



Second-Party Opinion

Hemsö Sustainable Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the Hemsö Sustainable Finance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Energy Efficiency, Renewable Energy, Education, and Healthcare and Nursing – are aligned with those recognized by the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to deliver positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 7, 9 and 11.



PROJECT EVALUATION AND SELECTION Hemsö has established a Sustainable Financing Committee which is responsible for the project evaluation and selection process in accordance with the eligibility criteria under the Framework. Hemsö will adhere to its long-term environmental and social sustainability policy and applicable laws and regulations for all project evaluation and selection decisions made under the Framework. Sustainalytics considers these risk management systems and the project evaluation and selection process to be aligned with market practice.



MANAGEMENT OF PROCEEDS Hemsö's Treasury team will be responsible for the management and allocation of proceeds on a portfolio basis through an internal system. Hemsö intends to allocate all the proceeds within 12 months of issuance. Pending allocation, proceeds will be temporarily held in cash equivalents and other liquid instruments. This is in line with market practice.



REPORTING Hemsö intends to report on the allocation of proceeds and corresponding impact through its Sustainable Finance Investor Report, which will be published on its website on an annual basis. Allocation reporting will include the amount of proceeds allocated to each asset, the outstanding amount of the bonds issued, the share of financing versus refinancing, the aggregated proportion of net proceeds allocated to each category and the year when the eligible asset became operational. Sustainalytics views Hemsö's allocation and impact reporting as aligned with market practice.

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Issuer Location

Stockholm,
Sweden

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Introduction

Hemsö Fastighets AB (“Hemsö” or the “Company”) owns, manages and develops properties for nursing homes, education, healthcare and the justice system in Sweden, Finland and Germany. The Company owns a portfolio of 480 properties valued at SEK 84.9 billion (EUR 7.6 billion) as of 2022.¹ Hemsö is headquartered in Stockholm, Sweden, and employs more than 150 people as of 2022.

Hemsö has developed the Hemsö Sustainable Finance Framework dated January 2023 (the “Framework”), under which it intends to issue green, social and sustainability bonds; commercial papers; and Schuldschein (promissory notes) and use the proceeds to finance or refinance, in whole or in part, existing and future projects that are expected to lead to positive environmental and social outcomes in Sweden, Finland and Germany. The Framework defines eligibility criteria in three green and two social areas:

Green categories:

1. Green Buildings
2. Energy Efficiency
3. Renewable Energy

Social categories:

4. Education
5. Healthcare and Nursing

Hemsö engaged Sustainalytics to review the Hemsö Sustainable Finance Framework and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP) and Social Bond Principles 2021 (SBP).² The Framework will be published in a separate document.³

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

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

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

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.12, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

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

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

¹ Hemsö, “About us” at: <https://www.hemso.se/en/about/>

² The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

³ The Hemsö Sustainable Finance Framework is available on Hemsö’s website at: <https://www.hemso.se/en/about/financial-information/financing/sustainability-bond/>

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

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

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Hemsö is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

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

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

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Hemsö Sustainable Finance Framework

Sustainalytics is of the opinion that the Hemsö Sustainable Finance Framework is credible, impactful and aligns with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Energy Efficiency, Renewable Energy, Education, and Healthcare and Nursing – are aligned with those recognized by the GBP and SBP.
 - Hemsö has communicated to Sustainalytics that it will only finance or refinance capex under the Framework.
 - Under the Green Buildings category, Hemsö may finance or refinance the acquisition, construction and renovation of buildings in accordance with the following criteria:
 - New buildings built after 31 December 2020 that have or will achieve a primary energy demand (PED) at least 25% lower than local nearly zero-energy building requirements.^{5,6}
 - Existing buildings built before 31 December 2020 that: i) receive an energy performance certificate (EPC) rating of A; or ii) belong to the top 15% of energy-efficient buildings at the national or regional level based on PED.⁷
 - Renovation of buildings that: i) leads to at least a 30% reduction in PED compared to pre-renovation levels; or ii) fulfils the cost-optimal minimum energy performance requirements as defined by Energy Performance of Buildings Directive (EPBD).^{8,9}
- Sustainalytics notes that the EU Taxonomy¹⁰ requires meeting the relevant cost-

⁵ European Commission, "Nearly zero-energy buildings", at: https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficientbuildings/nearly-zero-energy-buildings_en.

⁶ In addition to the above criterion, Hemsö requires financed buildings to achieve one of the following levels of green building certifications: i) Miljöbyggnad Silver; ii) LEED Gold; iii) BREAA Very Good; iv) Nordic Swan Ecolabel; v) NollCO2; vi) DGNB Silver; or vii) an equivalent level of certification.

⁷ In Sweden, the assessment to identify the top 15% energy-efficient buildings will rely on the Swedish Property Federation's study. In Finland, the assessment will rely on Granlund Oy's study. In other nations, Hemsö will seek appropriate external benchmarks to determine the top 15% energy-efficient buildings using information issued by a national government or industry specialist.

⁸ European Commission, "Energy Performance of Buildings Directive", at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

⁹ In addition to the above criteria, Hemsö requires renovated buildings to achieve one of the following levels of green building certifications: i) Miljöbyggnad iDrift Silver; ii) LEED Gold; iii) BREEAM In-Use Very Good; or iv) an equivalent level of certification.

¹⁰ European Commission, EU Taxonomy, at : https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

optimal minimum energy performance requirements in accordance with the EPBD, which varies among EU Member States. Therefore, Sustainalytics encourages Hemsö to report on the actual PED improvement or energy savings achieved in comparison with the existing building stock in the region. Hemsö has confirmed to Sustainalytics that financing and refinancing of building renovations will be limited to investments in retrofits.

- Sustainalytics considers expenditures under this category to be aligned with market practice.
- Under the Energy Efficiency category, Hemsö may finance or refinance the installation of energy-efficient equipment, devices and systems that result in at least a 30% improvement in energy savings. Investments may include: i) addition of insulation; ii) energy-efficient windows and doors; iii) lights; iv) ventilation; v) heating and cooling systems; vi) zoned thermostats; vii) lighting control systems; and viii) energy management systems. Hemsö has confirmed to Sustainalytics that it will exclude investments in energy-efficient equipment intended for carbon-intensive activities or in equipment that is primarily driven by fossil fuels. Sustainalytics considers expenditures under this category to be aligned with market practice and positively views the Company's inclusion of a defined threshold for the installation of energy-efficient equipment, devices and systems.
- Under the Renewable Energy category, the Company may finance or refinance the installation of renewable energy technologies, including solar, wind and geothermal power projects and related infrastructure.
 - Solar power projects may include solar photovoltaic, solar thermal and concentrated solar heat and power (CSP) projects. Hemsö has confirmed to Sustainalytics that solar thermal and CSP projects will be limited to those that generate at least 85% of electricity from solar energy sources.
 - Geothermal projects financed will be limited to those with direct emissions below 100 gCO₂/kWh. Hemsö has communicated to Sustainalytics that the geothermal power projects financed under the Framework are geothermal-powered heat pumps. Hemsö has also communicated to Sustainalytics that it will not finance heat pumps with installed capacity over 75 kW under the Framework. Sustainalytics notes that heat pumps offer an energy-efficient heat transfer alternative to conventional systems. Sustainalytics encourages Hemsö to exclude financing or refinancing of heat pumps with high-GWP refrigerants, and to promote robust refrigerant leak control, detection and monitoring, while ensuring recovery, reclamation, recycling or destruction of refrigerants at end of life.
 - Related infrastructure may include connections, energy storage, electric substations and foundations. The Company has confirmed to Sustainalytics that the financed connections will be dedicated to connecting renewable energy sources to the power grid, and energy storage will be connected to renewables or to a grid that integrates at least 90% renewable electricity. Hemsö has also confirmed to Sustainalytics that grid developments will be limited to grids integrating 100% renewable energy.
 - Sustainalytics considers expenditures under this category to be in line with market practice.
- Under the Education category, Hemsö may finance or refinance new and existing buildings for municipal and independent schools¹¹ in Sweden, Finland and Germany, and premises for universities and kindergartens in Sweden. The Company has communicated to Sustainalytics that schools and universities at premises financed by Hemsö under the Framework will be either public or private but fully subsidized by relevant local authorities, and therefore accessible to all, regardless of the ability to pay. Regarding financing of premises for kindergartens in Sweden, fees are calculated as a percentage of monthly household income before tax and capped at 3% of income per child. The actual fees are determined by local Swedish municipal authorities based on household income, number of children in a household and whether a child attends preschool part-time or full-time. Based on the above, Sustainalytics considers kindergartens in Sweden to be affordable for all regardless of the ability to pay. Sustainalytics considers that

¹¹ Independent schools refer to private schools.

- investments under this category will improve access to education in Sweden, Finland and Germany, and therefore, views these investments as socially impactful.
- Under the Healthcare and Nursing category, Hemsö may finance or refinance premises for healthcare services and nursing homes. The Company has communicated to Sustainalytics that healthcare and nursing care services at premises financed by Hemsö under the Framework will be either public or private but fully subsidized by relevant local authorities, and therefore accessible to all, regardless of the ability to pay. Sustainalytics considers that investments under this category will improve access to healthcare in Sweden, Finland and Germany, and therefore, views these investments as socially impactful.
 - Project Evaluation and Selection:
 - Hemsö has established a Sustainable Financing Committee (SFC) which is responsible for the project evaluation and selection process in accordance with eligibility criteria listed in the Framework. The SFC consists of representatives from the Company's Treasury and Sustainability departments, as well as energy experts.
 - Hemsö will adhere to its long-term environmental and social sustainability policy and applicable laws and regulations for all project evaluation and selection decisions made under the Framework. The Company will also ensure, on a best effort basis, that green projects financed align with the EU Taxonomy's technical screening criteria, Do No Significant Harm and Minimum Social Safeguards criteria. Additionally, Hemsö will ensure that social projects financed follow the requirements in the Hemsö Apple and the Hemsö Flower initiatives, which cover the environmental and social aspects of the financed properties.¹² Sustainalytics considers these environmental and social risk management systems to be aligned with market practice. For additional details, see Section 2.
 - Based on the establishment of the SFC and the presence of environmental and social risk management processes, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - Hemsö's Treasury team will be responsible for the management of proceeds and allocation to eligible projects. The Company will manage proceeds using a portfolio approach and track them using internal systems.
 - Hemsö intends to allocate net proceeds within 12 months of issuance. Pending full allocation, proceeds will be temporarily placed in the Company's liquidity reserves and held as cash equivalents and other liquid instruments.
 - Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
 - Reporting:
 - Hemsö intends to report on the allocation and impact of proceeds on an annual basis through its Sustainable Finance Investor Report, which will be available on the Company's website.¹³
 - Allocation reporting will include details on proceeds allocated to each asset; the outstanding amount of green, social and sustainable bonds; the share of new financing and refinancing; the total aggregated proportion of sustainable bond net proceeds; and the year when the eligible asset became operational.
 - Impact reporting will include qualitative and, where feasible, quantitative environmental and social impact metrics, which may include green building environmental certifications, carbon savings (aggregated, measured in tonnes per year), energy savings (measured in MWh per year), the number of education facilities and the number of hospitals and other healthcare facilities. For more information, refer to Appendix 1.
 - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Hemsö Sustainable Finance Framework aligns with the four core components of the GBP and SBP. For detailed information, please refer to Appendix 1: Sustainability Bond/Sustainability Bond Programme External Review Form.

¹² Hemsö Fastighets AB, "2021 Sustainability Report", at: <https://www.hemso.se/contentassets/f5faa80cfe67463c9107b08a1131bfdd/reporta>

¹³ Hemsö Fastighets AB, "Sustainability Bond", at: <https://www.hemso.se/en/about/financial-information/financing/sustainability-bond/>

Section 2: Sustainability Strategy of Hemsö

Contribution to Hemsö's sustainability strategy

Sustainalytics is of the opinion that Hemsö demonstrates a commitment to sustainability through its focus on key environmental areas, such as energy efficiency, renewable energy and emissions reduction in construction activities, as well as social areas, including the development of social infrastructure, sustainable construction and health and safety.

Hemsö has set a target to achieve 100% fossil fuel-free energy use in its scope 1 and 2 GHG emissions by 2035 as part of its climate strategy.¹⁴ In line with this target, Hemsö installed solar PV systems across its 67 properties by 2021.¹⁵ The Company is also a member of the Fossil Free Sweden¹⁶ initiative, which focuses on the transition towards fossil fuel-free operations across various business sectors and includes a roadmap to achieve net zero emissions by 2045.¹⁷

Hemsö has also committed to achieving net zero scope 1 and 2 CO₂ emissions in its existing property portfolio by 2035 and reducing emissions from its new and large-scale refurbishment projects.^{18,19} To meet its goal, Hemsö has focused on three areas: energy usage, energy efficiency and green building certifications. It has targeted an annual 3% improvement in energy efficiency in its existing building portfolio (owned by Hemsö over the past two years). The Company achieved an average annual reduction in building energy usage of more than 4% in its comparable portfolio²⁰ in Sweden between 2019 and 2021, and a 4.7% reduction in its comparable properties portfolio in Finland between 2020 and 2021.²¹ Regarding green building certifications, the Company aims to have all new developments and buildings in its existing portfolio to be certified, and it has set an interim target to have 50% of its property portfolio certified by 2025.²² In 2021, 70 of Hemsö's buildings received certifications, including Miljöbyggnad, LEED, BREEM, BREEM In-use, DGNB, Nordic Swan Ecolabel and NollCO₂.²³

Hemsö aims to promote the development of climate-smart and sustainable buildings by focusing on new technological solutions and innovations. The Company has collaborated with the LFM30 network,²⁴ which supports the objective of achieving carbon neutrality in the building and construction industry in Malmö, Sweden, by 2030. Hemsö also plans to start a carbon-neutral development project in Malmö by 2025.²⁵ Additionally, the Company requires all new development and major renovation projects to have waste, ecosystem services and climate adaptation plans in place.²⁶

Regarding social sustainability, Hemsö has developed two tools: Hemsö Flower for nursing homes and Hemsö Apple for schools. Using these tools, Hemsö collaborates with tenants, staff and students to identify and work on key social areas, including security, efficiency and care, to enhance its properties' operations and maintenance.^{27,28} Moreover, the Company initiated development projects for social infrastructure in 2021, through which it plans to finance 770 new nursing home beds and 12,300 new schools, including college and university buildings.²⁹

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

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact. However,

¹⁴ Hemsö Fastighets AB, "Climate Strategy", at: <https://www.hemso.se/contentassets/65e51fb771844046b8047a477279eca7/climate-strategy.pdf>

¹⁵ Ibid.

¹⁶ Government of Sweden, "Fossil-free Sweden initiative", (2016), at: <https://www.regeringen.se/rattsliga-dokument/kommittedirektiv/2016/07/dir-201666/>

¹⁷ Hemsö Fastighets AB, "Sustainability Report – 2021", at: <https://www.hemso.se/contentassets/f5faa80cfe67463c9107b08a1131bfdd/report>

¹⁸ Hemsö Fastighets AB, "Climate Strategy", at: <https://www.hemso.se/en/about/sustainability/esg-library/>

¹⁹ Hemsö Fastighets AB, "2021 Sustainability Report", at: <https://www.hemso.se/contentassets/f5faa80cfe67463c9107b08a1131bfdd/report>

²⁰ Hemsö defines the comparable portfolio as buildings owned by the Company over the past two years which have energy data for both years.

²¹ Hemsö Fastighets AB, "2021 Sustainability Report", at: <https://www.hemso.se/contentassets/f5faa80cfe67463c9107b08a1131bfdd/report>

²² Hemsö Fastighets AB, "Sustainability targets", at: <https://www.hemso.se/en/about/sustainability/esg-library/>

²³ Hemsö Fastighets AB, "2021 Sustainability Report", at: <https://www.hemso.se/contentassets/f5faa80cfe67463c9107b08a1131bfdd/report>

²⁴ LFM30, "How we Collectively Develop a Climate Neutral Building and Construction Industry", (2019), at: <https://lfm30.se/wp-content/uploads/2021/01/Local-Roadmap-LFM30-English.pdf>

²⁵ Hemsö Fastighets AB, "2021 Sustainability Report", at: <https://www.hemso.se/contentassets/f5faa80cfe67463c9107b08a1131bfdd/reporta>

²⁶ Ibid.

²⁷ Ibid.

²⁸ Hemsö Fastighets AB, "Annual Report", (2021), at: <https://www.hemso.se/en/about/financial-information/>

²⁹ Hemsö Fastighets AB, "2021 Sustainability Report", at: <https://www.hemso.se/contentassets/f5faa80cfe67463c9107b08a1131bfdd/report>

Sustainalytics is aware that such eligible projects could lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues related to effluents and waste generated in construction, occupational health and safety, business ethics and stakeholder engagement.

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

- Hemsö has developed sustainability guidelines to address risks related to waste management and the usage of construction materials, among other issues.³⁰ It conducts assessments using the SundaHus Material Data tool³¹ to identify and avoid the use of harmful substances in construction materials and products for all its projects in Sweden.^{32,33} To minimize waste generated in its operations, Hemsö has laid out Project Sustainability Requirements, which outline instructions to prevent and control waste in construction projects.³⁴ The requirements mandate due diligence for property acquisitions to investigate the capacity for efficient source-sorting of waste and ensure the presence of a plan for optimal waste management. For property management projects, a review will be conducted with tenants, followed by regular checks to ensure efficient waste management practices.³⁵
- To address risks related to occupational health and safety, Hemsö requires its suppliers to adhere to its Code of Conduct for Suppliers. It outlines requirements related to environmental sustainability, employment and the work environment, compliance to all applicable laws and regulations regarding child and forced labour, discrimination and freedom of association.³⁶ The code also contains guidelines for a safe work environment, ventilation, appropriate lighting systems, adequate protective equipment and training, and hazardous material use with appropriate safety precautions. Additionally, suppliers are required to operate and maintain machines and technical equipment with adequate measures to mitigate risks of work-related accidents.³⁷
- To ensure ethical and responsible business practices, Hemsö has established a code of conduct which outlines guiding principles for various areas, including business ethics, compliance with applicable rules and regulations, anti-corruption, transparency, and safe and inclusive working environments for key stakeholders, such as employees, clients, shareholders, suppliers and partners.^{38,39} The Company has also put in place a whistleblowing system for employees to report on concerns related to suspected misconduct and malpractice, thereby reducing the risks of unethical behaviour and violations of the Company's policies.⁴⁰
- Hemsö has communicated to Sustainalytics that stakeholders, including local communities, are consulted on environmental and social issues when municipalities where the Company operates decide on the construction of new premises for public services. The issues identified through the consultation process are taken into consideration during Hemsö's building construction planning. The Company also liaises with different stakeholders that are impacted by the development, including through meetings with representatives of local communities and other real estate companies in the area, among other initiatives.
- Hemsö is a signatory to the UN Global Compact Principles, indicating its commitment to the core values of human rights, labour, the environment and anti-corruption.⁴¹ Additionally, Hemsö has operational presence in Sweden, Finland and Germany, which are recognized as Designated Countries under the Equator Principles,⁴² implying the presence of robust environmental and social

³⁰ Hemsö Fastighets AB, "Sustainability guidelines", at: <https://www.hemso.se/en/about/sustainability/esg-library/>

³¹ Using the SundaHus Material Data tool, Hemsö classifies construction materials and products into five levels from A to D, with A being the best in terms of minimal environment impacts. Hemsö requires all construction materials to obtain a minimum of level B under this assessment.

SundaHus, "SundaHus Material Data", at: <https://www.sundahus.se/en/services/material-data/>

³² Hemsö currently does not have an equivalent system in Finland and Germany.

³³ Hemsö Fastighets AB, "2021 Sustainability Report", at: <https://www.hemso.se/contentassets/f5faa80cfe67463c9107b08a1131bfdd/report>

³⁴ Hemsö Fastighets AB, "Project Sustainability Requirements", at: <https://www.hemso.se/en/about/sustainability/esg-library/>

³⁵ Ibid.

³⁶ Hemsö Fastighets AB, "Code of Conduct for Suppliers", (2021), at: <https://www.hemso.se/en/about/sustainability/esg-library/>

³⁷ Ibid.

³⁸ Hemsö Fastighets AB, "Hemsö Code of Conduct", at: <https://www.hemso.se/contentassets/15efe5f0a67246bcb485418b2a754f1f/code-of-conduct-hemso.pdf>

³⁹ Ibid.

⁴⁰ Hemsö Fastighets AB, "Whistle B – Whistleblowing Centre", at: <https://report.whistleb.com/en/hemso>

⁴¹ Hemsö Fastighets AB, "Sustainability Report – 2021" at: <https://www.hemso.se/contentassets/f5faa80cfe67463c9107b08a1131bfdd/report>

⁴² Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

governance systems, legislation and institutional capacity to mitigate common environment and social risks associated with the projects financed under the Framework.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Hemsö is well positioned to manage and mitigate environmental and social risks commonly associated with investments in the eligible categories.

Section 3: Impact of Use of Proceeds

All five use of proceeds categories are aligned with those recognized by the GBP and SBP. Sustainalytics has focused on two below where the impact is specifically relevant in local contexts.

Importance of green buildings in Sweden, Finland and Germany

The building sector was responsible for 40% of total energy consumption in the EU and 36% of its GHG emissions as of 2020.⁴³ The EU has committed to reducing GHG emissions by 55% by 2030 compared to 1990.⁴⁴ To achieve its target, the EU would need to reduce GHG emissions from buildings by 60%, final energy consumption by 14% and energy consumption from heating and cooling by 18% by 2030 compared to 2015.⁴⁵ Given that more than 85% of the EU's building stock was built before 2001, renovations to improve buildings' energy efficiency are expected to play a significant role in decarbonizing the sector.⁴⁶ Renovating existing buildings could reduce the EU's total energy consumption by an estimated 5-6% and lower its total GHG emissions by 5%.⁴⁷

As part of its climate policy framework, Sweden has established a national commitment of achieving net zero GHG emissions by 2045.⁴⁸ The country follows the EU's EPBD with the aim of modernizing the building sector, encouraging the construction of energy-efficient buildings and retrofits.⁴⁹ To improve the energy efficiency of buildings, the government aims to increase the number of life cycle analyses for new buildings and has developed training programmes on low-energy buildings, considering that a large share of Sweden's housing is more than 50 years old.⁵⁰

Space heating was the second-largest consumer of energy in Finland in 2021.⁵¹ Nearly 80% of buildings in the country were built before 2000 and lack heat recovery systems.⁵² The government of Finland has set out a long-term repair construction strategy to increase the renovation rate of buildings and retrofits and reduce CO₂ emissions from buildings by 90% between 2020 and 2050.⁵³ These initiatives are expected to reduce emissions from Finland's building sector by 20%.⁵⁴ In terms of new constructions, buildings in Finland are required to be nearly zero energy, in line with the EPBD.⁵⁵

Germany accounts for 24% of net GHG emissions in the EU.⁵⁶ In the country with the largest population in the EU at 84 million people, buildings-related emissions per capita are nearly 56% higher than the G20 average, with buildings contributing to 20% of German emissions as a result of the high fossil fuel share for heat

⁴³ European Commission, "In focus: Energy efficiency in buildings", (2020), at: https://commission.europa.eu/news/focus-energy-efficiency-buildings-2020-02-17_en

⁴⁴ European Commission, "Stepping Up Europe's 2030 climate ambition", (2020) at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020DC0562>

⁴⁵ European Commission, "A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives", (2020), at: https://eur-lex.europa.eu/resource.html?uri=cellar:0638aa1d-0f02-11eb-bc07-01aa75ed71a1.0003.02/DOC_1&format=PDF

⁴⁶ Ibid.

⁴⁷ European Commission, "Comprehensive study of building energy renovation activities and the uptake of nearly zero-energy buildings in the EU", (2019), at: <https://op.europa.eu/en/publication-detail/-/publication/97d6a4ca-5847-11ea-8b81-01aa75ed71a1/language-en/format-PDF/source-119528141>

⁴⁸ Swedish Ministry of Climate and Enterprise, "Sweden climate policy framework", (2021), at: <https://www.government.se/articles/2021/03/swedens-climate-policy-framework/>

⁴⁹ European Parliament, "Directive (EU) 2018/844 of the European Parliament and of the Council of 30 May 2018 amending Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency", (2018), at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2018.156.01.0075.01.ENG

⁵⁰ Ibid.

⁵¹ Motiva, "Final consumption of Energy", at: https://www.motiva.fi/en/solutions/energy_use_in_finland/final_consumption_of_energy
<https://www.statista.com/statistics/940468/electricity-heating-consumption-buildings-type-finland/>

⁵² Hirvonen, J. et al. (2021), "Emissions and power demand in optimal energy retrofit scenarios of the Finnish buildings stock by 2050", Sustainable Cities and Society, at: <https://www.sciencedirect.com/science/article/pii/S2210670721001840>

⁵³ Environment.fi, "Building repair construction strategy aims to reduce the building stock's emissions by 90 per cent by 2050", (2020), at: [https://www.ymparisto.fi/en-US/Building/Building_repair_construction_strategy_ai\(55532\)](https://www.ymparisto.fi/en-US/Building/Building_repair_construction_strategy_ai(55532))

⁵⁴ Ibid.

⁵⁵ Finnish Ministry of the Environment, "Medium-term Climate Change Policy Plan", (2022), at: https://api.hankeikkuna.fi/asiakirjat/11131553-2171-402c-b1ac-482e99430154/ea6b32ed-6089-4915-a6a3-4158263b7b25/JULKAISU_20220714114542.pdf

⁵⁶ European Parliament, "Climate action in Germany", (2021), at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/690661/EPRS_BRI\(2021\)690661_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/690661/EPRS_BRI(2021)690661_EN.pdf)

generation.⁵⁷ In this sense, the operation of buildings alone accounts for 35% of total final energy consumption of the country in 2021.^{58,59,60} To reduce GHG emissions from the building sector, the German government aims to achieve a virtually climate-neutral building stock by 2050.⁶¹ As part of its strategy to meet this goal, the Government has defined an interim target of 67% emissions reduction in the building sector by 2030 compared to 1990 levels, and has committed to achieving a share of renewables of 24-32% in the building sector by 2030.^{62,63}

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

Importance of supporting education in Sweden and Finland

Sweden invested 7% of its GDP on education in 2021, making it the second highest spending country on education as a share of GDP among EU countries.⁶⁴ Although spending overall in education is high and growing in the country, nearly 98% of Swedish municipalities have cut school budgets in recent years despite receiving more funding.⁶⁵ The efforts of the Swedish government in education focus on problems identified in recent years related to equity in education spanning from early childhood education through school years to tertiary education, and to persistent problems in early school leaving and in vocational education and training (VET).⁶⁶ Sweden's National Recovery and Resilience Plan and the Knowledge Boost programme, for example, prescribe increased investments to improve the number of study places in municipal adult education, higher VET, and higher education, in addition to increasing the number of graduates in shortage professions, such as in healthcare and teaching.^{67,68}

In Finland, government spending on education adds up to 5% of GDP,^{69,70} which is higher than the OECD average.⁷¹ Finland's education system focuses on improving education and competence at all levels, with particular emphasis on reskilling and upskilling for the future; Finland is already "a role model" in this area for having the highest European Skills Index score.⁷² As in Sweden's case, some areas for improvement remain, such as skills shortages in certain professions, for example, in ICT.⁷³ Finland's Recovery and Resilience Plan⁷⁴ also prescribes increased investments in VET (EUR 270 million for 2020-2022)^{75,76} and for expanding the

⁵⁷ Climate Transparency, "Country Profile, Germany", (2021), at: https://www.germanwatch.org/sites/default/files/ct_report_2021_-_country_profile_germany.pdf

⁵⁸ German Federal Ministry for Economic Affairs and Energy, "Enhancing energy efficiency in buildings", at: <https://www.bmwi.de/Redaktion/EN/Dossier/enhancing-energy-efficiency-in-buildings.html>

⁵⁹ Umwelt bundesamt, "Indicator: Energy consumption for buildings", (2023), at: <https://www.umweltbundesamt.de/en/data/environmental-indicators/indicator-energy-consumption-for-buildings#at-a-glance>

⁶⁰ German Federal Statistical Office, "Population, Current population of Germany", (2023), at: https://www.destatis.de/EN/Themes/Society-Environment/Population/Current-Population/_node.html

⁶¹ German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, "Climate Action Plan 2050", (2016), at: https://www.bmu.de/fileadmin/Daten_BMU/Pools/Broschueren/klimaschutzplan_2050_en_bf.pdf

⁶² Ibid.

⁶³ Government of Germany, "Integrated National Energy and Climate Plan", (2020), at: https://energy.ec.europa.eu/system/files/2022-08/de_final_necp_main_en.pdf

⁶⁴ European Commission, "Education and Training Monitor, Sweden", (2021), at: <https://op.europa.eu/webpub/eac/education-and-training-monitor-2021/en/sweden.html>

⁶⁵ European Commission, "Education and Training Monitor, Sweden", (2022), at: <https://op.europa.eu/webpub/eac/education-and-training-monitor-2022/en/country-reports/sweden.html#1-key-indicators>

⁶⁶ European Commission, "Education and Training Monitor, Sweden", (2022), at: <https://op.europa.eu/webpub/eac/education-and-training-monitor-2022/en/country-reports/sweden.html#1-key-indicators>

⁶⁷ Ibid.

⁶⁸ European Commission, "Proposal for a Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Sweden", (2022), at: https://eur-lex.europa.eu/resource.html?uri=cellar:0cfd6299-af41-11ec-83e1-01aa75ed71a1.0002.02/DOC_2&format=PDF

⁶⁹ European Commission, "Education and Training Monitor 2021: Finland", at: <https://op.europa.eu/webpub/eac/education-and-training-monitor-2021/en/finland.html>

⁷⁰ Finnish Ministry of Education and Culture, "Education Policy Report", (2021), at: <https://okm.fi/en/education-policy-report>

⁷¹ OECD, "Education at a Glance 2021: OECD Indicators, Finland", at: <https://www.oecd-ilibrary.org/sites/23a03505-en/index.html?itemId=/content/component/23a03505-en>

⁷² European Commission, "Education and Training Monitor 2022: Finland", at: <https://op.europa.eu/webpub/eac/education-and-training-monitor-2022/en/country-reports/finland.html>

⁷³ Ibid.

⁷⁴ Finnish Ministry of Finance, "Employment and Skills – Recovery and Resilience Plan", at: <https://vm.fi/en/employment-and-skills>

⁷⁵ Finnish Ministry of Education and Culture, "Reform of Vocational Upper Secondary Education", at: <https://okm.fi/en/reform-of-vocational-upper-secondary-education>

⁷⁶ European Commission, "Education and Training Monitor 2021: Finland", at: <https://op.europa.eu/webpub/eac/education-and-training-monitor-2021/en/finland.html>

number of places in higher education to accommodate an ambition to have 50% of 25-34 year-olds obtain a tertiary education degree by 2030.⁷⁷

In the above context, Sustainalytics considers that Hemsö's investments in education buildings are expected to contribute to the efforts of Finland and Sweden in further improving their education systems.

Contribution to SDGs

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

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, 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. Sustainable Cities and Communities	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
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030 double the global rate of improvement in energy efficiency
	9. Industry, Innovation and Infrastructure	9.4 By 2030, 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
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Education	4. Quality Education	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes
		4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education
		4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all
Healthcare and Nursing	3. Good Health and Wellbeing	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality, and affordable essential medicines and vaccines for all

⁷⁷ Finnish Ministry of Education and Culture, "Education policy report", (2021), at: <https://okm.fi/en/education-policy-report>

Conclusion

Hemsö has developed the Hemsö Sustainable Finance Framework, under which it may issue green, social and sustainability bonds, commercial papers and Schuldschein, and use the proceeds to finance projects in the following categories: Green Buildings, Energy Efficiency, Renewable Energy, Education, and Healthcare and Nursing. Sustainalytics considers that the projects funded by the proceeds are expected to provide positive environmental and social impacts.

The Hemsö Sustainable Finance Framework outlines a process by which proceeds will be tracked, allocated and managed, and makes commitments for reporting on the allocation and impact of the use of proceeds. Sustainalytics is of the opinion that the Hemsö Sustainable Finance Framework is aligned with the overall sustainability strategy of the Company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 3, 4, 7, 9 and 11. Additionally, Sustainalytics is of the opinion that Hemsö has measures in place to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Hemsö is well positioned to issue green, social and sustainability bonds, commercial papers and Schuldschein, and that the Hemsö Sustainable Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles (2021) and Social Bond Principles (2021).

Appendix

Appendix 1: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Hemsö Fastighets AB
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Hemsö Sustainable Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	March 8, 2023
Publication date of review publication:	July 3, 2018

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds – Green Buildings, Energy Efficiency, Renewable Energy, Education, and Healthcare and Nursing – are aligned with those recognized by the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to deliver positive environmental or social impact and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 7, 9 and 11

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|---|---|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input checked="" type="checkbox"/> Other (please specify): Education; Healthcare and Nursing |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Hemsö has established a Sustainable Financing Committee which is responsible for project evaluation and selection process in accordance with eligibility criteria under the Framework. Hemsö will adhere to its long-term environmental and social sustainability plans and applicable laws and regulations for all project evaluation and selection decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Hemsö's Treasury team will be responsible for the management and allocation of proceeds on a portfolio basis through an internal system. Hemsö intends to allocate all the proceeds within 12 months of issuance. Pending allocation, proceeds will be temporarily held in cash equivalents and other liquid instruments. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
|---|---|

- | | |
|--|---|
| <input checked="" type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Hemsö intends to report on the allocation of proceeds and corresponding impact through its Sustainable Finance Investor Report which will be published on its website on an annual basis. Allocation reporting will include the amount of proceeds allocated to each asset, the outstanding amount of the bonds issued, the share of financing versus refinancing, the aggregated proportion of net proceeds allocated to each category and the year when the eligible asset became operational. Sustainalytics views Hemsö's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (please specify): The classification of Green, Social or Sustainability projects, a summary of sustainable financing developments, the outstanding amount of Green, Social and Sustainable Bonds, the share of financing versus refinancing, the aggregated amount of net proceeds allocated to each category, the year when the eligible asset was in operation | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- ☒ GHG Emissions / Savings
 ☒ Energy Savings
☐ Decrease in water use
 ☒ Number of beneficiaries
☐ Target populations
 ☒ Other ESG indicators (please specify):

Green Categories	Examples of Indicators
Green Building	<ul style="list-style-type: none"> • Environmental certification • Energy consumption disclosure by absolute consumption (kWh) per year and intensity (kWh per square metre per year) • Calculated carbon footprint disclosure by absolute emissions (tonnes) per year intensity (kilograms per square metre per year). The greenhouse gas emissions are monitored annually by Hemsö in accordance with the Green House Gas Protocol • Building type (Education, Healthcare etc.) • On a best effort basis disclose the alignment with the DNSH criteria as well as the Minimum Social Safeguard • For new buildings larger than 5,000m² disclose the observed result on air tightness and thermal integrity
Energy Efficiency	<ul style="list-style-type: none"> • Carbon savings (aggregated, tonnes per year) • Energy savings (aggregated MWh per year)
Renewable Energy	<ul style="list-style-type: none"> • For an installation of a renewable energy on a real estate asset the present of the property's total energy use supplied by the installation, the yearly production (MWh) and the estimated yearly greenhouse yearly greenhouse gas savings (tonnes per year) will be disclosed • For an installation in a stand-alone renewable energy project the yearly production (MWh) and the estimated yearly greenhouse gas savings (tonnes per year) will be disclosed
Social Categories	Examples of Indicators
Education	<ul style="list-style-type: none"> • The identified target group of the investment • Relevant supportive scientific study, if applicable • Number of education facilities • Number of pupils provided with education • Education facilities for inclusive and effective learning environments
Healthcare	<ul style="list-style-type: none"> • The identified target group of the investment • Relevant supportive scientific study, if applicable • Number of hospitals and other healthcare facilities • Number of beds at nursing homes • Healthcare capacity

Frequency:

- ☒ Annual
 ☐ Semi-annual
☐ Other (please specify):

Means of Disclosure

- | | |
|---|--|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): Information published on Hemsö's sustainable finance investor report |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified

third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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