



**nivika.**

**GREEN FINANCE FRAMEWORK, OCTOBER 2024**

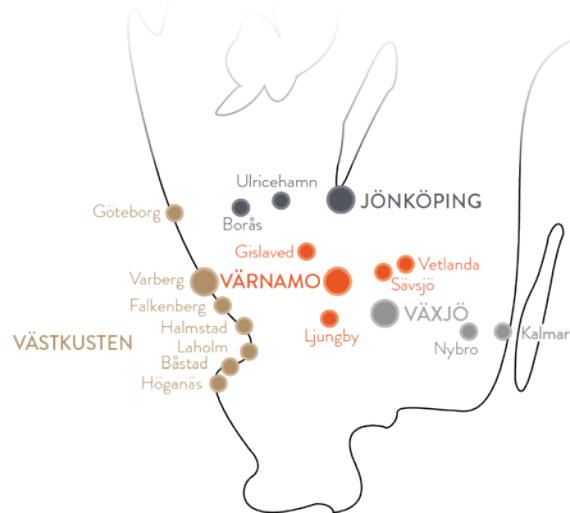
Nivika Fastigheter AB (publ)

# INTRODUCTION

## About Nivika

Nivika Fastigheter AB is a real estate company located in Småland, Sweden. The company was founded in 2000 with the vision to create profitable and sustainable value growth through long-term ownership, management and development of properties. Our property portfolio consists of both commercial properties (70% of the portfolio) and residential properties (30%) and is mainly concentrated to central locations in the growing cities of Jönköping, Värnamo and Växjö, and on the West Coast of Sweden. The portfolio is divided into the building categories industrial/storage, offices, retail, community/social, hospitality, residential and others. The category others contain the properties of the self-storage operation Mitt Lager.

Nivika's goal is to combine long-term value growth with sustainable solutions. By continuously improving and developing our properties, we create value for our tenants and contribute to sustainable societal development.

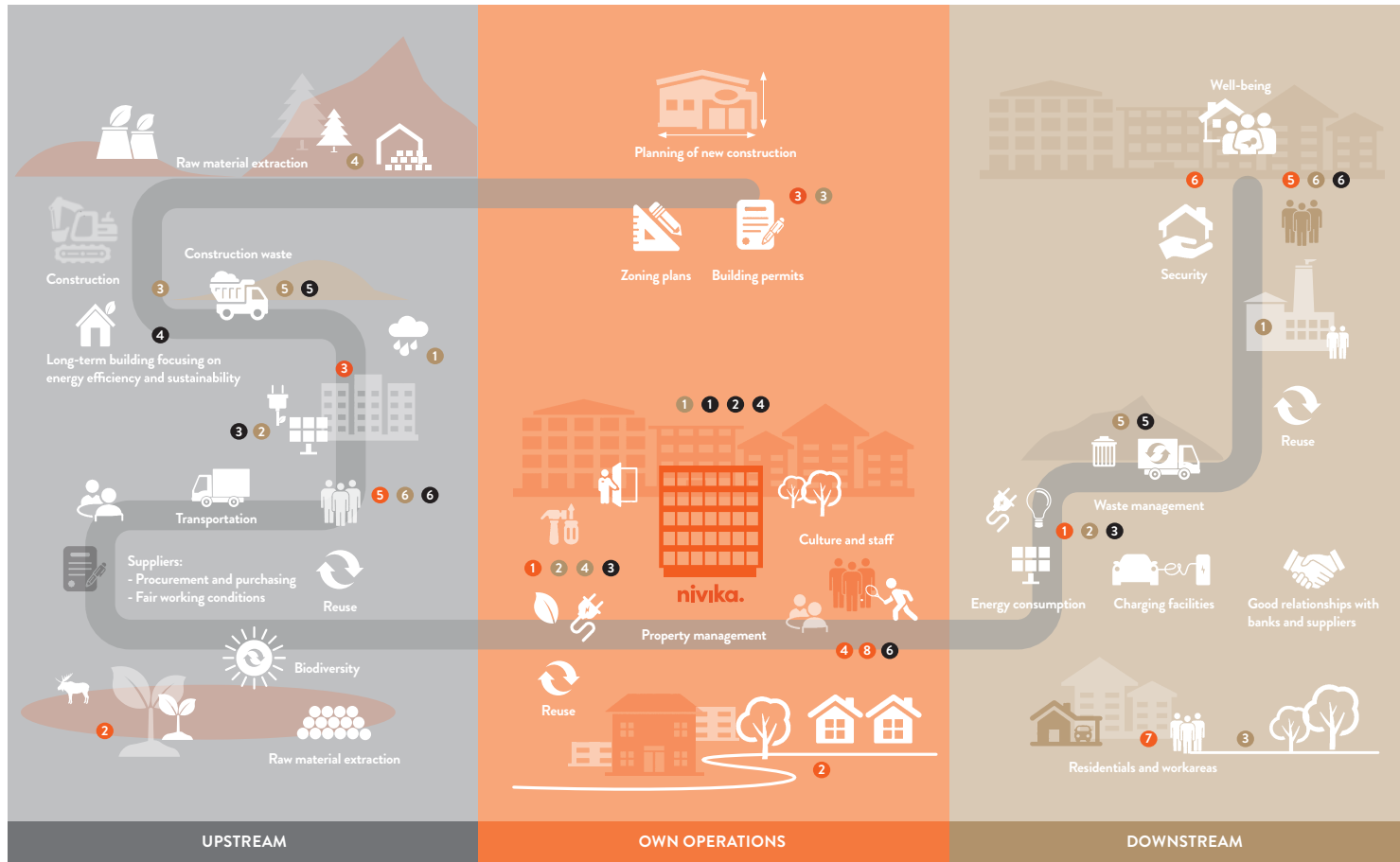


## Sustainability at Nivika

For Nivika, sustainability is based on long-term responsibility for economic, environmental and social development. We strive to be a real estate company that drives progress and contributes to society through sustainable development and by improving our properties for both the tenant and the environment while at the same time becoming more profitable.

Our sustainability work is integrated into the business and characterizes both the management and development of our property portfolio. As a signatory to the UN Global Compact, Nivika is committed to responsible business practices and have incorporated the ten principles on human and labor rights, environment and anti-corruption into our policies and business conduct. The overarching goal is to secure an attractive property portfolio with long-term sustainable value without impacting negatively on people or the environment.

## OVERVIEW - NIVIKA'S VALUE CHAIN



### POSITIVE IMPACT

- 1 Energy efficiency improvements / installation of solar panels / increasing the share of renewable energy (Energy)
- 2 Establishing meadows, selecting flowering plants (Biodiversity)
- 3 Nivika standard (Resource use)
- 4 Creating job opportunities and job security (Employees)
- 5 Creating jobs and setting high standards for suppliers (Workers in the value chain)
- 6 Creating safe areas and communities (Affected communities)
- 7 Creating comfortable residentials and workarea (Tenants)
- 8 Good working environment, gender equality and diversity, and skills development (Corporate culture)

### NEGATIVE IMPACT

- 1 Carbon emissions from construction activities (Climate impact)
- 2 Energy consumption (Energy)
- 3 Land exploitation (Biodiversity)
- 4 Resource consumption (Resource use)
- 5 Waste (Waste)
- 6 Lack of collective bargaining agreements (Workers in the value chain)

### SUSTAINABILITY-RELATED RISKS



- 1 Physical damage to properties (Climate adaptation)
- 2 Need for transition (Climate impact) – changing property valuations, new legal requirements and increased costs for insuring, financing and operating the buildings.
- 3 Increased energy consumption (Energy)
- 4 Higher demands for sustainable materials and reuse (Resource use)
- 5 Improper waste management (Waste) – increased handling costs, higher operational expenses
- 6 Corruption and bribery (Corruption and bribery)



# Double materiality assessment

To better understand the impact that our activities have on the environment and society, and the impact that external environmental and social issues have on Nivika, we have conducted a double materiality assessment in accordance with the EU’s Corporate Sustainability Reporting Directive (CSRD). By analyzing both internal and external factors and engaging our stakeholders, Nivika has identified a number of sustainability issues which form the basis of Nivika’s four focus areas: (i) Long-term value development, (ii) Environment and resource use, (iii) Sustainable urban development and (iv) Sustainable employees.

Key sustainability issues within these areas include climate impact and adaptation, reduction of carbon emissions, energy efficiency, resource efficiency, fair working conditions, and social responsibility. Understanding the key risks and opportunities for Nivika within the areas will allow us to further integrate sustainability into our core activities and decision-making processes and create long-term value for our stakeholders.

### Environment and resource use

We build, manage, and develop properties in a resource-efficient manner with a focus on the climate. Ensuring that our properties are energyefficient, have a low climate impact, and contribute to a functional and healthy indoor environment is essential. It is in and around our properties where we can make the greatest impact to minimize our environmental footprint. We prioritize reporting and improving the properties' climate impact, environmental performance, and energy consumption.

- Climate impact and adaptation to a changing climate
- Resource efficiency – energy, materials and waste
- Biodiversity




### Sustainable urban development

We are a local community builder that provides attractive and comfortable areas for our tenants. Nivika contributes to the region's development through our core business, creating conditions that enable our tenants to act sustainably. We also engage in initiatives such as infrastructure, innovation, and education, and prioritize local suppliers.

- Safe neighborhoods and communities
- Pleasant properties




### Sustainable employees

We are an inclusive workplace with healthy and committed employees. The well-being, engagement, and development of our employees have a direct impact on customers' experiences with Nivika, as well as our ability to deliver positive outcomes. In our efforts to be an attractive employer, we particularly focus on workplace health and safety, skills development, gender equality, and diversity.

- Good working conditions
- Gender equality and diversity
- Skills development




### Long-term value development

We create long-term value through responsible business practices. Taking responsibility in our relationships with customers, suppliers, and partners is crucial for maintaining trust and our ability to build sustainable business success over time. We place significant emphasis on ensuring financial stability, responsible relationships throughout the value chain, and compliance with Nivika’s code of conduct.

- Financial stability
- Responsible business conduct
- Workers in the value chain

# Climate responsibility

## Climate impact and adaption

The construction and real estate sector accounts for a substantial share of total greenhouse gas (GHG) emissions in Sweden and significant measures are needed to achieve net zero emissions. This, while there is a great need in society to renovate and develop new buildings and infrastructure. Nivika participates in “Collaboration for Climate Neutral Construction” in Jönköpings län – a network of local businesses and the Energy Office of Northern Småland - with the objective to increase collaboration across the region’s construction and real estate sector to reach the goal of climate neutrality by 2045. For us, the commercial advantages of reducing our climate impact are clear, and we see no conflict between profitability and sustainability. Contributing to climate neutrality in the real estate sector will require significant reductions in the energy use and waste associated with operating our properties as well as in the climate footprint of our construction activities. We are addressing this by investing in energy efficiency solutions, renewable energy through solar panel installations, and by making sustainable choices in new constructions and renovations by, for example, increasing the use of sustainable and locally-produced materials.

Moreover, new residential properties are built in accordance with the requirements of the EU Taxonomy as well as our own “Nivika standard”. The Nivika standard is based on the concept of designing for long-term management by selecting materials and

products of high quality and with consideration of resource efficiency, reuse and the promotion of a circular economy. Transportation and waste management are also central areas where we can reduce emissions and increase recycling. We use electric vehicles, install charging stations, and set high standards for managing waste and collaborate to optimize recycling.

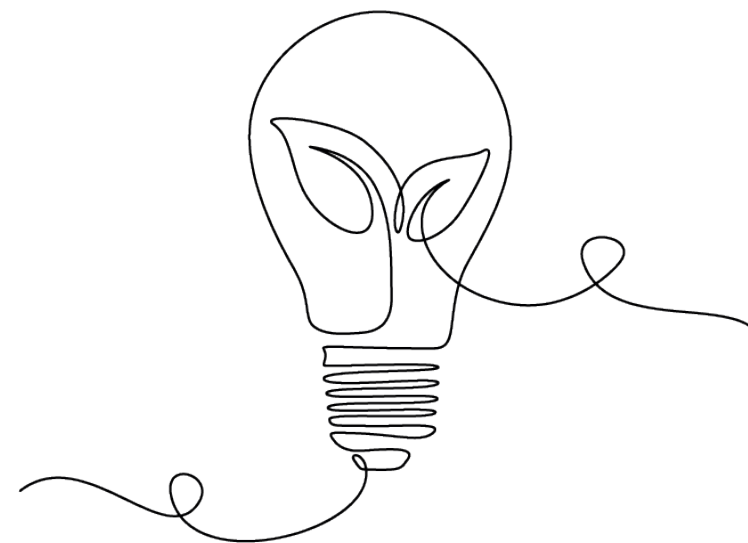
## Physical climate risks

Given the long lifespan of buildings and their geographically fixed nature, Nivika is exposed to physical climate risks that could have direct impacts on our properties and their surroundings. Identifying and analyzing these risks are an extension of our regular risk management activities. Environmental aspects, including climate, are incorporated into this process along with all other corporate risks and opportunities. In addition, Nivika has analyzed the entire property portfolio’s exposure to climate- and sustainability-related risks and opportunities, in accordance with the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). Increased precipitation and flooding were found as the greatest potential future climate risks, and necessary adaptation measures will be undertaken in those properties particularly exposed. Climate risks are also assessed and addressed in new development projects.

## Promoting biodiversity

Climate risks, climate impact and biodiversity are closely linked. While actions are needed to reduce our

climate impact, we also need to promote increased biodiversity. The more plants and vegetation, the greater the capacity to absorb carbon dioxide emissions in the atmosphere. More plants and trees also create shades, which alleviates the effect of heat waves and contribute to natural stormwater management through improved absorption of water. When a new area is exploited for the development of new buildings, it may imply that certain ecological values on the site are affected. Nivika strives to support biodiversity by, among other things, building green roofs and creating green courtyards, but also by prioritizing plants and trees that bloom to enhance the biological value around the properties.







## Climate-related goals

**Assess and report on climate impact:** emission calculation in accordance with the GHG Protocol and calculating the climate impact of new development projects through climate declarations, for the purpose of reducing our climate footprint both related to the existing property portfolio and from new constructions. Nivika is currently in the process of establishing new targets for Scope 1-3 GHG emissions and will seek validation from the Science-Based Targets initiative during 2025 to ensure alignment with the 1.5 degree target.

**Sustainability risk management:** annual assessment of sustainability risks associated with the property portfolio, such as risks related to climate change, pollution, water supply, invasive species and socio-economically vulnerable areas.

**Energy consumption:** All new residential buildings are developed with an energy performance better than the level required by the national building regulation, in accordance with the EU Taxonomy. The energy consumption of each property in our portfolio has been mapped and plans have been established with measures to improve the energy performance of the least energy efficient properties

**Solar energy:** Solar energy is essential in the real estate sector's green transition and therefore a key pillar in Nivika's sustainability work. We have invested heavily in solar energy and we are among the leading property companies in Sweden when it comes to solar panels installation.

**Waste and reused materials:** reduce the amount of waste that goes to landfill/incineration, increase the rate of recycled waste on construction sites and from tenants, and increased use of recycled/reused materials in new development projects.









## Social Responsibility

Nivika builds pleasant and safe living environments that contribute to societal development. By creating sustainable neighborhoods with mixed-use developments, we promote diversity and community. Our employees are central to this development, and we strive to offer a fair and inclusive workplace with equal opportunities for everyone.

### Nivika's social sustainability goals include:

- Sustainable employees that are happy, engaged and that grow at work
- Healthy and inclusive workplace with low sickness absence
- Gender balance and diversity
- Satisfied tenants, followed up through customer satisfaction surveys
- Code of Conduct guiding employee behavior at work and how we should conduct our business
- Sustainable value chain: requirements on quality, working conditions and work environment imposed on our suppliers and sub-contractors, enabling cooperation for increased sustainability

## Sustainability Governance

Nivika's board has the overall responsibility for the governance of sustainability issues. The executive management is responsible for developing proposals for policies, goals, and strategies, and results related to goals and climate-related issues are presented to the board and discussed at scheduled meetings throughout the year. Sustainability work is a natural and integrated part of all operations and the responsibility for daily work with climate-related issues such as planning, implementation, and follow-up follows the organizational structure. Climate-related issues are included as part of the business plans that are developed. The Sustainability Manager has the operational responsibility to drive, develop, and follow up on Nivika's climate efforts and report the outcomes to the executive management.

Nivika also has an important responsibility to promote sustainability in its supply chain and set requirements related to sustainability for suppliers and subcontractors. For example, suppliers are required to comply with our Code of Conduct. Overall, we strive to partner with local suppliers and establishing close and long-term relationships to jointly promote sustainability throughout the value chain.



# Our goals Linked to the UN Sustainable Development Goals

Nivika's sustainability work is focused on the areas where we have the greatest impact and thus the greatest opportunity to contribute to positive development. Nivika contributes to the 2030 Agenda and its Sustainable Development Goals (SDGs), with a particular focus on selected milestones, as further described below.

## Goal 3 – Good Health and Well-being



Our properties are designed to promote the well-being of our tenants. By constructing residential properties in accordance with the EU Taxonomy criteria and choosing locally produced materials, we contribute to reducing the use of harmful chemicals and materials, as well as avoiding pollution to air, soil, and water. A good indoor climate in our properties is important for the health of our tenants and helps to reduce the sickness rate in society. We also work to ensure good health among our employees. (Sub-goals 3.4, 3.9)

## Goal 5 – Gender Equality



Nivika believes in the strength of diversity. We welcome employees with different backgrounds, orientations, traits, and competencies. Being open and curious has been an important part of Nivika's success, which is why we encourage differences and uniqueness. We consistently work to increase gender equality and combat discrimination in the workplace. Generally, Nivika has a predominance of men, especially within property management where we aim for a more even distribution. (Targets 5.1, 5.5)

## Goal 7 – Affordable and Clean Energy



By purchasing electricity from hydro and wind power and installing solar panels on our properties, we contribute to increasing the share of renewable energy in the global energy mix. Through various measures, we reduce energy consumption in our buildings and encourage more efficient use of floor space, thus helping to increase energy efficiency. (Targets 7.2, 7.3)

## Goal 8 – Decent Work and Economic Growth



Sustainable economic growth secures and creates new jobs while engaged, competent, and healthy employees are essential for achieving good results. We work to promote a safe and secure working environment and good working conditions for both our own employees and suppliers. Our goals are low rate of sick leave and zero workplace accidents. We also invest in skills development for our employees. With sustainable employees, the foundation for development and profitability is laid. (Targets 8.4, 8.5, 8.8)

## Goal 11 – Sustainable Cities and Communities



Through our work, we are an active part in the development of cities. In planning, building, and managing properties and neighborhoods, we collaborate with customers, suppliers, and municipalities to create sustainable cities and communities together. With a careful mix of buildings, designing of public spaces, and green areas, we create urban life, green oases, safety, and comfort that includes everyone. We are also involved in developing industrial areas and creating opportunities for an expanding business sector in and around our municipalities. (Targets 11.6, 11.7)

## Goal 12 – Responsible Consumption and Production



Our ambition is to contribute to more sustainable consumption and production. We do this by actively working on our own, our suppliers', and our customers' resource efficiency. We strive to reduce energy consumption, achieve environmentally friendly management of chemicals and waste, and reduce emissions by environmentally classifying buildings, setting requirements for suppliers, and selecting sustainable materials such as wood. (Targets 12.2, 12.4, 12.5)



## Goal 13 – Climate Action



Reducing energy use and the use of fossil fuels, and thereby reducing carbon emissions and climate impact, is an important part of our work. We also want to strengthen cities' and properties' resilience to, and capacity for, adaptation to climate-related hazards and natural disasters. (Targets 13.1, 13.3)

## Goal 16 – Peace, Justice, and Strong Institutions



For us, it is important to have a proactive approach to minimize all forms of corruption and bribes, not only among employees but also suppliers and customers. This is our way of contributing to a peaceful and inclusive society. (Target 16.5).





## Nivika's rationale for Green Financing

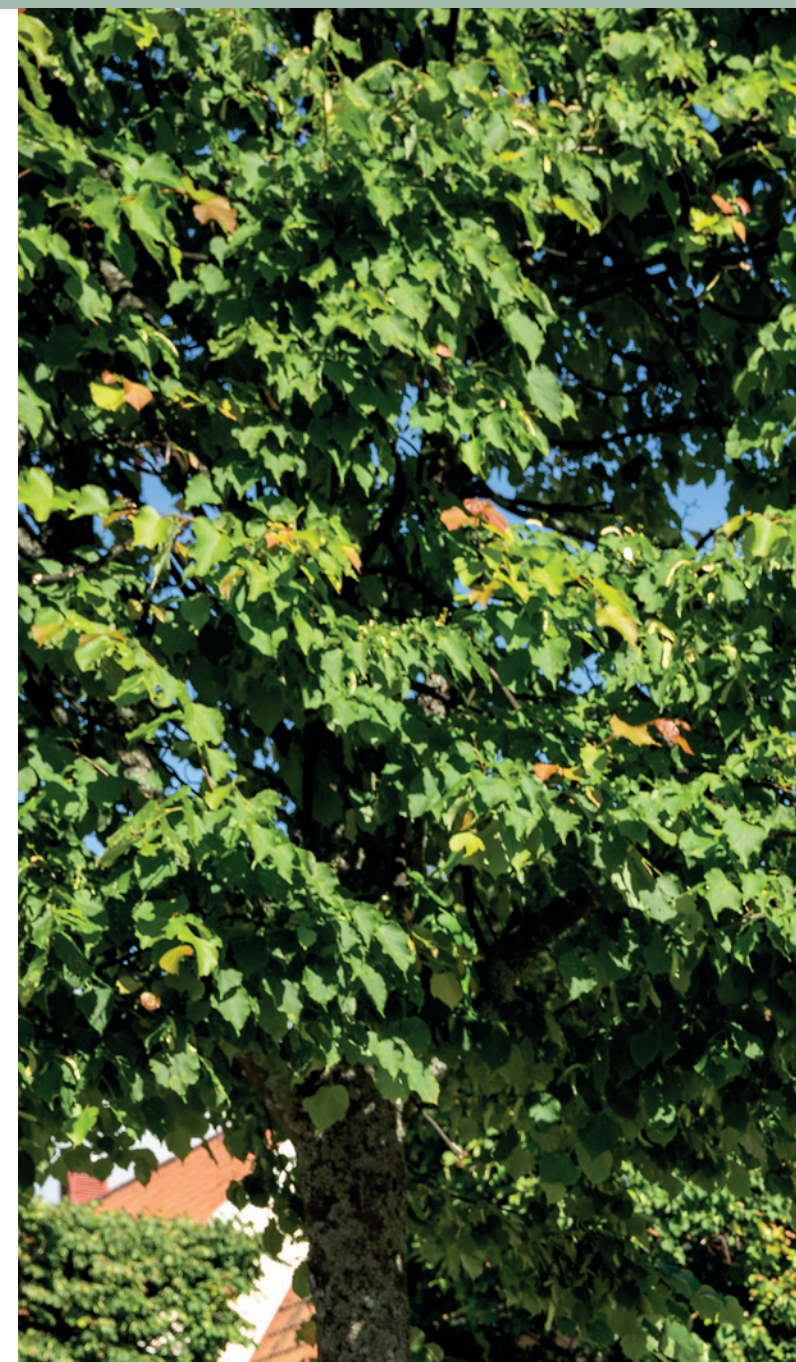
Nivika's goal is to secure an attractive property portfolio with long-term sustainable value without impacting negatively on people or the environment. As part of this, we will increase our efforts and engagement towards reducing our climate footprint, reach climate neutrality across the value chain, and take measures to improve on energy and resource efficiency. Green financing is a natural extension of these efforts and the sustainability work carried out throughout the organization. For Nivika, green financing contributes to increased responsibility, trusting relationships with our financiers, and pride and commitment among our employees.

Nivika launched its first Green Finance Framework and issued its inaugural green bond in September, 2020. The sustainable finance market continues to evolve with new and updated guidelines, standards and regulations, including updated versions of the Green Bond and Loan Principles. Green financing continues to be a top priority for Nivika and this updated Green Finance Framework is structured to capture these developments and align with best market practices.

The Framework is developed to align with the International Capital Market Association's (ICMA) Green Bond Principles (2021 with June 2022 Appendix 1) and the Green Loan Principles (2023) administered by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA). The four core components of the Principles along with its recommendation of external review form the basis of the Framework:

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

The Framework allows Nivika to raise capital through green debt products such as bonds and loans (Green Debt). The terms and conditions of the underlying documentation for each Green Debt instrument issued by Nivika shall provide a reference to this Framework. Nivika has worked with Danske Bank to develop the Framework and Sustainalytics has provided a Second Party Opinion, which is publicly available at our website.







# 1. Use of Proceeds: definitions

## 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 are in accordance with the Green Project categories defined in the next pages (Green Projects), in each case as determined by Nivika. Green Projects will form a portfolio of assets eligible for financing and refinancing with Green Debt. The overarching goal of the Green Projects is to contribute to climate change mitigation and adaptation.

## 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 allocated amounts to Green Projects financed within the reporting year, and refinancing is defined as allocated amounts to Green Projects financed prior to the reporting year. The distribution between new financing and refinancing will be reported on in Nivika's annual Green Debt reporting.

## Exclusions

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

## Sustainable Development Goals

The Green Projects have been mapped to the UN Sustainable Development Goals (SDGs) in accordance with the High-Level Mapping to the Sustainable Development Goals published by ICMA.



# 1. Use of Proceeds: Green Project categories

Green Project categories	Eligibility criteria
<b>ICMA GBP Category</b>  Green and energy-efficient buildings	<b>New buildings<sup>1</sup></b> New commercial and residential buildings constructed in accordance with the following criteria: <ul style="list-style-type: none"> <li>• Designed to achieve a net Primary Energy Demand (PED) that is at least 10 per cent lower than the threshold required by the Swedish building regulation (BBR 29) <sup>2</sup></li> <li>• Subject to screening of material physical climate risks</li> <li>• For buildings that are subject to the national regulation on climate declarations<sup>3</sup>, the climate impact of the construction stage of the building has been calculated (module A1-A5) and will have a maximum climate impact (expressed in kg CO<sub>2</sub>e per gross floor area) that is at least 10 per cent lower than the threshold applicable for the relevant building type, once such thresholds have entered into force in the regulation<sup>4</sup>.</li> </ul>
<b>EU Environmental Objective</b>  Climate change mitigation	Eligible EU Taxonomy category: 7.1 - Construction of new buildings
<b>UN SDG</b>  SDG 7 - Affordable and Clean Energy SDG 11 - Sustainable Cities and Communities	<b>Existing buildings<sup>5</sup></b> Existing buildings that have undergone screening of material climate risks and that comply with one the following criterions: <ul style="list-style-type: none"> <li>• Buildings with an Energy Performance Certificate (EPC) of class A, or</li> <li>• Buildings that are determined to belong in the top 15% of the national building stock, expressed as PED and demonstrated by adequate evidence such as through a specialist study or as concluded in relevant statistics.</li> </ul>
	Eligible EU Taxonomy category: 7.7 - Acquisition and ownership of buildings
	<b>Major renovations</b> Renovations of existing buildings complying with one of the following criterions: <ul style="list-style-type: none"> <li>• The building renovation leads to a reduction in PED of at least 30% compared to the pre-investment situation, or</li> <li>• The building renovation meets minimum energy performance requirements of the national building regulation for major renovations.</li> </ul>
	Eligible EU Taxonomy category: 7.2 - Renovation of existing buildings

<sup>1</sup>Built after 31 December 2020.

<sup>2</sup>In Sweden, the Nearly Zero-Energy Building (NZEB) is equivalent to the level required for new construction by the Swedish Building Regulation.

<sup>3</sup>The climate declaration requirement applies to new buildings that require building permits and which are not exempted in the regulation. The requirement has been applicable since 1 January 2022. Climate declarations describe the building's climate impact, as calculated based on the GHG emissions from the construction phase i.e. associated with the extraction and supply of raw materials, manufacture of construction products and components, work at the construction site and transports.

<sup>4</sup>Thresholds on climate impact are proposed to enter into force on 1 July 2025 for those buildings that are erected and subject to the regulation on climate declarations.

<sup>5</sup>Built before 31 December 2020.



## 2. Green project evaluation & selection process

The assessment and management of environmental, social, corporate governance and financial risks are core components of Nivika's decision-making processes. Our risk management strategy is stated in our policies, guidelines and instructions. The process for Green Project evaluation and selection will follow the same standard due diligence procedure and decision-making process.

The Green Project evaluation and selection process is essential for ensuring that an amount equivalent to the Green Debt net proceeds is allocated to Green Projects eligible under this Framework. Nivika's Green Finance Committee (GFC), chaired by the Chief Sustainability Officer, is responsible for overseeing the process and convenes annually or when otherwise considered necessary. The GFC also includes the Chief Executive Officer and the Chief Financial Officer. The process is based on the following steps:

- (i) From existing and new investments, sustainability experts and representatives within Nivika evaluate potential Green Projects, their compliance with the Green Project categories in the Framework, and their environmental benefits. Based on the assessment, the experts can nominate investments as potential Green Projects.
- (ii) A list of nominated potential Green Projects is presented to the GFC. The GFC is solely responsible for the decision to acknowledge the project as eligible, in line with the Green Project criteria of the Framework. Eligible Green Projects will be tracked using 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.

For the avoidance of doubt, the GFC holds the right to exclude any Green Project already funded by Green Debt net proceeds. If a Green Project is sold, or for other reasons loses its eligibility, funds will follow the procedure described under the Management of Proceeds section until reallocated to other eligible Green Projects.

## 3. Management of Proceeds

### Tracking of net proceeds

The net proceeds from Green Debt will be managed according to a portfolio approach. Nivika will use a Green Register to track the allocation of net proceeds from Green Debt to eligible Green Projects. The purpose of the Green Register is to ensure that Green Debt net proceeds only support the financing/refinancing of Green Projects, or to repay Green Debt. The Green Register will form the basis for the impact and allocation reporting. Nivika's ambition is for the total value of the Green Register to always exceed the total value of Green Debt outstanding.

### Temporary holdings

Unallocated Green Debt net proceeds may temporarily be placed in the liquidity reserve and managed accordingly by Nivika. For the avoidance of doubt, temporary holdings will not be placed in entities with a business plan focused on fossil energy generation, nuclear energy generation, weapons and defense, environmentally negative resource extraction, gambling or tobacco.



## 4. Reporting and transparency

Nivika will annually, until full allocation and in the event of any material developments, provide investors with a publicly available report describing the allocation of Green Debt 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:

- A summary of Green Debt developments
- The outstanding amount of Green Debt issued, presented per type of debt instrument
- The balance of the Green Projects in the Green Register (including any temporary investments and Green Debt repayments)
- The total proportion of Green Debt net proceeds used to finance new Green Projects and the proportion of net proceeds used to refinance Green Projects
- The total aggregated proportion of Green Debt net proceeds used per Green Project Category
- Additional information that may be of relevance, such as reporting in relation to the EU Taxonomy Regulation

### 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 large number of smaller Green Projects in the same Green 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 report will, if applicable, be based on the following impact indicators:

- Building certification and/or energy performance class of the building
- Annual energy use reduced/avoided (%)
- Annual GHG emissions reduced/avoided (tonnes of CO<sub>2e</sub> emissions)



## External review

### Second Party Opinion

Sustainalytics has provided a second party opinion to this Framework, verifying its credibility, impact and alignment with the ICMA Green Bond Principles (as of 2021 with June 2022 Appendix 1) and the LMA/LSTA/APLMA's Green Loan Principles (as of 2023).

### Post-issuance review

An independent external party, appointed by Nivika, will on an annual basis, until full allocation and in the event of any material developments, provide a review confirming that an amount equal to the net proceeds has been allocated to Green Projects.

### Publicly available documents

The Framework and the second party opinion will be publicly available on Nivika's website, together with the post-issuance review and the reporting, once published.



**nivika.**