

NYFOSA

GREEN FINANCE FRAMEWORK

April 2024

INTRODUCTION

ABOUT NYFOSA

Nyfosa AB (“Nyfosa or the “Company”) is a transaction-intensive real estate company that creates value by building sustainable cash flows and constantly evaluating new business opportunities. With its opportunistic strategy, Nyfosa invests in properties in different geographies and categories. Nyfosa is active on the Swedish, Finnish, and Norwegian markets with a focus on commercial properties in high-growth municipalities. The Company manages and develops its properties in close collaboration with tenants and the surrounding community, with the perspective that sustainability and profitability go hand in hand.

As of 31 December 2023, the wholly owned property portfolio consisted of 497 properties across Sweden (SEK 31.2 billion) and Finland (SEK 8.1 billion), with a total property value of SEK 39.3 billion. Nyfosa’s property portfolio is divided into the following categories (percentage of rental value): Office (50%), logistics/warehouse (14%), retail (14%), industry (9%) and other (12%). Other consists mainly of premises for light industry, hotel operations, restaurants and social and healthcare. In addition to the wholly owned property portfolio, Nyfosa owns 50% of the property companies Söderport in Sweden and Samfosa in Norway, for which Nyfosa’s share of the property value amounts to SEK 8.0 billion.

NYFOSA’S SUSTAINABILITY STRATEGY

For Nyfosa, sustainability is assuming responsibility in all relationships, as employer, landlord and lender, toward the climate

and as manager of the shareholders’ capital. This means that sustainability efforts are integrated in the entire organization and every part of the operations.

Further, Nyfosa has a clear focus on the work of increasing energy efficiency in the property portfolio. The aim is to reduce CO2 emissions and at the same time increase profitability through reduced energy consumption. Nyfosa works in a structured way, building by building, to identify the correct measures and investments.

ENVIRONMENTAL RESPONSIBILITY

Nyfosa has set sustainability targets related to minimising the operation’s carbon emissions, streamlined energy consumption and environmental certified buildings. Water and material consumption are other key areas in which Nyfosa works actively.

Nyfosa works actively to reduce carbon emissions from operations through efficient use of resources and evaluating investments in, or purchase of, renewable energy and renewable district heating. 48% of the energy purchased in 2023 was renewable, and GHG emissions Scope 1-3 decreased by 21% in 2023 compared to 2022. The renewable district heating bought by Nyfosa is environmentally certified according to EPD or Bra Miljöval by The Swedish Society for Nature Conservation. Currently Nyfosa has 29 solar panel facilities in operation that together generated approximately 3.4 GWh in 2023. Energy and environmental audits of the property portfolio are performed regularly in order to identify energy-saving potential. Energy, water and environmental data from the buildings is compiled and followed up via an energy monitoring system. A review of the properties’

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technical installations makes it possible to reduce the environmental impact and lower operating expenses. Also, ahead of every remodelling and tenant conversion, potential to reuse construction materials and products is investigated.

Further, selecting robust material with a long lifetime often results in low climate impact from a lifecycle perspective. Thus, Nyfosa is implementing a process and system for measuring and documenting materials used during conversion and extension. The objective is to report both material usage and waste from completed projects in the implemented system. Material use and waste will be monitored in projects that surpass a contract costs of SEK 2 million.

With regards to making water usage more efficient Nyfosa invests in technical systems and new fitting. To the extent that it is technically possible, the properties' water meter is connected to a digital platform in order to efficiently monitor consumption systematically and remedy water leaks. To influence the tenant's water consumption, green leases are offered to provide a starting point for jointly reducing water consumption in both the buildings and in the tenants' operations. As a result of active follow-up and specific measures taken by Nyfosa, water usage per sqm decreased by 39% in 2023 compared to 2022.

In addition, environmental certifications helps guarantee the building's environmental performance. As of end 2023, total of 78 properties with a value of SEK 12.9 billion had an environmental certification, corresponding to 33% of the total property value. Further, 23% of the property value are Energy Class A and B.

Since 2022 Nyfosa reports in accordance with Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD reporting helps Nyfosa to better measure and monitor climate related risks in its property portfolio.

Selected initiatives 2022 -2023

- In 2022, the property Spindeln 2 in Malmö, Nyfosa carried out a project together with Hyllie Resurs to modify the premises in the property for Erikshjälpen's Secondhand business. The project focuses on circularity, and the refurbishment reused everything from inner walls to ventilation ducts from existing buildings as well as bike stands from other projects and properties in the portfolio. In addition, the property underwent energy optimization and space for fields has been made available outdoors to foster biological diversity
- In 2023, Nyfosa's largest solar panel facility to date was installed on the industry property Kämparp 1:8 in Habo. The facility has an output of 500 kW. The project, which was carried out by Nyfosa in collaboration with the tenant, means that the tenant receives a predictable electricity cost while reducing the GHG emissions from the property
- In 2023, several project related to energy consumption and GHG emissions was carried out. In the property Riksdalern 3 in Karlstad, a project was completed resulting in reduced energy consumption by more than 500,000 kWh annually, corresponding to ca. 40%, improving the property's energy rating. In the property Rügen 1 in Karlskrona, with the Swedish Prison and Probation Service (sv. Kriminalvården) and the Police as tenants, installations related to control of heating, cooling and electricity have been made, resulting both in improved indoor climate and annual energy savings of 20%. In the property Nuutisarankatu 15 in Tammerfors, a project related to modernisation of the property's ventilation system and installation of centralised control system is expected to reduce energy consumption by ca. 40%, or 700,000 mWh annually

- In 2023, a pilot project for recycling was initiated together with Sola Byggåterbruk in Karlstad. The project included several of the Company's properties that underwent remodelling or renovations e.g., in connection to new tenants. The material deemed suitable for reuse, such as kitchen and bathroom fittings, doors, light fixtures and ceiling tiles could be reused and sold. Nyfosa's ambition is to apply recycling to a greater extent and in several regions going forward.

Selected targets

- Environmental certifications – by 2025, properties corresponding to 50% of the property value will have environmental certification and 100% by 2030
- Streamlined energy consumption – by 2025, energy consumption per sqm will be reduced by 10% versus 2020
- Carbon emissions – Nyfosa will act to minimize the operation's carbon emissions

SOCIAL RESPONSIBILITY

Nyfosa is to promote good health and create a stimulating and safe work environment for all its employees as well as conduct operations responsibly in relation to society and stakeholders. The Company maintains a zero-tolerance attitude as regards child labour and forced labour in own projects and continues to ensure that no violations of human rights occur in own operations or across the supply chain.

GOVERNANCE

Governance structure

- Board of Directors - adopts and evaluates the sustainability policy, the environmental policy and the sustainability goals. The Board governs the Company's focus on sustainability issues through a salary-related incentive program where a bonus is paid if the Company achieves the sustainability goals. The same goals apply to all employees in order to minimise the risk of conflicting interests in the Company's resource planning
- CEO and Group Management - monitors the sustainability policy and sustainability targets
- Sustainability team - leads the strategic sustainability efforts in the organization, proposes sustainability targets to the Board and defines internal sustainability targets within the framework of the goals adopted by the Board

Sustainability related policies

Nyfosa's Sustainability Policy describes the framework for the Company's responsibilities in the relationships created in operations and provides guidelines for work within financial, environmental and social sustainability.

Nyfosa has adopted a Code of Conduct for suppliers which is based on the Company's internal Code of Conduct and Sustainability Policy, and builds on internationally recognized conventions concerning human rights, labour and international environmental and anti-corruption regulations. The Code of Conduct is attached ahead of certain procurements and contracts signed with suppliers in connection with major investments or management contracts. A regular analysis is performed of the largest suppliers to uncover indications of money laundering, sanctions and other infractions that would rule out future collaborations. Nyfosa subscribes to the Ten Principles of the UN Global Compact for corporate sustainability. In addition, Nyfosa has a whistle-blower function available on the Company's homepage.

- Sustainability Policy
- Environmental Policy
- Code of Conduct for Employees
- Code of Conduct for Suppliers
- Work Environment Manual
- Purchasing policy
- Whistle-blower function

INTERNATIONAL STANDARDS AND INITIATIVES – SUSTAINABILITY REPORTING

Nyfosa is committed to transparent sustainability reporting in accordance with selected international initiatives and standards.

- Global Reporting Initiative (GRI) Standards – The Sustainability report follows the guidelines of the GRI
- UN Global Compact – Nyfosa is a committed signatory
- Task Force on Climate-Related Financial Disclosures (TCFD) – Nyfosa launched its first Task Force on Climate-Related Financial Disclosures (TCFD) reporting in 2022
- UN Sustainable Development Goals (SDGs) – Nyfosa supports the goals of the 2030 Agenda and has identified six SDGs where Nyfosa's business has a fundamental impact: SDG 3, 5, 8, 11, 12, 15

THE GREEN FINANCE FRAMEWORK

RATIONALE FOR UPDATING THE FRAMEWORK

In April 2021, Nyfosa established its inaugural Green Finance Framework (the "Framework"). The Framework has now been updated to reflect best market practice and thus replaces the previous Framework published in 2021. The updated version of the Framework will further enable Nyfosa's sustainability efforts to continue investing in green and energy efficient buildings.

The Framework has been developed in alignment with the ICMA Green Bond Principles from 2021 ("GBP")¹ and the LMA/LSTA/APLMA Green Loan Principles from 2023 ("GLP")². It follows the four core components of the principles including key recommendations for external review:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting
- External review

The Framework is applicable for arrangement of green instruments such as bonds, loans, revolving credit facilities, hybrid bonds and commercial papers (collectively referred to as "Green Finance Instruments" hereafter).

The terms and conditions of the underlying documentation for each Green Finance Instrument arranged by Nyfosa

shall provide a reference to this Framework. This Framework may over time be updated, however new versions shall have no implications for the Green Finance Instruments that have been arranged under this Framework.

Further, this Framework is applicable to the parent company and its subsidiaries. In case eligible projects are owned by joint ventures or associated companies, the value of green eligible projects is to be adjusted for the share of capital owned by Nyfosa.

Swedbank has acted as advisor to Nyfosa in the establishment of this Framework.

USE OF PROCEEDS

Allocation of net proceeds

An amount equivalent to the net proceeds from Nyfosa's Green Finance Instruments shall be used to finance or re-finance, in whole or in part, a portfolio of assets ("Eligible Projects") located in all geographies where Nyfosa has its presence. Eligible Projects aim to enable climate change mitigation as well as provide distinct environmental benefits and comply with criteria detailed in the table on the following page.

Eligible Projects are both capital expenditures ("CAPEX") (could either be reported directly in the income statement or capitalised on the balance sheet) and/or operational expen-

ditures ("OPEX"). CAPEX does not have any requirement for look-back period, while OPEX does have a requirement of maximum three-year look-back period from the time of issuance. Refinancing refers to Eligible Projects financed before the reporting year. New financing refers to Eligible Projects financed during the reporting year.

EU Taxonomy




Nyfosa strives to align the Use of Proceeds with the EU Taxonomy to the extent possible. The EU Taxonomy is a classification system with six environmental objectives. The Eligible Project categories have been mapped to the relevant EU Environmental Objectives, which are presented in the table on the following page.

Exclusions

The net proceeds of Nyfosa's Green Finance Instruments will not be used to finance fossil energy production, nuclear energy generation, potentially scarce resource extraction (such as rare-earth elements) or fossil fuels, gambling or tobacco.

1) The Green Bond Principles (GBP) 2021 (with June 2022 Appendix 1)

2) The Green Loan Principles (GLP) February 2023

Eligible Project category (ICMA/LMA categories & UN SDGs)	Eligibility criteria	EU Environmental Objectives
<p>GREEN BUILDINGS</p> 	<p>New buildings (built after 31 December 2020) Buildings that either have or will receive:</p> <ul style="list-style-type: none"> Primary Energy Demand (PED) at least 10% lower than the threshold set for Nearly Zero-Energy Building (NZEB) according to national building regulations, or Energy Performance Certificate (EPC) class A or B, or Minimum certification of Miljöbyggnad Silver, BREEAM Very Good, LEED Gold or DGNB Gold in combination with a PED at least 10% lower than the threshold set for NZEB according to national building regulation or other minimum equivalent environmental certification standard in terms of energy performance, and For buildings larger than 5000 m²: <ul style="list-style-type: none"> The building undergoes testing for air-tightness and thermal integrity, upon completion; and The life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle <p>Existing buildings (built before 31 December 2020) Buildings that either have or will receive:</p> <ul style="list-style-type: none"> EPC A or within top 15%³⁾ of the national building stock expressed as operational PED and demonstrated by adequate evidence, or Minimum certification of Miljöbyggnad/Miljöbyggnad iDrift Silver, BREEAM/BREEAM-in use Very Good or LEED Gold or DGNB Gold in combination with minimum EPC C <p>Major renovations</p> <ul style="list-style-type: none"> Primary energy savings of at least 30% within maximum of three years and validated through an EPC upon completion of the renovation 	<p>Climate change mitigation</p>
<p>ENERGY EFFICIENCY</p> 	<ul style="list-style-type: none"> Energy retrofits such as installation of onsite solar panels, converting to LED lighting, heat pumps, improvements in ventilation systems, extension of district heating and cooling systems, installation of infrastructure for electric cars (electric charging points) 	<p>Climate change mitigation</p>
<p>CLIMATE CHANGE ADAPTATION</p>	<ul style="list-style-type: none"> Investments leading to more resilient societies such as construction of local dams or other climate adaptation measures in buildings e.g. stormwater management 	<p>Climate change adaption</p> 

3) The report by the Swedish Property Federation (Fastighetsägarna in Sw.), CIT Energy Management will be used for determining top 15%. Nyfosa can also seek guidance from other appropriate external benchmarks to determine the top 15% if such report is issued by a national government or industry specialist.

PROCESS FOR PROJECT EVALUATION AND SELECTION

The evaluation and selection process for Eligible Projects is a key process in ensuring that the net proceeds from Green Finance Instruments are allocated to projects and expenditures which meet the criteria in the Framework. The environmental objectives of the Eligible Projects are well-aligned with Nyfosa's overall sustainability strategy incl. sustainability targets which relates to minimising the operation's carbon emissions, streamlined energy consumption and increasing the number of environmental certified buildings.

The Green Finance Committee

The evaluation and selection of Eligible Projects is managed by a dedicated group, the Green Finance Committee ("GFC"). Members of the GFC consist of the Technical/ Sustainability Manager, the Head of Finance, the Head of Property Management and the CFO. Nyfosa will assure that the sustainability expertise always relies within the GFC. The GFC will convene at least annually. All decisions are made in consensus, and this applies to the selection process

of Eligible Projects as well. The evaluation and selection process incl. GFC's responsibilities are:

- The GFC identify and evaluate Eligible Projects against the eligibility criteria outlined in the Use of Proceeds section of this Framework incl. assess their environmental impact
- Ensure that Eligible Projects adhere to applicable laws and regulations as well as Nyfosa's Sustainability Policy, Environmental Policy and Code of Conduct
- Consider factors such as alignment with at least one of Nyfosa's sustainability targets as well as environmental and social risks associated with the relevant projects
- A list of approved Eligible Projects is kept by the GFC who is also responsible for keeping it up to date

Additional responsibilities of the GFC includes:

- Monitor the portfolio of Eligible Projects and ensure that the value of the portfolio equals or exceeds outstanding Green Finance instruments
- Exclude projects that no longer meet the eligibility criteria in the Framework or that have been disposed
- Approve the Green Investor Report

MANAGEMENT OF PROCEEDS

Tracking of net proceeds

Net proceeds from Nyfosa's Green Finance Instruments will be tracked by using a spreadsheet where all arranged amounts of Green Finance Instruments will be inserted. The spreadsheet will also contain the list of Eligible Projects (see section "Use of Proceeds"). The information available in the spreadsheet (allocation and impact) will in turn serve as basis for regular reporting (see section "Reporting") and will be verified by an external party (see section "External review").

All Green Finance Instruments arranged by Nyfosa will be managed on a portfolio level. This means that a Green Finance Instrument will not be linked directly to one (or more) pre-determined Eligible Projects. The Company will keep track and ensure there are sufficient Eligible Projects in the portfolio. Projects can, whenever needed, be removed, or added to/from the Eligible Project portfolio.

Allocation period

Nyfosa will commit to, on a best-effort basis, allocate the net proceeds from the Green Finance Instruments to Eligible Projects within 18 months from the arrangement date of the instruments.

Temporary holdings

Unallocated net proceeds may temporarily be placed in line with the liquidity reserve or any other treasury business and managed accordingly by Nyfosa. The Head of Finance will be responsible for the management of proceeds.

REPORTING

To be fully transparent towards investors and other stakeholders, Nyfosa will provide an Investor Report. The Investor Report will include an allocation report and an impact report and will be published on an annual basis until full allocation and in the event of any material developments, as long as there are Green Finance Instruments outstanding. The Investor Report will be made available on Nyfosa's website; www.nyfosa.se together with this Framework.

Allocation reporting

- Aggregated amount of Green Finance Instruments arranged incl. breakdown by project category
- Share of proceeds used for financing/refinancing
- Share of unallocated proceeds (if any)
- Examples of the relevant Eligible Projects

Impact reporting

The impact report aims to disclose the environmental impact of the Eligible Projects financed under this Framework.

Nyfosa will strive to report on the environmental impact of Eligible Projects financed by Green Finance Instruments when feasible and subject to data availability. The information may be provided on an aggregated portfolio basis because of confidentiality agreements, competitiveness consideration, or numerous Eligible Projects limiting the amount of detail that can be made available. The impact assessment is provided with the reservation that not all related data can be covered and that calculations therefore will be on a best effort basis. The impact assessment will, if applicable, be based on the reporting indicators presented below:

- EPC A or B or within top 15%
- Type of certification including level, if any (e.g. Miljöbyggnad Silver)
- Information on average energy use or primary energy demand (if available)
- Estimated annual greenhouse gas emissions reduced or avoided per sqm (CO₂e kg/sqm)
- Amount of energy saved per sqm (kWh/sqm)

EXTERNAL REVIEW

Second Party Opinion

To confirm the robustness and alignment of Nyfosa's Green Finance Framework with ICMA GBP and LMA/LSTA/APLMA GLP, it has been verified and approved by an external second party opinion provider. The second party opinion by ISS Corporate Solutions is available on Nyfosa's website; www.nyfosa.se together with this Framework.

Verification

Allocation of proceeds reporting will be subject to a limited assurance report by an independent party until full allocation and in the event of any material developments. The verification report provided by the independent party will be published on Nyfosa's website; . together with the Investor Report.