

An aerial photograph of a residential complex. Several multi-story apartment buildings are visible, each with a flat roof covered in solar panels. The buildings are surrounded by lush greenery, including trees with vibrant autumn foliage in shades of yellow, orange, and red. A paved road and parking areas with several cars are also visible. The overall scene is a mix of urban development and natural beauty.

GREEN BOND FRAMEWORK

SEPTEMBER 2021

BACKGROUND

SUSTAINABLE HOUSING

Willhem is a modern residential company focusing on customer service and safety in our residential areas. We create attractive, sustainable residential properties in areas where people want to live. Our business is founded on the requirements and expectations of our customers, owner and society. The results of our work are homes that are economically, socially and environmentally sustainable. We own, manage and develop rental apartments in expanding areas in Sweden. Sustainability informs every part of the business and is integrated into daily work.

Green financing contributes to the creation of an environmentally friendly property portfolio. The proceeds from the green bonds we issue will be used for new real estate projects and to refinance projects that comply with our green framework.

ENVIRONMENTAL IMPACT

As a real estate company, we have a responsibility to manage our resources. Therefore, we strive to minimize both our own and our tenants' environmental impact. Sustainable solutions for energy-efficient buildings, renewable energy sources, waste management and electric vehicles in our areas are typical examples. The energy efficiency of our properties has the greatest impact on the climate and is therefore an important focus

area. Willhem's ambitious energy reduction target was adopted in 2012. By 2030 we are set to reach an energy use of 92 kWh per sq m on average. To achieve this target, we set annual objectives for energy use and make investments in energy reduction and energy optimization in our buildings.

When we develop new properties, we strive to minimize any negative environmental impact. As a member of Swedish Green Building Council (SGBC), we continuously train our staff in the environmental field. Development projects follow high standards of material selection and resource management with the lowest possible environmental impact. We use sustainable purchasing channels and sustainable production and logistics solutions. Our objective for energy performance is at least 20% better than national building regulations. We aim to certify all our development projects according to Miljöbyggnad Silver level.

Willhem has developed a concept for standardized renovations of single apartments. The concept, known as Willhemlyftet (the Willhem boost), ensures optimized transport routes and no unused, left-over material.

Willhem acknowledges that climate change is a global challenge where we must be part of the solution as well as preparing and



adapting to a different climate in the long term. We aim to have net-zero greenhouse gas emissions by 2030 in scope 1 and 2 and a reduction of scope 3 emissions by 50% between 2018 and 2030. These targets are in line with the 2015 Paris Agreement, and we have applied to have them approved by the Science Based Targets Initiative.

The climate impact from development projects is a challenge facing the entire real estate sector, and one that is increasingly important to tackle as energy efficiency has massively improved in new buildings over the past 20 years. Upcoming legislation will require a climate disclosure to be made during the building process. In time, there will most likely also be a threshold for total climate impact per square meter floor area.

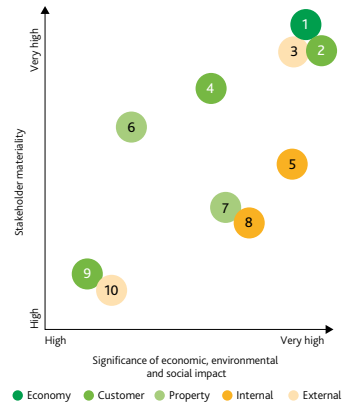
ACHIEVING ENERGY REDUCTION TARGETS

Reducing the energy consumption of our property portfolio is especially important for climate impact. Our target is to reduce average energy consumption to 92 kWh per sq m, equivalent to a 50% reduction since the founding of the company. To achieve this, we invest in energy efficiency measures and active management of property operations. Efficiency measures include roof insulation, window replacements, energy-efficient appliances, heat pumps and solar panels for electricity generation. We strive to replace gas or oil boilers if such are already in place in properties we acquire. The annual investment in energy efficiency measures and renewable energy sources amounts to approximately SEK 300 million.

GOVERNANCE

A materiality analysis was performed in 2019 to discover the greatest material sustainability aspects in Willhem's operations. The aspects resulted in ten focus areas with an overall objective for each area. In local business planning, each business area sets its own targets to contribute to the overall objective on the group level.

Ten areas of sustainability	Relevant SDG's
1. High and stable returns	8
2. Customer satisfaction	10, 11
3. Reduced GHG emissions	7, 13
4. Attractive residential areas	11, 16
5. Responsible business	8, 16
6. Healthy and functional housing	11, 13
7. Life cycle perspective	12
8. Dedicated employees	8
9. Customer environmental awareness	7, 12, 13
10. Active in the community	10, 11, 16



Willhem's board of directors is ultimately responsible for the development and implementation of the company's policy for sustainable development, while the CEO is operationally responsible for compliance with the policy. A sustainability council has been appointed consisting of senior management and a sustainability strategist.

Targets are followed up throughout the year, and Willhem's sustainability reporting follows GRI Standards level Core, integrated into the Annual Report.

Furthermore, Willhem annually participates in GRESB, a global sustainability benchmark for real estate companies assessing governance and transparency, compliance, risk management and environmental and social sustainability. The benchmark also serves as a tool to improve our sustainability performance and governance of sustainability aspects. Our long-term goal is to achieve 85 points.



An annual risk assessment is undertaken at the group level, where financial, social and environmental risk is addressed. On a local level, an overall assessment of each individual property is made every year, resulting in a business plan for each property to reduce the risks of owning and managing said properties. Some potential risks identified include high indoor temperatures during heatwaves, and flooding and weather exposure due to increased wind and precipitation. When developing new properties, we address climate-related risks in the early stages of the planning process together with local authorities.

GLOBAL INITIATIVES

Willhem has embraced the UN Global Compact and is committed to its ten principles for human rights, working conditions, the environment and corruption. These principles, together with our core values, form the basis of our code of conduct.

SUSTAINABLE DEVELOPMENT GOALS – 17 GOALS TO TRANSFORM THE WORLD

The UN's 17 sustainable development goals are a call for action by all countries – poor, rich and middle-income – to promote prosperity while protecting the planet. The goals recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

Willhem recognizes and supports the global goals. We have identified goals 7, 8, 10, 11, 12, 13 and 16 to be those where Willhem's contribution is the greatest.

FRAMEWORK ALIGNMENT WITH THE SUSTAINABLE DEVELOPMENT GOALS.

The investments covered by this framework primarily contribute to goal numbers 7, 11, 12 and 13.

GREEN BOND FRAMEWORK

As part of Willhem's commitment to sustainability, this updated Green Bond Framework (the "Framework") has been developed in line with the ICMA Green Bond Principles (GBP) 2021. Accordingly, the Framework consists of the four key pillars and recommended external review component.

1. Use of proceeds
2. Process for project evaluation and selection

3. Management of proceeds
4. Reporting
5. External Review

It is Willhem's intention to follow best practice in relation to green bonds as market standards develop and the EU classification of environmentally sustainable economic activities enters into force. As a result, the Framework may be amended and/or updated to reflect the changes in market practice.

USE OF PROCEEDS

ALLOCATION OF NET PROCEEDS

An amount equal to the net proceeds from green bonds issued by Willhem will be used to finance new eligible projects or to refinance eligible projects in whole or in part that are financed by Willhem or its subsidiaries and which promote the transition towards a low-carbon and environmentally sustainable society, in each case as determined by Willhem in accordance with the green project categories defined in this Framework. Green projects will form a portfolio of projects eligible for financing and refinancing by green bonds. New projects are defined as projects that have been finalized during the 365-day period prior to the issuance of the bond. The distribution between new financing and refinancing will be reported in Willhem's Annual Green Bond Impact Report.

EXCLUSIONS

Net proceeds from green bonds, or any other bonds issued by Willhem, will not be allocated to projects whose purpose is fossil-based energy generation, nuclear energy generation, the arms and defence industry, potentially environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

SUSTAINABLE DEVELOPMENT GOALS

In the Framework, each green project category has been mapped to the SDGs in accordance with the ICMA document entitled Mapping the SDGs. Some of the SDGs indicated are among those Willhem actively works with, and which are integrated in our sustainability strategy and described above. Others are SDGs not considered material to Willhem's work, but which are especially relevant to the projects presented below.

ELIGIBLE PROJECTS

GREEN BUILDINGS



EU Environmental Objectives: *Climate Change Mitigation*

Financing of development, acquisition, refurbishment and renovation according to any or the four categories below that

1. Have an energy performance level in kWh per sq m and year at least 20% lower than the applicable national building code, and a design stage certification, a post-construction certification or an in-use certification that fulfils the requirements of at least BREEAM or BREEAM In-Use Very Good, LEED Gold, or
2. Have a design stage certification, a post-construction certification or an in-use certification that fulfils the requirements of at least Miljöbyggnad Silver, Miljöbyggnad iDrift, the Nordic Swan Ecolabel, EU Green Building or an equivalent environmental system determined by Willhem, or
3. Have or will undergo a major renovation that leads to a 30% decrease in overall energy use, or
4. Have an energy performance certificate (EPC) with energy class A or B, or
5. Achieve an energy use per sq m not exceeding the targets set below:

Construction year	Energy use per square meter
Before 1971:	135 kWh / sq m
1971-1999:	125 kWh / sq m
2000-2006:	115 kWh / sq m
After 2006:	At least 20% lower than the applicable national building code.

Our target is to reduce energy consumption to 92 kWh per sq m, equivalent to a 50% reduction since the founding of the company.

ENERGY EFFICIENCY



EU Environmental Objectives: *Climate Change Mitigation*

Financing of investments to decrease overall energy use of for example heat pumps, geothermal heating/cooling, district heating/cooling, energy efficient lighting or windows, upgrading of ventilation systems or related IT-technology. Willhem will strive to include investments that avoid negative long-term impact on the climate.

RENEWABLE ENERGY



EU Environmental Objectives: *Climate Change Mitigation / Adaption*

Financing of investments that produce renewable energy or aim to increase the share of renewable energy use, e.g. installation of solar panels or solar farms, wind and geothermal power, bioenergy or related infrastructure.

CLEAN TRANSPORTATION



EU Environmental Objectives: *Climate Change Mitigation*

Financing of investments into infrastructure for clean transportation such as charging stations and bicycle facilities as well as zero-emission electric vehicles and the provision of carpools as used in Willhem's operations.

POLLUTION PREVENTION & CONTROL



EU Environmental Objectives: *Pollution prevention*

Financing of investments that aim to manage, remove, replace or decrease the level of waste and harmful substances and increase the level of reuse and recycling, e.g. waste facilities, recycling installations, HVAC systems or soil remediation.

PROJECT EVALUATION & SELECTION PROCESS

The evaluation and selection process for eligible projects is a key process in ensuring that the proceeds from green bonds are allocated to projects and activities which meet the criteria in the Framework. Willhem has a green bond committee to evaluate and select eligible projects for funding by the net proceeds raised under the Framework. The committee is responsible for monitoring the green portfolio and reporting on its environmental benefits. The green bond committee consists of members from the finance and sustainability departments. The committee will evaluate the resilience and environmental impact of eligible projects and potential

lock-in and rebound effects. Eligible projects will be selected in consensus by the finance and sustainability departments. At a minimum, the committee will meet once a year and keep minutes of its deliberations. A list of eligible projects is kept by the finance department, which is also responsible for keeping said list up to date. All the while there are green bonds outstanding, the list of eligible projects is monitored to ensure proceeds are fully allocated to eligible projects. Any future updates of the Framework must first gain the approval of the green bond committee.



MANAGEMENT OF PROCEEDS

The net proceeds raised under the Framework will be tracked and monitored by Willhem and credited to a separate account (the “green account”). At the end of every fiscal quarter during which there are green bonds outstanding and the green account has a positive balance, funds will be withdrawn from the green account and added to Willhem’s lending pool of eligible projects in an amount equal to all disbursements from said pool made during such a quarter in respect of eligible projects. If at any time the total amount of net proceeds exceeds the total

value of eligible projects, the green account excess balance will be placed in liquidity reserves. Willhem will keep and monitor a record of net proceeds raised and eligible projects financed (the “green register”). If for any reason a financed eligible project ceases to comply with the eligibility criteria set out in Willhem’s green bond framework, the asset will be removed from Willhem’s lending pool of eligible projects and funds for the asset will be re-credited to the green account.

REPORTING

To provide transparency regarding the use of proceeds and environmental impacts, Willhem will publish an annual green bond investor letter with details on allocations to eligible projects and related performances.

The green bond committee is responsible for compiling and publishing the green bond investor letter. The following allocation and performance disclosures will be covered in the green bond investor letter:

Allocation reporting

- A list of funded eligible projects with amounts allocated to each sub-category as defined in the Use of Proceeds section
- Detailed descriptions of selected eligible projects
- Share of new financing vs refinancing
- Unallocated amounts (if any)

Impact reporting

To provide further insight into the environmental benefit of its eligible projects, Willhem will strive to report on impact and performance on a category level using quantitative impact indicators. Assessments will be made on a best-effort basis and in the case of non-operational projects, ex-ante (i.e. forecast) impacts or performance will be provided. The following metrics will be included in the green bond investor letter:

Green buildings:

- Environmental certification and level
- Annual energy performance (kWh per sq m), as compared to applicable national building code (new buildings)
- Annual energy saved (MWh) as compared to the applicable national building code (pre-renovation level in case of renovations)
- Estimated annual GHG emissions, Scope 1 and 2 (gCO₂e per sq m) and annual GHG emission savings (tCO₂e)

Energy efficiency:

Each yearly report will include at least one example (if applicable) of an energy efficiency investment that has been financed with green net proceeds. Where applicable, Willhem will emphasize carbon savings as valid performance metrics.

Renewable energy:

- Annual renewable energy production (MWh)
- Estimated annual GHG emissions reduced or avoided (tCO₂e)

Clean transportation:

- Estimated annual GHG emission savings (CO₂e and/or percentage)

EXTERNAL REVIEW

Willhem acknowledges the recommendation in the Green Bond Principles to provide information and transparency on the external review process.

Second party opinion (pre-issuance)

To ensure alignment with national and international guidelines, Willhem has engaged Cicero – Shades of Green to act as an external verifier of this Framework.

Third-party review (post-issuance)

Willhem has appointed an external independent auditor to confirm annually that the selection process for the financing of eligible projects and the net proceeds of the green bonds are allocated in accordance with the Framework. The Framework, the second party opinion and the investor letter will be publicly available on the Willhem website.