels).



Eligibility criteria

Green project category (ICMA/LMA classification & EU Taxonomy activity)	Eligibility criteria	EU Taxonomy environmental objective	Contribution to UN SDGs
Green and Energy Efficient Buildings 7.1. Construction of new buildings	Development of residential new buildings Green residential buildings, including brownfield land designated for development, should be designed to achieve, once completed, a nearly zero-energy building (NZEB) status in accordance with local standards. They must also be assessed for material climate-related risks and meet at least one of the following criteria: <ul style="list-style-type: none"> - attain a minimum BREEAM certification of „Very Good“ or higher, or - secure LEED certification „Gold“ or higher, or - in Germany, KfW 40 or better, or - the Primary Energy Demand (PED), is at least 10% lower than the threshold set for the NZEB requirements in national building regulations. 	Climate change mitigation	 

2.2. Process for project evaluation & selection

The process for evaluating and selecting eligible green projects is crucial to ensure that an amount equal to the net proceeds from Green Financing is dedicated to projects that meet the eligibility criteria outlined in this Framework.

Green Financing Working Group

Liven has established a Green Financing Working Group ("GFWG"), which includes the Business Development Manager (responsible for ESG matters), the Project Director, Land Acquisition Director, CEO, and CFO. This team meets at least semi-annually to scrutinize potential projects for their adherence to the green project category eligibility criteria and to evaluate their environmental impact. The approval of a project as meeting the eligibility criteria is a collective decision made by consensus within the GFWG. If required, the group may seek the expertise of external environmental consultants to examine the projects' environmental risks.

It is the responsibility of the CFO to ensure the decisions made and concerns raised by the GFWG are documented and filed and to maintain the updated list of the eligible green projects which creates a Green Portfolio.

The GBWG is responsible for:

- conducting assessments and picking out green projects that meet the eligibility requirements set forth in the Framework,
- identifying any environmental and/or social risks tied to the eligible green projects,
- development of intra-company systems and capabilities for measuring CO₂e emissions (project-specific lifecycle CO₂e emissions) and comparison to conventional solutions; conducting a lifecycle analysis and projects resilience test to physical climate risks; and assessing climate transition risks such as carbon lock-in and embedded emissions from building materials,
- guaranteeing that eligible green projects comply with relevant environmental and social laws and, wherever possible, adhere to the EU Taxonomy's 'Do No Significant Harm' (DNSH) principle and the associated 'Minimum (Social) Safeguards',
- regular checking if green projects continue to meet the eligibility criteria and substituting investments that no longer meet the criteria,
- monitoring updates in sustainable capital finance practices and trends concerning disclosure and reporting to stay aligned with industry best practices (for example, the Green Bond Principles, the Green Loan Principles), and
- updating the Green Financing Framework to mirror changes in Liven's sustainability strategies and initiatives, along with updates in the assessment of environmental and social standards for green buildings.

2.3. Management of proceeds

Liven is using a portfolio approach, allocating proceeds from Green Financing exclusively to finance or re-finance eligible green projects, without directly tying any Green Financing Instrument to a specific pre-determined green project. The allocation of net proceeds is limited to projects with disbursements that took place within the last 2 years (look-back period) or are anticipated within the next 2 years (look-forward period) from the issuance date of the Green Financing.

The tracking of net proceeds from Liven's Green Financing instruments is managed by the CFO through a spreadsheet (the "Green Register"), which records all issued amounts of Green Financing Instruments and includes a Green Portfolio with a list of eligible green projects.

The data in the Green Register forms the foundation for regular reporting (refer to the Reporting section) and will be verified by an independent reviewer (refer to the Post-Issuance Verification section). If a project no longer meets the eligibility criteria, it will be excluded from the Green Portfolio and Liven will use its best efforts to reallocate the net proceeds to other projects meeting the eligibility criteria as quickly as feasibly possible, but at latest within 24 months.

Liven aims to ensure that the nominal amount of Green Financing Instruments outstanding does not exceed of its Green Portfolio value, which consists of eligible green projects at their current balance sheet value according to IFRS standards. Any Green Financing proceeds not immediately allocated may be temporarily held in Liven's liquidity reserve for appropriate management. In the event of any proceeds remaining unallocated, Liven commits to allocate them to eligible projects as swiftly as possible, but at latest within 24 months.

2.4. Reporting

To ensure transparency and keep investors, lenders, and other stakeholders updated on the progress of projects financed by Green Financing, Liven will create and release a green financing report. This report will include an allocation report and an impact report and will be published on an annual basis for as long as there are outstanding Green Financing Instruments. The first report will be published within twelve months following the issuance of a Green Financing.

Allocation reporting

Allocation reporting may include some of the following information:

- The total amount of Green Financing issued
- Breakdown of the total amount of Green Financing Instruments
- List of projects financed by each Green Financing Instrument
- Breakdown of amounts allocated to each of the projects
- Share of proceeds used for financing vs re-financing
- Descriptions of green projects financed
- Unallocated proceeds at the end of the reporting period.

Impact reporting

The impact report aims to disclose the environmental impact of the Green Portfolio financed under this Framework. The impact report will, to some extent, be aggregated and depending on data availability, calculations will be made on a best effort basis. The impact report may include some of the below listed metrics:

- Energy Performance Certificate
- Building certification
- Information on average energy performance such as primary energy demand in a green building (kWh/sqm) (if available)
- CO₂e emissions reduced compared to conventional solution (if available)
- Building material and heating source
- Energy use – % below new building requirements; or other relevant indicators
- Estimated renewable energy capacity installed (MW).

2.5. Verification

Liven is dedicated to maintaining the sustainable finance standards for external review of the Framework. A dual-step strategy has been formulated, including: 1. Pre-issuance verification, involving a Second Party Opinion from an external reviewer, and 2. post-issuance verification, conducted by an independent verifier.

Pre-issuance Second Party Opinion

S&P Global Ratings has issued a second party opinion on this Framework to verify its transparency, robustness, and compliance with the ICMA's Green Bond Principles released in June 2021 (with June 2022 Appendix) and the LMA's Green Loan Principles released in February 2023. This second party opinion from S&P, along with the Framework itself, is accessible on Liven's website at www.liven.ee.

Post-Issuance Verification

Liven will appoint an independent party to perform an annual assessment, ensuring that the net proceeds from the issuance of Sustainable Financing are directed towards green projects. This independent evaluation is carried out as a limited assurance report and will occur annually until the total allocation of the funds is completed. The findings of the post-issuance verification review will be made available at www.liven.ee.

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