

SUSTAINABILITY POLICY

This policy has been approved by the boards of Kameo AS and Kameo ApS as of 17th June 2020. The policy shall apply to all of Kameo AS' activities, including its business of providing loans which is organised through Kameo AS' subsidiary Kameo ApS with local branches in Norway and Sweden. References to "Kameo" or the "Company" shall mean Kameo AS with all its subsidiaries, including any branches.

1. BACKGROUND AND PURPOSE

Kameo was founded to offer a fair and transparent alternative to banks, to provide financing for a broader spectre of borrowers which traditionally have been badly treated by the banks, by unfair terms or being refused. By securing fair financing to everybody which deserves it, more persons and companies can realise their ideas, protect their ownership in their companies and create value for themselves, their employees and the society around themselves.

Kameo's business is limited to the Scandinavian market and has a large share of real estate projects in its portfolio. According to Kameo's business strategy, Kameo shall continue providing loans to SMEs and consider expanding its current borrower base to include also larger corporations which may seek benefits from crowdfunding campaigns.

Kameo is the only pan-Scandinavian crowdlending platform and is the platform with longest history in Norway. Its total portfolio is amongst the largest of the Scandinavian platforms, providing a return on investment of almost 10% over 4 years, with no final losses yet. Kameo aims at continuing to be a prime platform for the best investment alternatives in its segment.

Sustainable projects is expected to carry less inherent risk and a portion of such projects in the portfolio is expected to contribute to continued great credit and return results. While sustainability and green financing are achieving more attention among the banks and by more and more engaged and knowledgeable investor base, a sustainability focus is suited to strengthen the perception of Kameo being a prime platform. A goal, a will and a strategy to improve Kameo's sustainability footprint and actively contribute to the world reaching the UN Sustainability Goals by 2030, are also in accordance with Kameo's purpose and core values.

The purpose of this policy is therefore to outline how Kameo shall achieve its goal to improve its sustainable footprint through adjusting its own operations and through the projects which applies for financing via Kameo's platform.

2. RESPONSIBILITY

The Group CEO shall procure that this policy is communicated to the whole organisation, and that the Country Managers are encouraged and measured on their ability to implement measures in accordance with this policy. Each Country Manager shall see to that all employees working with credit analysis are made familiar with the contents of this policy and any guidelines or other framework that may be drafted to obtain the goals of this policy.

3. GENERAL FRAMEWORK AND ROOTING OF KAMEO'S GOALS AND MEASURES

3.1 The UN Sustainability Goals

The UN member states have approved 17 goals for a sustainable future. The UN Sustainability Goals are the common framework for identified measures to achieve sustainability in 2030. The background for the goals and UN's work is described here: <https://sustainabledevelopment.un.org/sdgs>.

Each sustainability goal is divided into sub-goals. The goals and sub-goals most relevant for Kameo's business have been identified as follows:

- (5.5) Ensure women's full and effective participation and equal opportunities for leadership
- (8.3) Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
- (8.10) Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all
- (9.3) Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.



Other goals and sub-goals which are relevant, yet not at the core of what Kameo's business can affect directly are:

- (7.3) Double the global rate of improvement in energy efficiency
- (8.8) Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
- (8.9) Promote sustainable tourism that creates jobs and promotes local culture and products
- (8.b) Secure youth employment
- (9.4) Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
- (11.3) Enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
- (11.4) Strengthen efforts to protect and safeguard the world's cultural and natural heritage
- (11.6) Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
- (12.4) Secure environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
- (12.5) Substantially reduce waste generation through prevention, reduction, recycling and reuse
- (12.6) Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

3.2 Third-party frameworks and market standards

A number of sustainability, climate and environment standards have been developed by third party organisations to help consumers, professionals and governments to choose sustainable options when purchasing, consuming, investing and supporting businesses and projects. For the purpose of this Policy we have considered the market leading standards and the principles generally adopted by finance institutions in connection with products labelled as sustainable, green, ESG, gender investment or similar in the Nordic region:

- [The EU Taxonomy for Sustainable Finance](#)
- [ICMA's Guidelines for Green-, Social- and Sustainability Bonds](#)
- [Loan Market Association's Green Loan Principles](#)
- [BREEAM NOR](#)
- [Energy classification of buildings](#)
- Environmental labels such as [the Swan](#) / the EU Ecolabel
- Environmental systems such as ISO 14001 or EMAS
- [Boverkets st tteordning for gr nne bost der](#)
- [OECD's report on gender investments of January 2020](#)
- [The G7 Development Finance Institutions of June 2018](#)
- [The Nordic Startup Funding report of September 2019](#)

In connection with establishing the frameworks for Kameo, the following have been given weight:

- The framework must be so short and simple that we can practice the framework with reasonable efforts and within the normal timelines for credit assessment, credit approval and publishing on the platform
- The framework must be so short and simple that we are reasonably able to communicate the qualifications and their relevance to both applicants and the crowd
- The framework must be so sophisticated and based on tested theories so we reasonably can say that the qualifications are fair, relevant and adequate, and that an application of them will contribute to a more sustainable future

3.3 Cooperation with third-party experts

It is important for Kameo, which is a small organisation with little inhouse experience from sustainable finance, to set the framework in cooperation with third parties with significant knowledge and experience from this field. For Green Real Estate Loans and Green Mini-Bonds, currently the third party to be selected is [Future Frogs](#) and [NowHow](#), and for Gender Investments it is currently [SHE](#).

3.4 Kameo's role

The global investment requirement for the world to reach these sustainability goals is estimated to 4 – 7 000 billion USD. The enormously ambitious goals require the best from all of us, also small market players, small investors and small employers. By setting sustainability on the agenda and by providing information and sustainable investment opportunities to the crowd, and not least by providing financing opportunities to sustainable businesses, we believe we create change.

4. KAMEO'S OWN OPERATIONS

Kameo shall obtain information about what kind of measures normally taken to achieve better corporate sustainability footprint that have a proven or probable effect. Based on the findings, measures shall be implemented before EOY 2020, including, but not limited to the following:

- Bonus effects for sustainable choices, such as no-emission commuting and sustainable travel alternatives
- Create a culture for sustainable alternatives and focus, and make a plan to achieve this
- Sustainable procurement of services and items to the company
- Further improvement or actual measures to strengthen non-discrimination and diversity in the workforce and the organisation as a whole
- Introduce recycling stations at every office

5. A MORE SUSTAINABLE LOAN PORTFOLIO

5.1 Green Real Estate Loans

For large real estate projects BREEAM is the most well reputed and used tool for sustainability certification. The framework is however very extensive, technical and expensive to use and to qualify under. Most of the current projects relevant for Kameo will therefore not be very relevant for this framework. The framework does however provide some main qualifications which can be used in a simplified form, adjusted to Kameo-cases.

i. Construction loans

As a starting point the target energy level of the finished building will be decisive for the qualification as a Green Loan. The energy labelling rates buildings from A – G and gives a picture of the finished building's energy demands. Kameo shall approve construction projects resulting in a building with energy level D or better as a Green Loan.

It shall be considered implementing other requirements too, of which the borrower must qualify on at least a number of a longer list of alternatives, for example related to CO2 neutral constructions, safe and secure working environment, youth employment, safeguard of existing cultural and natural heritage, waste management, use of recycled or otherwise environmental friendly material, use on non-emission machines on site and in connection with the construction, inclusion of excess water solutions and bee-friendly exterior etc.

ii. Refurbishing loans

As a starting point will refurbished loans qualify as a Green Loan if the refurbishment results in a new energy level representing either a 30% reduction of energy demand, confirmed by a third party expert, or the new energy level of the building is minimum two levels better than before the refurbishment.

It shall be considered whether other alternative requirements similar to construction loans shall be implemented for refurbishing loans too. In addition to the items mentioned above, another alternative may be that the refurbishment leads to an upgrade of infrastructure making it sustainable with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.

iii. Acquisition loans

Acquisition loans will qualify as a Green Loan if the purpose of the acquisition is to build or refurbish property, and such construction or refurbishment would qualify under item i or ii above.

iv. Cash flow loans for commercial rental

The purpose of sustainable financing is to incentivise and facilitate financing of sustainable projects. Even if a commercial property qualifies to the energy levels set out for new constructions and refurbishing, a loan to a commercial property will typically not finance change unless it refinances a green loan.

Until further shall cash flow loans for commercial rental therefore qualify as a Green Loan only if the loan is a refinancing of a loan that would have qualified under item i or ii above, or if at

least 70% of the borrower's lease revenues are paid by companies that would qualify for Green Mini-bonds as described below.

The framework for Green Real Estate Loans is set out in Annex 1 to the Policy and shall be subject to amendments as per decision of the Group CEO and/or the Credit Committee.

6.2 Green Mini-Bonds

Companies which sell or produce products or services which are labelled as environmentally friendly through an independent and well reputed third party, shall qualify as a Green Investment. As a starting point only the Swan and EU's Ecolabel will be accepted, since these labels include an assessment of the product's impact on the environment throughout its life cycle.

Companies that use environmental systems such as ISO 14001 or EMAS or the Swan may qualify, but this requires a more thorough check. These systems are not defining the company's targets and contains no requirements or criteria but are designed to help companies achieve their environmental goals independent of the level of ambition. To qualify, the company would have to demonstrate that the goals is has set are satisfactory to qualify as a green investment. Kameo shall consider which levels are satisfactory before implementing this in the sustainability program.

Kameo shall also consider which types of products and services which can qualify as sustainable per se, for example certain cleaning technologies and certification technologies.

Kameo shall also approve companies for green financing if they are included in the portfolio of an investment fund, qualified based on their investment policy being limited to sustainable investments.

The framework for Green Mini-Bonds is set out in Annex 2 to the Policy and shall be subject to amendments as per decision of the Group CEO and/or the Credit Committee.

6.3 Social impact loans – Gender Investments

In 2018 2.3 billion euro were invested Nordic start-ups. 88% of that went to all-male founder teams, and only 11% to mixed founder teams. 1.4% went to all-female founder teams. This indicates a severe gender disadvantage for women in the finance sector, also in Scandinavia.

Proportionally, all-female founders raise 4 times more from crowdfunding that their peers. Some research also indicates that women prefer to invest in projects founded or led by other women, which makes gender investments an attractive investment alternative to increase the relative and nominal amount of female investors in the crowd. This fact may even make gender investments via crowdfunding platform an attractive possibility for banks with gender investment goals, which they are obliged to report on according to the UN Principles for Sustainable Banking.

The existing investment frameworks supports the idea that gender investment should not be limited to female founders. Other relevant parameters are:

- Number of female board members
- Whether the company has submitted to diversity programmes and reporting obligations
- Any score on well-reputed social indexes, such as the SHE Index or Equality Check
- Number of female employees in senior management
- Number of female employees overall in % of total workforce

The framework for Gender Investments is set out in Annex 3 to the Policy and shall be subject to amendments as per decision of the Group CEO and/or the Credit Committee.

6.4 Consequence of qualifications – product alternatives

In their [Sustainable Banking report from April 2020](#), EY identifies four product categories for green financing:

- i. *Branded Green* Loans with the same price and terms as other loans in the portfolio, and which is generally not approved by a third party, but which qualifies as green according to the bank’s own green guidelines.

- ii. *Certified Green* Loans with the same price and terms as other loans in the portfolio, and which is certified as green by a third party, such as DNV GL.

- iii. *Green Advantage* Loans which due to their qualification as green, gets better interest or fee levels or other more beneficial terms (f.ex. that the bank accept higher LTV levels than normally) that other loans in the portfolio.

- iv. *Sustainability-linked Loans* Loans with adjustable interest level depending on whether the borrower achieves specified sustainability goals or not.

Branded Green and Certified Green are clearly the most used product models in the market. Branded Green can be implemented without much costs. When the team has practiced the framework for a while, and provided that there is a certain volume of eligible loans, it may be considered whether the green branding should come in several shades of green.

The platform structure makes it relatively simple to test the crowd’s appetite for Green Advantage through presenting a lower interest level. It is however core that such benefits for the borrower are clearly set out and explained to the crowd who otherwise invests based on Kameo’s pricing of risk through the interest level.

The extra-service of green branding shall not be charged, but Kameo shall not prioritize lower fee levels for green loans either until the Company’s profitability is positive and stable.

Sustainability-linked solutions are probably too cumbersome and require too much inhouse competence to be a relevant alternative for Kameo in the near future. Automated solutions or solutions linked to the borrower’s reporting to banks, VC-investor or under a bonds programme may be relevant for consideration if volumes or actual opportunities can support it.

7. STEP PLAN FOR IMPLEMENTATION

Kameo shall develop a step plan for adjusting its product line in accordance with this Policy, based on the matrix set out in Annex 4 to this Policy.

In particular the plan shall reflect the various products, the various target loans, which third parties we must rely on to complete the step, the targets for loan volume and first published loan in the category and core communication relating to the launch of each step.

8. EDUCATION

Kameo shall appoint at least one analyst to keep himself or herself updated on developments of sustainability framework relevant for Kameo.

9. ACCOUNTABILITY, REPORTING AND REVISION

Kameo shall set measurable goals for loan volumes on the platform which qualifies under Kameo's sustainability framework and assess annually to what extent Kameo has succeeded in improving its sustainability footprint. The assessment shall be part of the annual compliance report to the BoD in Kameo AS.

This Policy shall be revised annually to procure that it is updated in accordance with changes in regulations and market standards, the products which Kameo offers and the general development of Kameo's loan portfolio and organisation. The analyst appointed in accordance with point 8 above shall be included in the annual revision and report.

RECORD OF AMENDMENTS		
Date	Amendments	Executing person
2020.11.11	New Annex 1, approved by Group CEO	FSa, LHR
2020.06.17	New document, approved by BoD	LHR

Framework for Green Loans

FRAMEWORK FOR KAMEO'S SUSTAINABILITY ASSESSMENT – GREEN LOANS

Version 1.0

1. PURPOSE AND BACKGROUND

Kameo has developed and approved a sustainability policy to improve the Company's sustainability footprint and to offer the crowd sustainable investment opportunities. This framework is based on the goals and values set out in the Sustainability Policy (the Policy).

The framework has been developed in cooperation with Green Currency and Future Frogs/Nicolai Løvdal and NowHow/Sven Collett (the sub-contractors). The sub-contractors have delivered a separate report and recommendation to Kameo, which this framework is closely based on. Further Kameo has entered into a consultancy agreement with the sub-contractors, enabling continuous support on sustainability assessments on a case-to-case basis, and for improvements of this framework.

The framework has been approved and updated as evident from the amendment log at the bottom of the document.

The framework shall apply to the qualification of Green Real Estate Loans, as described in point 5.1 of the Policy, and Green Mini Bonds, as described in point 5.2 of the Policy. The framework itself is described herein in point 5.

2 RESPONSIBILITY

The analyst appointed in accordance with point 8 of the Policy is responsible for keeping this framework up to date, and to suggest adequate education and information to the Kameo organisation in respect of content, practicing and marketing of the framework.

The overall responsibility for carrying out the Sustainability Policy is upon the Group CEO, cf point 2 of the Policy, and each Country Manager is responsible for ensuring that its country's analysts are updated on amendments to this framework.

3 REPORTING AND UPDATES

To ensure continuing reporting and control with the sustainability work in Kameo, the analyst appointed under point 8 of the Policy shall track and report the following numbers to the Group CEO and the CLO on quarterly basis:

- Number of loan applications and Amount/share of total volumes identified as possibly eligible for sustainability marketing
- Share of the former which was refused or did not qualify
- Actual amount and volume share of loans marked as sustainable on the platform in the period
- Total amount of Kameo portfolio which is marked as sustainable on the platform, on a current basis
- The share of all the above between green real estate / green mini bonds / equality investment

4 BASIS, VISION AND BASIC PRINCIPLES

4.1 Basis for framework – international standards

A main factor of the sustainability work in Kameo is that the projects qualified as sustainable, shall offer a real and relevant effort in reaching the sustainability goals identified by the UN. To ensure that the parameters chosen are relevant and sufficient, this framework has been qualified by Green Currency and NowHow, which have many years of experience with sustainability standards and qualification.

Nor Kameo or its sub-contractors have aimed at establishing a final and complete framework for green loans. It has been deemed as sufficient that the framework is relevant and adequate for reaching the purpose of 1) contributing to attention, knowledge and interest about sustainable investments among our investors; and 2) contributing to better understanding of how a project can be adjusted to give a more sustainable outcome by identifying relevant sustainability factors for our potential and current borrowers.

By time, and while analysing projects on a case-to-case basis, and in light of the overall purpose and current framework and development of international and national sustainability framework in the Nordics, it is Kameo's intention to keep improving this framework, and continuously add objective factors to simplify the framework for both Kameo and its customers.

4.2 Design principles

There is principally no difference between qualification of real estate loans and debentures or mini-bonds as sustainable loans, when it comes to environmental or other ESG requirements which are not considered by established standards. The framework as far as it comes to application and assessment will therefore be the same whether the loan is linked to real estate or not, while any directly or indirectly qualifying factors can be listed in relation to either loan category. All loans subject to sustainability assessment will therefore be subject to certain mandatory steps in the assessment process (see point 5 below).

While larger companies and financial institutions have the benefit of large organisations, a number of employees and resources covering a broad scope of technical, legal and industrial knowledge, and a larger budget to incorporate reporting costs, this is not the case for neither Kameo nor its regular customers. Therefore, and based on explicit advice from our sub-contractors, we have decided to base this framework on qualitative assessments rather than quantifiable factors. It is paramount to reach the desired outcome, that the potential borrower is led carefully through the application process, meaning that Kameo should have resources at hand where borrowers can find more information or receive further guidance from third parties. In that connection co-operation with players like Green Building Council and similar will be considered.

The basics for the framework design are thus:

- **It is the project, not the borrowing company, that is assessed**

The fact that a company is certified by f.ex. Fyrtårn, ISO 14001 or similar is not directly relevant for the project that seeks financing. This means that companies which are not normally associated with environmentally or ESG friendly activities can qualify if the project is contemplated to contribute with positive ESG effects. As example, a mining company which produces a recycling product of the silt and sediment.

- **The framework shall be based on international standards, in a simplified form**

There is a number of various frameworks for assessing a project's or a product's or service's ESG contribution. There are pros and cons with all the various frameworks, and this framework is based on EU's taxonomy after due consideration of a number of other possible frameworks. The framework is also based on use of certain third party certifications, after due consideration of which kind of certifications would be adequate for the purposes of this framework.

- **Objective, quantifiable and verifiable parameters shall be rewarded most**

Kameo wishes to base the qualification of loans, as far as practically possible, on objective, quantifiable and verifiable parameters. Further, we wish to reward large ESG contributions more than smaller contributions. The project can be an ESG contribution in itself, or it can make ESG contributions possible for others. Both direct and indirect effect counts into the assessment under this framework.

- **The borrower itself must argue for the project's ESG contribution**

It would be unreasonable to require that all borrowers have access to objective, quantifiable and verifiable parameters and data. Therefore our framework must be simplified to some extent, and some guidance will be required. The guidance should refer directly to UN's sustainability goals, to enable the borrowers to identify the relevant sustainability goals for its project, and to argue why the project contributes to those goals.

- **The ESG effort must be relevant and have impact in light of the borrowing company's industry**

Borrowers and projects that solves problems relevant for its industry provides more important ESG contributions to the society and are better equipped to be competitive than those which, f.ex., want to donate shares of its revenues. Relevance is therefore a part of the assessment.

- **The framework shall be designed for learning**

The framework will require that Kameo in the beginning will have to make certain qualitative assessments, in a way that supports learning and development, so that the framework can be continuously developed and improved as more examples, cases and data become available.

4.3 EU's taxonomy on sustainable finance¹

Kameo expects that EU's taxonomy will become an important and much applied standard as it is further developed. Among other planned features, an EU Ecolabel for financial products for the private market is expected. EU's taxonomy absorbs many of the relevant principles from other recognised sustainability frameworks and has evolved through thorough and broad working processes over a long time. Kameo's framework for green loans will therefore use the categories and logic identified by the EU when defining sustainable loans, including references to EU's draft standard for green bonds², which in turn is based on ICMA's industry standard³.

Buildings are responsible for approximately 40% of EU energy consumption and 36% of the greenhouse emissions. Buildings are therefore the single largest energy consumer in Europe.⁴ For that reason, buildings are one of the prioritised sectors in the EU Taxonomy.

The Technical Expert Group (TEG) that was tasked with developing the EU Taxonomy found several challenges and made suggestions for current and future regulation of "green financing".

¹ Taxonomy: Final report of the Technical Expert Group on Sustainable Finance, March 2020

² [EU Green Bond Standard](#)

³ Handbook Harmonized Framework for Impact Reporting, The Green Bond Principle, ICMA, April 2020 (<http://url.fi/1HBX>)

⁴ [Energy performance of buildings directive \(EU\)](#)

One main challenge identified by the TEG was the lack of comparable data across countries and the inherent difficulty of creating a level playing field across countries. Climatic differences across regions create different energy needs for heating, air-conditioning, and lighting. Also, the nature of existing building stock varies significantly from country to country.

The TEG suggests a long term and a short-term performance threshold for eligibility:

Short term:

- Construction of new buildings: To be eligible, the building must have an energy demand that is at least 20% lower than the level mandated by national regulations.
- Building renovations: Meet local requirements for “major renovation” as defined in the Energy Performance of Buildings Directive (EPBD). Alternatively, (at least) 30% savings in net primary energy demand compared to baseline demand before the renovation.

Thresholds to be reviewed in 2023, 2025, 2028 and 2030.

Long term:

- Best in class approach where the only the top 15% of the national stock are eligible

By the end of 2024, the TEG estimates that the Sustainable Finance Platform should establish absolute thresholds for energy and carbon emissions to represent the performance of the top 15% of national stocks and provide a clear pathway. The thresholds will be lowered every five years from 2025 to achieve net-zero emission buildings by 2050.

The metric used for this is Primary Energy Demand (PED), which is already implemented in Sweden and Denmark. Eligibility is paired with a set of “Do no significant harm” assessments.

5 KAMEO'S FOUR STEPPED SUSTAINABILITY ASSESSMENT

5.1 A 4-stepped process

A project may be directly qualified as a Green Real Estate Loan or as a Green Mini-bond, as set out below in point 6 and 7, or be subject to a case-to-case analysis.

The assessment consists of four steps:

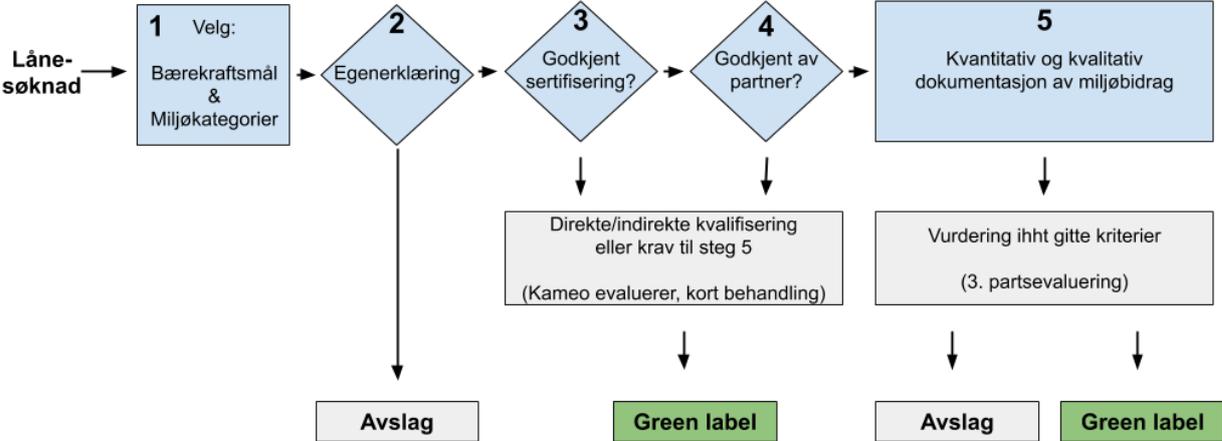
STEP 1: The borrower is asked to choose to which of EU's environment categories the project (not the borrower) provides its largest sustainability contributions.

STEP 2: The borrower is asked to declare that it is not responsible for severe damage to any of the other environment categories, and that it complies with applicable employment and anti-discrimination regulations.

STEP 3: We control whether the project may qualify directly as a green loan, pursuant to the framework set out in point 6 (green real estate loans) or point 7 (green mini-bonds).

STEP 4: Tentative – If the project does not qualify directly under Step 3, the borrower is asked to argue and document that the project will have a positive impact on the environment, within EU's environment categories.

In a diagram, the full assessment process will look like this for the customer:



Step 1 and 2 shall be included in a standard form to be made available on the website and in information about sustainable loans for potential borrowers. The form is attached hereto as Annex 1.

5.2 Step 1: Choosing relevant sustainability goals

5.2.1 Step 1a: Choosing the relevant UN sustainability goal

All borrowers will be asked to choose one sustainability goal which they believe their project contributes most to. The aim with this step is to clarify the borrower’s focus and to force the borrower to identify sustainability goals which will be recognizable for the investors on Kameo’s platform.

The UN has identified 17 main sustainability goals, each with a number of sub-goals. Based on ICMA’s Green Bond Principles⁵ and FutureFit⁶, Kameo will allow selection of only the environment related sustainability goals:



If the project cannot tick off as a significant contributor to any of these goals, it is not eligible as a green loan on Kameo’s platform.

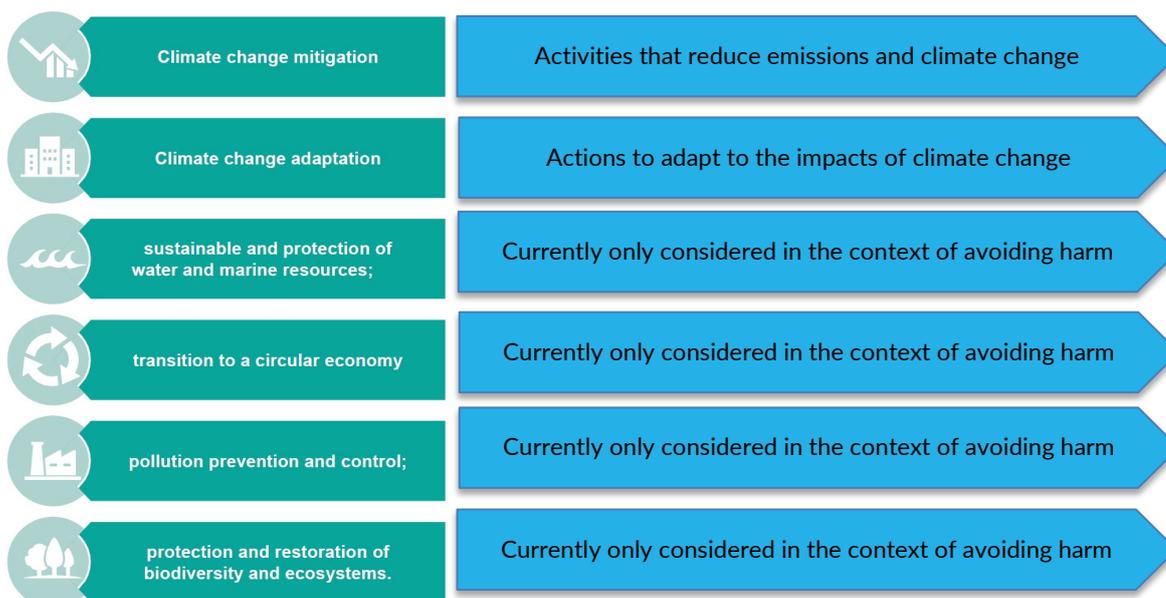
5.2.2 Step 1b: Choosing the relevant environment category as determined under the EU taxonomy

In addition to choosing the relevant UN sustainability goal, we will ask the borrower to choose one of the two currently eligible environment categories defined under the EU taxonomy⁷. This has been included to clarify the borrower’s focus additionally, because we expect that EU classifications of green loans will emerge in the private market and that these categories will become well known to the investors on our platform, and because any qualification of the project beyond direct qualification under Step 3, will depend to a large extent on quantification of core business related environmental contributions.

⁵ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds-2020-June-2020-090620.pdf>

⁶ <https://sustainabilityadvantage.com/documents/3-in-1%20Sustainability%20Assessment%20Toolkit%20flyer.pdf>

⁷ EU’s sustainable finance tool EU Taxonomy defines 6 environment categories based on measurable achievements.



5.3 Step 2: Declaration of compliance and no harm

As also required by the EU taxonomy, Kameo shall require that any borrower seeking a green loan shall declare that:-

- (i) it is not participating or being responsible for actions or omissions that is likely to lead to or are leading to significant harm to any of the other environment objectives defined by the EU or the UN; and
- (ii) it complies with applicable employment regulations and anti-discriminatory regulations in its jurisdiction(s).

If the borrower is unable to confirm compliance with the above, the project will not be eligible as a green loan on Kameo's platform. The analyst responsible for the relevant project shall always consider whether the borrower's declaration on this point is compatible and in line with the general documentation provided to Kameo or otherwise collected during the credit process. In particular the analyst shall control whether the project is to be carried out in a terrestrial protected area, a marine protected area or a key biodiversity area as defined by IBAT⁸, and how the borrower has taken any such qualities into account in the planning of the project.

5.4 Step 3: Direct qualification based on objective criteria

Direct qualification as green loan shall be based on objective criteria which is not easily changed by the borrowers ability to deliver the project, and as set out in this point 5.4.

5.4.1 Third party certification

a) General

Projects developing, resulting in, enabling, supports or increase production, construction or delivery of services which are certified by elected third parties shall qualify directly as green loans on Kameo's platform. This may apply to certified sustainable buildings and other products.

⁸ IBAT Alliance – Integrated Biodiversity Assessment Tool: <https://www.ibat-alliance.org/>

Any certification of the borrowing company or its business per se, such as *Miljøfyrtårn*, ISO14001 or EMAS, is not relevant for qualification under this alternative. Such certification will only have an indirect impact on the borrower's ability to deliver relevant and possibly qualifying documentation to qualify for a green loan under Step 4 (case to case assessment).

The following certifications are approved as basis for direct qualification as green loan on Kameo's platform:



Certification by other organisations/certificates/brands will not be basis for direct qualification but may be considered as part of a case to case assessment under Step 5.

To qualify, the relevant project, product, service or building must have obtained the relevant certification, unless the borrower is legally obliged to make a delivery under the project which cannot be result in non-certification without breach of license or third-party contract obligations.

b) Particular framework for buildings and constructions

The following construction certification shall either give basis for direct qualification or disqualify for green loan on Kameo's platform:

No	Standard / Certification	Product / project	Requirement	Qualification
1	BREEAM 1-6	Newbuilds / acquisition	> 45%, i.e. 3 or better	Directly qualified
2	Energy label A - G	Newbuilds / acquisition	Sweden: building permission based on energy class A or B Denmark: building permission based on BR2020	Directly qualified Directly qualified

			Norway: building permission based on energy level A	Qualification subject to assessment under Step 4
3	Energy label A - G	Refurbishing	30% improvement in energy demand, or an improvement of 2 classes	Directly qualified
4	Construction on wetlands (marshes, swamps)	Newbuilds / acquisition	n/a	Disqualifies

The above direct qualifications and disqualification bases are elected and given weight based on the regulations and scientific basis set out in Annex 2.

5.5 Step 4: Tentative – if no direct qualification: Case to case assessment of the project

5.5.1 General

In an ideal world, the framework for case to case assessment of sustainability had been drawn up with predefined and absolute parameters. This would, however, be too comprehensive and very unpractical for small organisations such as Kameo and most of its customers. Kameo’s sustainability strategy and goals will have little value if we base it on a framework which no one has data to support.

When approaching this step in Kameo’s sustainability assessment, the borrower will have chosen 1 of the UN sustainability goals and 1 – 2 of EU’s environment categories. At Step 4, the borrower shall document and argue for the project’s sustainability contributions.

5.5.2 Documentation and quantification

The borrower is responsible for documenting their contribution to the relevant EU environment category, since this is the framework we aim to acquaint the investors and borrowers with. An application will be judged based on quantification of its environmental impact and verifiability. The ICMA Handbook⁹ is recommended as a source of inspiration for identifying relevant and quantifiable parameters. The project’s relevance will be evaluated as well (i.e. relevance of the specific measures for the main challenges in the project’s industry). Inspired by the EU Taxonomy regulations, Kameo will approve two distinct types of substantial contribution: projects that make a substantial contribution based on their own performance or projects that enable substantial contribution to be made through their product or service.

5.5.3 Assessment in accordance with certain criteria

The application will be evaluated based on the table below.

All projects with a score above 15 in total, and with a minimum score of 4 on all criteria will be eligible for “Green label”.

⁹ Handbook Harmonized Framework for Impact Reporting, The Green Bond Principle, ICMA, April 2020 (<http://urly.fi/1HBX>)

Criteria	Score	Explanation
A – Environmental impact	1-7	Evaluation of the quantitative contribution of the project. Projects that contribute directly or through enabling activities will be applicable.
B – Documentation	1-7	Evaluation of the quality of the documentation provided by the borrower to quantify their contribution. Third party reviews and research-based calculations will score higher than subjective claims.
C – Relevance	1-7	Evaluation of the contribution's relevance to the industry it belongs to.

Score
1 – Poor- Project is considered poor on all criteria
2 – Very Weak – Project has significant weaknesses
3 – Weak – Project with some weaknesses
4 – Pass – A decent project
5 – Good- The project is convincing
6 – Excellent – The project is unique and stands out
7 – Outstanding- The project has the potential to change the world

5.5.4 Guidance and resources

It is expected that the borrowers will need guidance in relation to this Step 4. Kameo shall prepare an example case as part of the material to be made available as a toolbox on Kameo's web page.

A summary of the borrower's declarations and arguments shall be made available to the investors, if approved and qualified as a green loan in accordance with Kameo's Credit Policy and this framework.

6 QUALIFICATION ON ILL-FOUNDED BASIS

Since Kameo is providing financing to projects that are not necessary eligible for sustainable or green labelling by third parties until the construction or production has been completed, it may happen that Kameo qualifies a project for a green loan and market the loan as such on the platform, while it later turns out that either the project did not achieve the certifications which the qualification was based upon, or it lost such certifications during the project, or other factors which weighted in on the assessment has changed so that the project no longer can be deemed as a green loan.

In such circumstances Kameo has a variety of sanctions available:

- Informing the investors in the loan
- Publishing on the platform
- Fee to Kameo and / or the investors
- Increased fee
- Declare the loan in default if not corrected

While information to investors and in general carry negative publicity and possibly negative media coverage for the borrower (which could, possibly, have negative impact on that borrower's ability to repay the loan in accordance with the terms), investors who have relied on the green promise may expect

a financial sanction. A fee or similar may be practically difficult to enforce but should be considered upon revision of the Sustainability Policy.

INFORMATION AND DECLARATION FORM

This information shall be included in the information and declaration form to be shared with borrowers and investors, and which shall include the statements required as step 1 and 2 of the qualification process described in this framework.

1. STATEMENT OF NO HARM AND COMPLIANCE (2 PAGES)

1: Identify the UN sustainability goal and EU environmental objective of your project

We have picked a few of the United Nations Sustainable Development Goals (UN SDGs), which we see as particularly relevant to Kameo's business and clients. **Please identify the goal that you think best defines how your project contributes to achieving the sustainability goals.** If your project contributes to more than one goal, pick the one where you believe the project's contribution is largest:

- SDG # 6: Clean water and sanitation
- SDG # 7: Affordable and clean energy
- SDG # 11: Sustainable cities and communities
- SDG # 12: Responsible consumption and production
- SDG # 13: Climate action
- SDG # 14: Life below water
- SDG # 15: Life on land

The applicant shall provide a few sentences about why and how the project contributes to the SDG chosen, to allow us to get a better understanding of the sustainability of the project.

The UN SDGs are helpful, but it is the EU Taxonomy which sets the standards for how we can achieve the targets set for our planet and know what is sustainable. Just as above, **please select which Environment Category defined by the EU is most relevant for your project:**

- **Climate Change Mitigation** (Activities that reduce emissions and climate change)
- **Climate Change Adaptation** (Activities to adapt to the impact of climate change)

Also on this step the applicant shall provide a short reasoning for the projects eligibility.

2: Declaration of no significant harm

Even though the project contributes to one or more SDGs, it cannot qualify as a green loan if the contribution comes at the expense of other important sustainability objectives.

Therefore, the applicant shall **confirm that the following** by ticking off each of the boxes below:



Climate Change Mitigation

The project complies with all applicable mandatory national/regional regulations regarding energy and carbon performance

The building is not designed for the purpose of extraction, storage, transportation or manufacture of fossil fuels



Sustainable Water Consumption

All relevant water appliances are in the top 2 classes for water consumption of the EU Water Label (<http://www.europeanwaterlabel.eu/>)



Pollution Prevention

The construction site is not located on a contaminated site.



Ecosystems and Biodiversity

The project is not built on protected natural areas, such as designated Natura 2000, UNESCO World Heritage and Key Biodiversity Areas (KBAs)

The project is not built on wetlands

The project is not built on arable or greenfield land of recognized high biodiversity value or land that serves as habitat of endangered species.



Health, Security and Work environment

The project is compliant with local health, safety and environment regulations

The project is compliant with local employment regulations and anti-discriminatory regulations

- 2. **INFORMATION SHEET (2 PAGES)**
- 3. **KAMEO'S GREEN LOANS FRAMEWORK**

Internationally recognized framework for sustainable financing has mainly been designed for large organisations with significant in-house competence on sustainability, documentation and reporting, and with resources to carry out this work.

Measurable results are key to ensure real impact of sustainability frameworks. But the world will not move forward if we don't make it possible for all to join the movement! After working with SMBs for half a decade, we know that , it has been necessary to develop a simpler framework than the reporting and documentation heavy standards that typically apply to green bonds and similar. Kameo has therefore developed a simpler framework, based on international standards and their most important, relevant and verifiable parameters, but adjusted to smaller organisations such as ourselves.

Under Kameo's Green Loans Framework, your project may qualify as a Green Loan if you can tick off on the following:

- ➔ You can identify the relevant UN SDG and EU environmental objective which your project contributes to (page 1 of the statement attached hereto);
- ➔ You can declare no significant harm to other SDGs and environmental objectives (page 2 of the statement attached hereto); and
- ➔ You develop, produce, build or enable a product, construction or service certified as by any of the following third parties:

[List the third party certificates approved under this framework]

Or, if your project is a construction project, it qualifies to any of the following certifications:

Project type	Certification	Requirement NO	Requirement DK	Requirement SE
Newbuilds	BREEAM	>45% i.e. 3 or better		
Newbuilds	Energy Label / Energy usage	n/a	BR2020	Energy label A
Refurbishing	Energy Label / Energy usage	Major Renovation as defined in EPBD ¹⁰ , or 30% savings in primary energy demand compared to baseline performance.		

If your project does not qualify due to any of the certification listed on the previous page, we can assess the project on a case-to-case basis in cooperation with our sustainability partners Green Currency and NowHow. In general, we will consider the project's environmental impact, how well this impact is documented and quantified, and the relevance of the project.

¹⁰ EPBD (Energy Performance of Buildings Directive) defines Major renovations as either (a) renovation where the cost of renovation relating to the building envelope or the technical building systems is higher than 25% of the building value, or (b) more than 25% of the surface of the building envelope undergoes renovation.

Relevance is based on the project's relevance for the industry you operate in. For instance, a bank that wishes to install solar panel on its roof is great for the environment, but the project is not relevant for the bank's core business.

Contact us for more information and guidance for such assessment.

Documentation is necessary

Whether you believe your project may qualify as a Green Loan based on third party certification or Kameo's case-to-case assessment, we will need **documentation that confirms the project will fulfill the relevant qualifications**. This may be building permits, certifications for product lines or other third party confirmations which means that there is significantly probable that that project and financing provided by Kameo will result in a sustainable product, service or construction.

Bases for direct qualification and disqualification of construction projects under Step 3 of the Green Loans Framework

1. General observations

Construction projects also impact other environmental factors and categories than energy. Therefore will a relatively moderate achievement of the BREEAM levels (3 of 6) be accepted, while the highest energy labels only will qualify directly if that highest certified standard actually means that an extra effort and a higher standard has been applied in the project.

However, energy consumption is the sole most important environment indicator for buildings in a life cycle perspective; Typically will 80% of a buildings' total climate footprint be connected with its energy usage while being used as a building. As energy consumption is such a large part of a building's sustainability offprint, achieving the highest, qualified classes of energy levels or sustainable building will qualify directly as a Kameo Green Loan without further assessment.

2. Energy label as qualification basis

2.1 No common energy label standard

Energy labelling has unfortunately not been aligned across Europe, and the countries operate with different levels of acceptable energy consumption. The energy labelling therefore differs between the Nordic countries, while there are similarities in the regulation of its use. All countries require that newly constructed buildings are certified, and that no building can be sold or rented out without an energy certificate (NO: Forskrift om energimerking), SE: Lag 2006:985 om energideklaration för nybyggnader, DK: Energistyrelsen).

Although the formal requirements are similar, the calculation methods and the actual energy labels vary. This means that an A level in Norway is not equal to an A level in Denmark or Sweden.

2.2 Differences between the Scandinavian countries

In Norway the TEK 17 regulation defines the minimum allowed requirements for all new buildings¹¹. The current thresholds of the Norwegian energy certificate were made in 2009 based on TEK 10 (previous standard)¹². As a result of an outdated scale, all new buildings will achieve a B score on their energy certificate by default.

Boverket adjusted the Swedish certification model with effect from 01.01.2019, where the scale was adjusted to current regulations (BFS 2000:6)¹³. All buildings that fulfill the minimum requirements will get a score C, buildings that are 25% more efficient will get B and buildings that are 50% more energy efficient will receive score A. Primary Energy Demand (PED) will be used as metric moving forward.

The Danish model has been adjusted according to current regulations by adding new levels of A. The current model has three levels of A (A2020, A2015, A2010). All new buildings constructed according to BR18 (current regulation) will achieve A2015, while there is a voluntary level called BR20 that will result in the highest possible energy class¹⁴. Primary Energy Demand (PED) is used as metric.

Due to variations in country specific standards and technical requirements, a common energy label is not an option. Direct qualification based on energy level alone will therefore only apply to Swedish projects

¹¹ [Direktoratet for byggkvalitet](#)

¹² <https://www.energimerking.no/no/energimerking-bygg/om-energimerkesystemet-og-regelverket/karakterskalaen/>

¹³ <https://www.boverket.se/sv/energideklaration/energideklaration/energideklarationens-innehall/>

¹⁴ <https://ens.dk/ansvarsomraader/energimaerkning-af-bygninger/det-viser-energimaerket>

(level A). After Swedish energy labelling was revised in September 2020, a project projected for energy level A will contribute considerably to achieve the sustainability goals. In Denmark a similar level of energy consumption improvement is included in the voluntary construction standard BR2020. These levels will generally result in a net energy consumption level at least 20% lower than the national mandatory level, and therefore also in line with the general guidelines of the EU taxonomy¹⁵. Since Projecting and building permit under both these regimes will be very difficult for the builder to escape from, and Kameo can therefore label these loans based on engineering and permit.

In Norway the energy label table is still under revision and the current highest level is not alone sufficient to stand out from the ordinary construction project in respect of sustainability effects. The highest Norwegian energy level is therefore not in line with the EU taxonomy either. Regulators are currently revising this model, and Norway is required to apply Primary Energy Demand as metric by EU. Until the new regulations are in place, Norwegian construction projects must be assessed on a case-to-case basis in accordance with Step 4 of Kameo's qualification.

2.2 Energy level and refurbishing

For refurbishing and reconstruction the EU taxonomy accepts buildings that meet the requirements for "major renovations" as defined in the Energy Performance of Buildings Directive (EPBD). Major renovation is defined as either (a) renovation where the cost of renovation relating to the building envelope or the technical building systems is higher than 25% of the value of the building excl. land, or (b) more than 25% of the surface of the building envelope undergoes renovation.¹⁶

Alternatively, renovations are eligible if they ensure at least 30% savings in net primary energy demand in comparison to the baseline energy performance of the building before the renovation.

Energy labelling is, contrary to newbuilds, not required by law for a renovated building. However, a borrower on Kameo's platform will most likely be planning to sell or rent out the property after it is renovated which will trigger the certification requirement.

3. BREEAM

BREEAM is Europe's leading environmental certification tool for integrating sustainability in all parts of a construction project.^{17, 18, 19} Certification by BREEAM requires undertakings through agreements and protocols from early phase to delivery of the building. Thus, it is normally safe to rely on a project contracted for BREEAM terms to result in a building with systematic better sustainability achievements than conventional construction projects. This applies even if the BREEAM level reached or to be reached is "only" good/3.

4. Other sustainability goals than energy level

Although energy consumption is the most important factor of a building's sustainability offprint, there are other important contributors to sustainability too. For Green Loans qualified by third party certification (point 5.4.1 of this framework), these other sustainability contributions are inherent in the certification. For direct qualification based on BREEAM level 3+ or energy consumption, some of the most central other contributors for construction and buildings, should be addressed before qualification as a green loan.

These other aspects include maintenance of biodiversity, excess water resistance, water consumption and wastewater management, and pollution control.

¹⁵ Page 369 of the Technical annex to the EU taxonomy.

¹⁶ Energy Performance of Buildings Directive (2010/31/EU), Article 7 pt 10.

¹⁷ [BREEAM](#) and [Byggalliansen](#) for Norwegian explanation.

¹⁸ [Sweden Green Building Council](#) for Swedish explanation.

¹⁹ [Foreningen Bæredygtige Byer og Bygninger](#) for Danish Explanation.

All these objectives are included in the EU taxonomy's lists under the heading of a "do no significant harm assessment". The list of objectives is included in this framework as Annex 3.

ICMA has also defined certain industry categories' relevance, impact and benefit on the five environmental objectives referred to the ICMA's Green Bond Principles, in their [ICMA's Green Projects Mapping](#) of June 2019. The five objectives are Climate Change Mitigation, Climate Change Adaptation, Natural Resource Conservation, Biodiversity Conservation, and Pollution Prevention and Control. Of these Climate Change Mitigation and Biodiversity Conservation have been defined as primary objectives for green buildings, while Climate Change Adaptation and Pollution Prevention and Control. This supports putting most weight on contributions within these fields when assessing the sustainability of a real estate project.

None of these factors are however yet subject to a simple certification, scale system or by requirements set by the authorities. They are however included in the BREEAM requirements, and there is thus no need to add these objectives as qualification factors if the project is qualified based on projected BREEAM levels.

Since it is difficult to measure to what extent the project meets these objectives, it has been decided that Kameo as a starting point includes:-

- Excess water resistance;
- Conscious water consumption and wastewater management; and
- Inappropriate building area; and
- Presence of substances of very high concern;

as part of the statement that the borrower shall make when applying for a green loan. The requirements and levels required shall be set out in the statement attached to this framework as Annex 1, and be revised and possibly adjusted upon changes to this item in the EU Taxonomy which is set out in its current form in Annex 3 to this framework.

5. Construction on wetlands

Wetlands play a number of important functions, including water purification, processing of carbon, and support of plants and animals.²⁰ A construction project on wetlands will generally have so large negative impact on the environment that such projects shall not qualify as green loans on Kameo's platform.

²⁰ [USDA](#)

Do no significant harm assessment

Environmental category	New buildings	Renovations
Adaptation	Refer to the screening criteria for DNSH to climate change adaptation (Taxonomy Report, Technical Annex, p.29-31)	
Water	All relevant water appliances must be in the top 2 classes for water consumption of the EU Water Label.	All relevant water appliances must be in the top 2 classes for water consumption of the EU Water Label.
Circular Economy	At least 80% (by weight) of the non-hazardous construction and demolition waste generated on the construction site must be prepared for re-use or sent for recycling.	At least 80% (by weight) of the non-hazardous construction and demolition waste generated on the construction site must be prepared for re-use or sent for recycling.
Pollution	<p>a. It is ensured that building components and materials do not contain asbestos nor substances of very high concern as identified on the basis of the Authorisation List of REACH Regulation</p> <p>b. If the new construction is located on potentially contaminated site, the site must be subject to investigation for potential contaminants.</p> <p>c. Non-road mobile machinery used on the construction site should comply with the requirements of the NRMM Directive</p>	<p>a. It is ensured that building components and materials do not contain asbestos nor substances of very high concern as identified on the basis of the Authorisation List of REACH Regulation</p> <p>b. Before starting the renovation work, a building survey must be carried out in accordance with national legislation by a competent specialist with training in asbestos surveying and in identification of other materials containing substances of concern. Any work in relation to removing materials containing asbestos shall be carried out by appropriately trained personnel, with health monitoring before, during and after the works in accordance with national legislation.</p> <p>c. Non-road mobile machinery used on the construction site should comply with the requirements of the NRMM Directive</p>
Ecosystems	a. The new construction must not be built on protected natural areas, such as land designated as Natura 2000, UNESCO World Heritage and Key Biodiversity Areas (KBAs), or equivalent outside the EU as defined by UNESCO and / or the International Union for Conservation of Nature.	a. At least 80% of all timber products used in the new construction must have been either recycled/reused or sourced from sustainably managed forests as certified by third-party certifications by accredited certification bodies, e.g. FSC/PEFC standards or equivalent.

	<p>b. The new construction must not be built on arable or greenfield land of recognised high biodiversity value and land that serves as habitat of endangered species.</p> <p>c. At least 80% of all timber products used in the new construction must have been either recycled/reused or sourced from sustainably managed forests as certified by third-party certifications by accredited certification bodies, e.g. FSC/PEFC standards or equivalent.</p>	
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Framework for Green Mini-Bonds

Included in the framework set out in Annex 1

Framework for Gender Investments

Score item	Standard	Requirement	Comment
A	Share of female founders	Minimum 40%	Qualifies if founder still is with the company as shareholder.
B1	Share of female representation on top level board of directions	Minimum 40%	Only top level BoD qualifies.
B2	Share of female representation in top level management	Minimum 40%	CXO roles on top level qualifies.
B3	Number of female employees	Minimum 40%	Only applicable to companies with more than 10 employees
B4	Commitment to diversity	Board decision and internal reporting obligations	Documented by approved policy or similar commitment, plus copy of report evidencing reporting actually taking place
B5	Indexing	Subject to diversity indexing (SHE index or similar)	Only applicable to companies of a certain size, i.e. those which are subject to these indexes
B6	Third party sustainability frameworks	Approved by funds with a clear investment mandate including gender lense investments, and being approved on basis of qualifying as such	To be qualified in collaboration with third parties as SHE or ABGSC

Qualifying combinations:

A alone

B1 + B2

B1 or B2 in combination with B3 and either B4 or B5

B6 alone

Step-plan for implementation

Phase	Product	Type of loans	Timeline
1	Branded Green Branded Gender Investment	Construction Loans Housing projects SMB-loans and other loans eligible under Gender Investment Framework	June 2020
2	Branded Green Branded Gender Investment	Mini-bonds to VC-companies Mini-bonds to bond issuers	August 2020
3	Green Advantage	Phase 1+2 loans, subject to advantage appetite of crowd	September 2020
4	Green Advantage	Consider credit and risk effects for sustainable loans and whether inherent risk is lower, meaning that other requirements in the risk matrix can be relaxed	June 2021