

GREEN FINANCE FRAMEWORK

Nivika Fastigheter AB (publ)
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BACKGROUND

About us

Nivika Fastigheter AB ("Nivika") was founded in 2000 with a focus on acquiring, developing, refining and managing properties. We take pride in maintaining a high standard of the properties we own, and the aim is to have exceptionally satisfied tenants. Our property portfolio includes a mix of residential, commercial and public properties located in Värnamo, Jönköping and Växjö – areas characterized by growing populations and stable rental markets. Nivika is expanding rapidly and our aim is to continue growing the property portfolio in all our locations without compromising on core values regarding professional management, tenant relations and sustainability.

Sustainability at Nivika

Nivika strives to be a sustainable company in a sustainable society. For us, sustainability is about combining customer satisfaction and profitability with environmental impact. This is a prerequisite for being able to compete in the real estate industry and thus a natural and integral part of Nivika's business model. We are convinced that sustainability will grow even more in importance, not only in the environmental field but also in terms of social aspects and governance related issues, something we fully support at Nivika. We aim to make a positive impact on society and conduct our business in a socially responsible manner. Health and safety issues are high

on the agenda for Nivika as these are becoming increasingly complex and important in construction projects. We work preventively with safety through, among other things, internal routines and tools, and by ensuring a safe and healthy workplace environment for our employees and sub-contractors. A zero vision for workplace accidents applies to everyone who works for or performs assignments for Nivika.

Our sustainability strategy

We are working continuously and intensively to be a prominent player in Småland in driving the transition to a sustainable society and to be one of the leading real estate companies in our region in the fight against climate change. This is the foundation for our sustainability strategy, where we describe our economic, environmental and social responsibility. The sustainability strategy is based on the UN's global Sustainable Development Goals (SDGs) and the Paris Agreement, with a special focus on four areas: (i) the environment and sustainable resource use, (ii) sustainable employees, (iii) sustainable urban development and (iv) sustainable value creation. This means that we, among other things, strive to comply and, where possible, exceed environmental and workplace environment legislation, develop physical environments that promote growth and prosperity for a sustainable society, and integrate sustainability throughout our operations for instance through environmental certification of our properties, by choosing locally produced building

materials, by reducing harmful chemicals and building materials and avoiding pollution of air, water and soil. The long-term planning process contains requirements for sustainable urban development in dialogue with tenants, local residents, associations, businesses and municipalities. Moreover, we are aware of the climate footprint associated with the real estate sector and continuous work towards reducing our own impact is a key priority for Nivika.

Energy efficiency is an important priority for Nivika in order to reduce the climate footprint of our property portfolio. We have established several goals that will target improvements in this area. These include increasing the number of properties connected and monitored through an energy management system, reducing the energy consumption of the portfolio, and increasing the installed capacity of solar power. Other goals include increasing the number of charging stations, electrifying our own vehicle fleet, and increasing the utility rate of the carpools provided to tenants. We also have goals relating to occupational health and safety, and diversity and equal opportunities.

A range of measures and initiatives are implemented to progress on our goals. We have, for example, invested in an advanced system enabling a smarter and more efficient management of our properties' energy use, and we have dedicated employees focusing on developing and optimizing the property portfolio's energy efficiency. Environmental building certifications are also effective tools to ensure a high level of energy performance of buildings while

also setting strict requirements on resource efficiency, health and wellbeing, and indoor environment. Nivika's choice of certification scheme for new residential buildings is Miljöbyggnad Silver - ensuring a high energy efficiency, less chemicals, and a much better indoor environment for residents and tenants. Residential buildings currently account for more than three quarters of Nivika's project portfolio.

In addition, to lower the impact associated with the construction of new buildings, we promote increased construction in wood. Wood is by far the most climate-smart and eco-friendly method of housing production and something we want to promote going forward. Nivika has a long-term collaboration with Husgruppen in Jönköping, which specializes in building locally produced and prefabricated modular elements in wood for the construction industry, energy and cost-effective housing modules that are suitable for, for example, smaller apartments. All wood used by Husgruppen is certified according to FSC and PEFC.

We work towards a sustainable urban development and thus conduct long-term detailed plan work before each construction, this in consultation with the municipality, tenants and partner enterprises. To reduce climate risks, we work with runoff surfaces, stormwater ponds and more green spaces around our properties.



NIVIKA GREEN FINANCE FRAMEWORK

Nivika aims to be a leading real estate company in our region in combatting global warming. We strive to follow best practices and this document (the "Green Finance Framework" or "Framework") will, to the extent possible, align with the guidelines in the EU Green Bond Standard (EU GBS) published in 2020 by the European Commission referencing the EU Taxonomy Regulation, the Green Bond Principles (GBPs) published in 2018 by the International Capital Market Association (ICMA), and the Green Loan Principles published by the European Loan Market Association (LMA) and the Asia Pacific Loan Market Association (APLMA). The Framework defines the investments eligible for financing by green debt instruments ("Green Debt") issued by Nivika.

The Framework also outlines the process used to identify, select and report on eligible green projects and the set-up for managing the

Green Debt proceeds. Green Debt may be issued in the format of (i) unsubordinated notes, (ii) subordinated notes, (iii) hybrid securities and (iv) commercial paper. The Framework could also be referenced to for other financial products such as loans and revolving credit facilities. The terms and conditions of the underlying documentation for each Green Debt instrument shall provide a reference to the Framework.

Nivika has worked with Danske Bank and SEB to develop the Framework and Cicero has provided a second party opinion, which is publicly available at our website. Nivika will assign an external auditor to annually provide a limited assurance of the management of proceeds.

2020-08-24

Niclas Bergman

Chief Executive Officer

Kristina Karlsson

Chief Financial Officer

Jerry Johansson

Chief Sustainability Officer

USE OF PROCEEDS

Allocation of net proceeds

An amount equal to the net proceeds of the Green Debt will finance or refinance, in whole or in part, investments undertaken by Nivika or its subsidiaries that promote the transition towards a low-carbon and environmentally sustainable society ("Green Projects"), in each case as determined by Nivika in accordance with the Green Project categories defined in the next pages. Green Projects will form a portfolio of assets eligible for financing and refinancing by Green Debt.

Financing and refinancing

Green Debt net proceeds can finance both existing and new Green Projects financed by Nivika or its subsidiaries. New financing is defined as Green Projects financed after the Green Debt has been issued, and refinancing is defined as Green Projects financed prior to the Green Debt issuance. The distribution between new financing and refinancing will be reported on in Nivika's annual Green Debt Report.

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Exclusions

Green Debt net proceeds will not be allocated to projects involving fossil energy production, fossil fuel infrastructure nuclear energy generation, weapons and defence, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

Sustainable Development Goals (SDGs)

The 2030 Agenda for sustainable development and its 17 SDGs form the basis of Nivika's sustainability strategy. We work systematically to implement initiatives that support the Agenda and have identified those SDGs where we can have the greatest impact. These include Goal 3: Good health and well-being, Goal 5: Gender equality, Goal 7: Affordable and clean energy, Goal 8: Decent work and economic growth, Goal 11: Sustainable cities and communities, and Goal 12: Sustainable consumption and production.

In this Framework, each Green Project category has been mapped to the SDGs in accordance with [the High-Level Mapping to the Sustainable Development Goals published by ICMA](#).



Vråken 1, Jönköping

GREEN PROJECT CATEGORIES

Green & energy efficient buildings

The financing or refinancing of the construction, establishment, acquisition, expansion, or upgrade/modification of buildings that meet the criteria defined below.

New buildings

The construction of new buildings designed to achieve at least one of the following criteria:

- a net primary energy demand that is at least 20 per cent lower than the level required by the relevant building regulation or 20 per cent lower than the level required to meet NZEB¹, once NZEB requirements have been established.
- Miljöbyggnad Silver² or better.

Wooden buildings³

Prefabricated wooden buildings using locally produced, Swedish wood as input material certified according to FSC/PEFC.

Existing buildings⁴

Buildings with an energy performance within the top 15 per cent (for buildings built before 2021) of the local existing stock, proven by meeting at least one of the following criteria:

- Buildings with an Energy Performance Certificate (EPC) with energy class A or B⁵

Major renovations

Renovation costs for existing buildings that

(i) meet the energy performance requirements in the building regulation for major renovations, or (ii) lead to a reduction in primary energy use per square meter and year (kWh/m²/year) by at least 30 per cent compared to the pre-investment situation.

Individual energy efficiency measures

Direct costs (e.g. material, installation and labour costs) for installing energy efficient technologies such as smart control systems, improved thermal insulation, heat exchangers, green roofs, heat pumps, energy efficient lighting, or costs for enabling renewable energy sources, provided that:

- the measures comply with the minimum requirements set for the individual components and systems in the applicable national building regulation
- the investment linked to the measure is aimed at improving energy performance and/or reduce GHG emissions⁷.

Investing in Green & Energy efficient buildings

The construction and real estate sector account for almost 20 per cent of Sweden's total greenhouse gas (GHG) emissions (2017, National Board of Housing, Building and Planning) due to the sector's consumption of energy and material. Measures are thus needed to reconcile a high rate of construction in Sweden with the national climate goals. Nivika promotes energy efficiency by investing in various energy saving measures in existing properties and by certifying new residential buildings (which currently account for more than three quarters of Nivika's project portfolio) with Miljöbyggnad Silver, ensuring a higher energy performance than the national building regulation, restrictions on the use of chemical substances, and a high quality of the indoor environment for future tenants and residents. In addition, we strive to reduce the lifecycle impact of our buildings by promoting sustainable material in the construction of new buildings, such as wood.

By 2021, Nivika will increase the number of properties connected and monitored through an energy management system by at least 70 per cent of the portfolio and reduce the energy consumption (controlled by Nivika) of the portfolio by 15 per cent (measured in kWh/m²).



¹ Nearly Zero Energy-Buildings (NZEB) are buildings with a very high energy performance, as defined by each EU Member State (mandatory for all new buildings from 2021).

² Miljöbyggnad Silver requires, among other things, the primary energy demand of residential buildings and commercial buildings to be 20 and 30 per cent lower than the national building regulation, respectively.

³ Wooden buildings will not be older than five years (as per 2020).

⁴ Commercial buildings should have dedicated energy management systems in place.

⁵ Statistics from the Swedish National Board of Housing, Building and Planning show that both residential and commercial buildings with an EPC A or B are well within the 15% most energy-efficient buildings in Sweden.

⁶ To be based on a specialised building survey and validated by an EPC, an energy audit conducted by an accredited independent expert or any other transparent and appropriate method.

⁷ Demonstrated through an energy audit, an EPC or any other transparent and adequate method.

Renewable energy

The financing or refinancing of investments in renewable energy installations and their related infrastructure (e.g. grid connections and foundations), either in relation to existing buildings or as a stand-alone investment.

Solar energy

Solar energy technologies, such as Photovoltaic systems (PV), concentrated solar power (CSP) and solar thermal facilities.

Geothermal energy

Geothermal power plants and geothermal heating/cooling systems⁸.

Investing in renewable energy

“A Good Built Environment” is one of the 16 environmental quality goals of Sweden, stating that our built environment has to meet the needs of people and society, offer a good living environment and contribute to sustainable development. Shifting to electricity and heating based on renewable energy sources will be key to achieve this goal. Nivika has a strong focus on renewable energy and has set a target to invest in additional solar power systems on to buildings, with a capacity of 1750 kW and potentially generating 1.5 million kWh per year.



Clean transportation

The financing or refinancing of low carbon vehicles and their related infrastructure.

Electric vehicles

Fully electric vehicles.

Infrastructure for electric vehicles

Infrastructure supporting electric vehicles, such as charging stations for electricity.

Investing in renewable energy

Electrification is a powerful decarbonisation measure that facilitates emissions reductions across sectors. Nivika has implemented several initiatives to reduce the need for transport and promote electric vehicles, including:

- providing electric car pools for tenants
- increasing the installation of charging stations for electric vehicles by 100 per cent by 2021
- use self-propelled electric lawn mowers, and
- upgrade our fleet of service vehicles to electric drive.



⁸ Facilities should operate at lifecycle emissions lower than 100gCO₂e/kWh

GREEN PROJECT EVALUATION & SELECTION PROCESS

Allocation of Green Instrument proceeds

Nivika's overall management of environmental, social, corporate governance and financial risks is a core component of our decision-making processes. Our risk management strategy is stated in our policies, guidelines and instructions. The process for evaluation and selection of Green Projects will follow the same standard decision-making process.

Green Project evaluation & selection

Green Projects shall comply with the eligibility criteria defined under the Green Project Categories. This is ensured in our process to evaluate, select and allocate Green Bond proceeds to eligible Green Projects, comprising the following steps:

- i. Sustainability experts and representatives within Nivika evaluate potential Green Projects, their compliance with the Green Project Categories, and their environmental benefits.
- ii. A list of the potential Green Projects is presented to Nivika's Green Finance Committee ("GFC"). The GFC is solely responsible for the decision to acknowledge the project as green, in line with the Green Project Criteria. Green Projects will be marked as green in a dedicated "Green Register". A decision to allocate net proceeds will require a consensus decision by the GFC. The decisions made by the GFC will be documented and filed.

Green Finance Committee (GFC)

The GFC is chaired by the Chief Sustainability Officer and includes the following members:

- Chief Executive Officer
- Chief Sustainability Officer
- Chief Financial Officer

The GFC will convene every 6 months or when otherwise considered necessary. For the avoidance of doubt, the GFC holds the right to exclude any Green Project already funded by Green Instrument net proceeds. If a Green Project is sold, or for other reasons loses its eligibility, funds will then follow the procedure under Management of Proceeds until reallocated to other eligible Green Projects.

MANAGEMENT OF PROCEEDS

Tracking of Green Bond net proceeds

Nivika will use a Green Register to track that an amount equal to the Green Debt net proceeds is allocated to Green Projects. The purpose of the Green Register is to ensure that Green Debt net proceeds only support the financing of Green Projects or to repay Green Debt. The management of proceeds will be reviewed by an external auditor appointed by Nivika.

Temporary holdings

Unallocated Green Debt net proceeds may temporarily be placed in the liquidity reserve and managed accordingly by Nivika.

Exclusions

Temporary holdings will not be placed in entities with a business plan focused on fossil energy production, fossil fuel infrastructure, nuclear energy generation, weapons and defence, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

REPORTING & TRANSPARENCY

Nivika will annually and until maturity of the Green Debt issued, provide investors with a report (Green Debt Report) describing the allocation of proceeds and the environmental impact of the Green Projects. The report will be made available on our website together with this Green Finance Framework.

Allocation reporting

Allocation reporting will include the following information:

1. A summary of Green Debt developments
2. The outstanding amount of Green Debt issued
3. The balance of the Green Projects in the Green Register (including any temporary investments and Green Debt repayments) and the available headroom in the value of the Green Projects (if any)
4. The total proportion of Green Debt net proceeds used to finance new Green Projects (defined as Green Projects financed after the bond issuance) and the proportion of Green Debt net proceeds used to refinance Green Projects (defined as Green Projects financed before the Green Debt was issued)
5. The total aggregated proportion of Green Debt net proceeds used per Green Project Category

In the event of outstanding Green Commercial Paper, Nivika will report quarterly on the value of Green Projects and the total amount of outstanding Green Debt.

Impact reporting

The impact reporting aims to disclose the environmental impact of the Green Projects financed under this Framework, based on Nivika's financing share of each project.

As Nivika can finance a large number of smaller Green Projects in the same Project Category, impact reporting will, to some extent, be aggregated.

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 e.g. if a Green Building is under construction but not yet operational, Nivika will provide best estimates of future energy performance levels.

The impact assessment will, if applicable, be based on the Key Performance Indicators (KPIs) presented in the table below and on the next page.



REPORTING & TRANSPARENCY

Green project categories

Key performance indicators (KPIs)

Green & energy efficient buildings



New buildings

- Building certification and/or Energy performance class
- Number of wooden buildings
- Annual energy use avoided compared to the relevant building code (MWh)
- Annual GHG emissions reduced/avoided (tonnes of CO2e emissions)

Existing buildings

- Building certification and/or Energy performance class, as applicable
- Annual energy use avoided below relevant national building standard (kWh/m2 or %)
- Annual GHG emissions reduced/avoided (tonnes of CO2e emissions)

Major renovations

- Annual energy reduced compared to the pre-investment situation (MWh)
- Annual GHG emissions reduced/avoided (tonnes of CO2e emissions)

Individual energy efficiency measures

- Annual energy reduced/avoided (MWh)
- Annual GHG emissions reduced/avoided (tonnes of CO2e emissions)

Renewable energy



- Installed renewable energy capacity (kW)
- Annual renewable energy generation (kWh)
- Annual GHG emissions reduced/avoided (tonnes of CO2e emissions)

Clean Transportation



Electric vehicles

- Number of vehicles
- Annual GHG emissions reduced/avoided (tonnes of CO2e emissions)

Infrastructure for electric vehicles

- Number of charging points installed or upgraded
- Annual GHG emissions reduced/avoided (tonnes of CO2e emissions)

EXTERNAL REVIEW

Second party opinion

Cicero has provided a second opinion to this Framework verifying its credibility, impact and alignment with the ICMA Green Bond Principles 2018 and the Green Loan Principles published by the European Loan Market Association (LMA) and the Asia Pacific Loan Market Association (APLMA).

Assurance

An independent external auditor appointed by Nivika will provide, on an annual basis, limited assurance that an amount equal to the Green Debt net proceeds has been allocated to Green Projects.

Publicly available documents

The Green Finance Framework and the second party opinion, issued by Cicero, will be publicly available on Nivika's website together with the limited assurance and the annual Green Debt Report once they are published.





nivika.
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