

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainability Financing Framework

Sehllhall Fastigheter AB
7 April 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Sustainable Financing Instruments
Relevant standards	<ul style="list-style-type: none">• International Capital Market Association's (ICMA) Sustainability Bond Guidelines (SBG), Green Bond Principles (GBP), and Social Bond Principles (SBP), as of June 2021• Loan Market Association's (LMA) Green Loan Principles (GLP) and Social Loan Principles, as of June 2021
Scope of verification	<ul style="list-style-type: none">• Sehllhall Sustainability Financing Framework (as of 23.03.2022)• Sehllhall Selection Criteria (as of 23.03.2022)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as there is no material change to the Framework

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SCOPE OF WORK


Sehlhall Fastigheter AB (“the issuer” or “Sehlhall”) commissioned ISS ESG to assist with its Sustainable Financing Instruments by assessing three core elements to determine the sustainability quality of the instrument:

1. Sustainable Financing Instruments link to Sehlhall’s sustainability strategy – drawing on Sehlhall’s overall sustainability profile and issuance-specific Use of Proceeds categories.
2. Sehlhall’s Sustainability Financing Framework (23.03.2022 version) – benchmarked against the International Capital Market Association’s (ICMA) Sustainability Bond Guidelines (SBG), Green Bond Principles (GBP), and Social Bond Principles (SBP), as of June 2021, and the Loan Market Association’s (LMA) Green Loan Principles (GLP) and Social Loan Principles (SLP), as of June 2021.
3. The Selection Criteria – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 1).

SEHLHALL BUSINESS OVERVIEW

Sehlhall develops and manages community properties in Sweden with a focus on nursing homes, group housing for the disabled, and school properties. Currently, the company has properties and projects in more than 20 municipalities across Sweden.

Sehlhall has four areas of activity:

 SEHLHALL Vårdbostäder	
Sehlhall nursing homes develops, owns and manages nursing homes in growing municipalities.	
 SEHLHALL Gruppboheter	
Sehlhall group housing develops, owns and manages group housing (Sw. LSS-boenden) for people with functional variation.	
 SEHLHALL Skolfastigheter	
Sehlhall school properties develops, owns and manages schools and preschools in growing city areas.	
 STADS BYGGNADS BOLAGET.	
Focus is to develop land together with landowners through joint ventures.	

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
<p>Part 1:</p> <p>Sustainable Financing Instruments link to issuer's sustainability strategy</p>	<p>Sehllhall Fastigheter AB (Sehllhall) develops and manages community properties in Sweden with a focus on nursing homes, group housing for the disabled, and school properties.</p> <p>The Use of Proceeds financed through these Sustainable Financing Instruments are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Sustainable Financing Instruments is clearly described by the issuer.</p>	<p>Consistent with issuer's sustainability strategy</p>
<p>Part 2:</p> <p>Alignment with the SBG, GBP, SBP, GLP, and SLP</p>	<p>The issuer has defined a formal concept for its Sustainable Financing Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the International Capital Market Association's (ICMA) Sustainability Bond Guidelines (SBG), Green Bond Principles (GBP), and Social Bond Principles (SBP), as of June 2021, and the Loan Market Association's (LMA) Green Loan Principles (GLP) and Social Loan Principles (SLP), as of June 2021.</p>	<p>Aligned</p>
<p>Part 3:</p> <p>Sustainability quality of the selection criteria</p>	<p>The overall sustainability quality of the selection criteria in terms of sustainability benefits, risk avoidance and minimization is good based upon the ISS ESG assessment. The Sustainable Financing Instruments will (re-)finance eligible asset categories which include: green and energy efficient buildings, energy efficiency, and access to essential services.</p> <p>Those use of proceeds categories have a significant contribution to SDGs 10 'Reduced Inequalities', 11 'Sustainable Buildings and Cities' and 13 'Climate action' and a limited contribution to SDGs 3 'Good Health and Wellbeing', 4 'Quality Education' and 7 'Affordable and clean energy'. The environmental and social risks associated with those use of proceeds categories have been well managed.</p>	<p>Positive</p>

¹ ISS ESG's evaluation is based on Sehllhall's Sustainability Financing Framework and its selection criteria as received on 23.03.2022.

ISS ESG SPO ASSESSMENT

PART I: SUSTAINABLE FINANCING INSTRUMENTS LINK TO SEHLHALL'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF SEHLHALL'S ESG PERFORMANCE

Methodological note: Please note that Sehlhall Fastigheter AB is not part of the ISS ESG Corporate Rating Universe. Thus, the below sustainability profile is an assessment conducted by the analyst in charge of the real estate sector based on publicly available information exclusively. No direct communication between the Issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research's methodology.

Industry classification:

Real Estate

Key Issues of the industry:

1. Green building considerations
2. Climate protection, energy efficiency and renewables
3. Environmental and social aspects in site selection
4. Worker safety and accident prevention
5. Health and well-being of occupants

Indicative ESG risk and performance assessment

Sehlhall Fastigheter AB (Sehlhall) develops and manages community properties in Sweden with a focus on nursing homes, group housing for the disabled, and school properties. Based on the company's business model, ESG risks mainly relate to energy and resource efficiency of buildings, climate protection, as well as tenant and employee health and safety. As the company's property portfolio only comprises properties in Sweden where comparably high social and environmental standards prevail, overall risk exposure is limited.

Sehlhall recognizes that the real estate industry is one of the main contributors to man-made climate change. The company is in the process of measuring energy use across the portfolio and has set a target to only procure energy for its properties (electricity and heating) from 100% renewable sources by 2023 and to carry out climate-neutral construction projects (from a life-cycle perspective) from 2025 on. Yet, further indications of a climate strategy such as comprehensive greenhouse gas (GHG) emission inventories and clearly defined GHG emission reduction targets in line with the emissions reductions required to limit the global temperature increase to well below 2°C compared to pre-industrial levels are not evident.

As per its environmental and quality policy, Sehlhall is committed to building low-energy properties. As a member of the Swedish Green Building Council, the company addresses the risks related to energy use by prioritizing renewable energy and signing green electricity agreements, installing solar panels on its properties where possible, and heating with district heating (currently two buildings in the property portfolio) and/or rock heating with energy-efficient components. Yet, there are no

indications that these measures have already been implemented strategically across the portfolio, and there are no indications of further measures taken regarding lighting and insulation of buildings.

Environmental aspects are also taken into consideration when procuring building materials. Sehlhall states that it primarily builds with locally available wood. Yet, there are no indications that company procurement guidelines require third-party certification of wood-based materials and cover further relevant aspects such as renewable content, recycled content, embodied energy, re-usability, durability and maintainability, and local sourcing/material origin.

With regards to property site selection, a policy on responsible site selection covering issues such as the preference of brownfield over greenfield development and a commitment to refrain from site selection in protected areas and areas of high biodiversity value does not seem to be available. Also, a biodiversity management system is not evident (including elements such as risk and impact assessments, consultation with biodiversity experts, targets and objectives, mitigation measures, and monitoring).

There are no indications of an occupational health and safety management system covering the company's employees and its contractors. However, the company exclusively operates in Sweden where legislation requires companies to provide e.g., adequate structures and responsibilities, training and awareness-raising, and emergency response procedures on health and safety. Tenant health, safety, and well-being issues are addressed by the company by taking measures to prevent the spreading of infections in its properties, which has high relevance in nursing homes. According to Sehlhall, protection against all kinds of infections (orally spread infections, infections spread via wounds, airborne infections, and those spread through water and water aerosols) is achieved through a combination of architecture (e.g., by creating clarity in the property's design), technology, (e.g., ventilation systems, automatic door openers) and handling/routines.

Indicative product portfolio assessment

Social impact of the product portfolio:

The company seems to generate all revenues from the management and letting of community properties, including nursing homes, group housing for people with disabilities, and school buildings. Thereby, the company provides substantial positive impacts on the achievement of the global social objectives of providing basic services, ensuring health, and delivering education.

Environmental impact of the product portfolio:

Except for one property that is being certified to the green building certification LEED Gold (nursing home in Täby), publicly available information does not indicate whether further company properties are certified to green building standards (e.g., Miljöbyggnad, BREEAM, LEED). In the absence of this information, the company's properties overall are not considered as having significant positive environmental impacts.

Controversy Assessment

Company Screening

The analyst in charge of producing this report conducted a high-level controversy assessment, based on publicly available information exclusively. There is no indication of Sehlhall being involved in any of the controversies mentioned below.

Industry risks

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Real Estate sector are as follows: failure to respect the right to just and favourable conditions of work, failure to pay fair share of taxes, and failure to respect consumer health and safety. This is closely followed by failure to conduct human rights due diligence, failure to assess environmental impacts and anti-competitive behaviour.

B. CONSISTENCY OF SUSTAINABLE FINANCING INSTRUMENTS WITH SEHLHALL'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

The company strives to create economically, environmentally, and socially sustainable buildings. As such, it has already set up specific targets and initiatives.

Environmentally friendly property portfolio

In terms of environmental sustainability, for example, the company hopes that:

- ▶ By 2023, the energy consumption of the Company's buildings, including heating, will be 100% from renewable energy sources.
- ▶ By 2025, all projects should be climate neutral from a life cycle perspective. To be climate neutral in Sehlhall's projects is equivalent to binding the same amount of CO₂ as the projects emit when building the properties including transportation.
- ▶ By 2030, all property management and other operations will be climate neutral.

As a means of reducing its environmental impact and reaching these targets, Sehlhall:

- ▶ Builds mainly in wood so that its buildings have the possibility to bind more CO₂ than was emitted during the construction.
- ▶ Prioritizes renewable energy and signs green electricity contracts.
- ▶ Uses district heating and/or geothermal heating with energy-efficient components.
- ▶ Installs solar cells on its buildings where possible.
- ▶ Prioritizes subcontractors with a clear environmental focus.

Furthermore, to achieve better resource efficiency, the Company has entered into a digital partnership with Mestro, which allows Sehlhall to monitor, control, and optimize functions and installations in buildings, such as temperature, ventilation, lighting, and safety systems.

Sehlhall is also involved in research and development on crucial sustainability issues, for example through its membership in the Swedish Green Building Council and by participating in the group responsible for the development of a new Climate Plan for Eskilstuna municipality.

Finally, Sehlhall has introduced an environmental quality management system in accordance with ISO 9001 and ISO 14001 that has been completed in 2021. In 2022 Sehlhall will establish a structure for follow-up and reporting based on the objectives established in the environmental quality management system.

Social sustainability agenda

In addition to limiting environmental impact, Sehlhall has a clear agenda for social sustainability. As a provider of social infrastructure Sehlhall can create sustainable and high-quality community service buildings that support organizations that focus on social care, work integration, and education, which enables Sehlhall to fulfill its own objectives in social sustainability.

Rationale for issuance

Sehlhall has established this Sustainability Financing Framework in order to focus on social and energy efficient buildings, with the goal to enhance the company's abilities to be a positive force with regard to sustainability in the real estate sector.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under this Sustainable Financing Instruments with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Real Estate industry. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds category.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Green & energy efficient buildings	✓	✓	Contribution to a material objective
Energy efficiency	✓	✓	Contribution to a material objective
Access to essential services	✓	✓	Contribution to a material objective

Opinion: ISS ESG finds that the Use of Proceeds financed through this bond are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Green and Social Bonds and Loans is described by the issuer.

PART II: ALIGNMENT WITH SUSTAINABILITY BOND GUIDELINES, GREEN AND SOCIAL BOND PRINCIPLES, AND GREEN AND SOCIAL LOAN PRINCIPLES

1. Use of Proceeds

FROM ISSUER'S FRAMEWORK

An amount equivalent to the net proceeds from Sehlhall's Sustainable Financing Instruments shall be used to finance or re-finance, Eligible Assets providing distinct environmental benefits ("Green Eligible Assets") and/or social benefits ("Social Eligible Assets"). The Company will continuously exercise its professional judgement, discretion, and sustainability expertise when identifying the eligible Assets.

ELIGIBLE GREEN PROJECTS	ELIGIBILITY CRITERIA
<p>Green & energy efficient buildings</p>	<p>Category 1- New buildings & major renovations</p> <ul style="list-style-type: none"> i. New buildings that either have or with the objective to receive a minimum certification of Miljöbyggnad Silver, Miljöbyggnad iDrift Silver, Nordic Swan Ecolabel, LEED Gold, or an equivalent level from a certification scheme or ii. New buildings with energy consumption at least 20% below the applicable national building regulation or iii. New buildings with an energy performance certificate (EPC) of class A or B or iv. Major renovations resulting in reduced energy consumption by at least 30% or v. Prefabricated wooden buildings using locally grown Swedish wood as an input material <p>Category II- Existing buildings</p> <ul style="list-style-type: none"> i. Buildings fulfilling requirements under i. in Category I or ii. Buildings with an energy performance certificate (EPC) of class A or B, or if within the top 15% of the national building stock
<p>Energy efficiency</p>	<p>Energy retrofits such as:</p> <p>Installation of solar panels, heating pumps, improvements in ventilation systems, extension of district heating and cooling systems, improvements, and implementation of control systems, as well as activities enabling renewable energy.</p>

ELIGIBLE SOCIAL PROJECTS CATEGORIES	ELIGIBILITY CRITERIA
<p>Access to essential services</p>	<p>Community service buildings (new buildings, major renovations & existing buildings) such as:</p> <ul style="list-style-type: none"> i. Nursing homes Target population: Dependent elderly people ii. Group housing (Sw. LSS-boenden) Target population: Individuals with special needs iii. School properties Target population: children

Opinion: ISS ESG considers the Use of Proceeds description provided by Sehlhall’s Sustainability Financing Framework as aligned with the ICMA Sustainability Bond Guidelines (SBG), Green Bond Principles (GBP), and Social Bond Principles (SBP), and the LMA Green Loan Principles (GLP) and Social Loan Principles (SLP). The issuer defines exclusion criteria for harmful project categories, in line with best market practice.

2. Process for Project Evaluation and Selection

FROM ISSUER’S FRAMEWORK

The evaluation and selection process for Green Eligible Assets and Social Eligible Assets is a key process in ensuring that the amount equivalent to the net proceeds from Sustainable Financing Instruments is allocated to assets and expenditures which meet the criteria in the Framework. The Company will strive to identify and manage potential ESG risks associated with eligible assets. In addition, Sehlhall aims to be transparent about potentially identified risks and controversies.

The process of evaluating and selecting Green Eligible Assets and Social Eligible Assets as well as the equivalent to the net proceeds is comprised of the following steps:

- i. Green Eligible Assets and Social Eligible Assets are screened to ensure compliance with sustainability criteria of the Framework and relevant policies and guidelines
- ii. The selection of Green Eligible Assets and Social Eligible Assets is managed by a dedicated group, the Sustainability Finance Committee (“SFC”). Members of the GFC consist of the CEO, CFO, and Construction manager.

Sehlhall will assure that the sustainability expertise always lies within the SFC. All decisions are made in consensus, and this applies to the selection process of Green Eligible Assets and Social Eligible Assets as well. A list of Green

Green Eligible Assets and Social Eligible Assets are kept by the Finance department which is also responsible for keeping them up to date.

Opinion: ISS ESG considers the Process for Project Evaluation and Selection description provided by Sehlhall’s Sustainability Financing Framework as aligned with the ICMA Sustainability Bond Guidelines (SBG), Green Bond Principles (GBP), and Social Bond Principles (SBP), and the LMA Green Loan

Principles (GLP) and Social Loan Principles (SLP). The issuer clearly defines responsibilities in the process for project evaluation and selection and is transparent about it, which is in line with best market practice.

3. Management of Proceeds

FROM ISSUER'S FRAMEWORK

Equivalent to the net proceeds from Sehlhall's Sustainable Financing Instruments will be tracked by using a spreadsheet where all issued amounts of Sustainable Financing Instruments will be inserted. The spreadsheet will contain the list of Green Eligible Assets and Social Eligible Assets mentioned in Section 2. The information available in the spreadsheet will in turn serve as the basis for regular reporting described in Section 5.

All Sustainable Financing Instruments issued by Sehlhall will be managed on a portfolio level. This means that a Sustainable Financing Instrument will not be linked directly to one (or more) pre-determined Green Eligible Assets and/or Social Eligible Assets. The Company will keep track and ensure there are a satisfactory amount of Green Eligible Assets in the portfolio. Assets can, whenever needed, be removed, or added to/from the Green Eligible Assets and Social Eligible Assets portfolio.

Any unallocated proceeds will be temporarily held by Sehlhall and placed in the Company's ordinary bank account.

Opinion: *ISS ESG finds that the Management of Proceeds proposed by Sehlhall's Sustainability Financing Framework is aligned with the ICMA Sustainability Bond Guidelines (SBG), Green Bond Principles (GBP), and Social Bond Principles (SBP), and the LMA Green Loan Principles (GLP) and Social Loan Principles (SLP). The Issuer is transparent with regards to temporarily unallocated proceeds.*

4. Reporting

FROM ISSUER'S FRAMEWORK

To be fully transparent towards investors and other stakeholders, Sehlhall commits to regular reporting until no Sustainable Financing Instruments are outstanding. If there are no changes in the underlying eligible assets, the Company commits to reporting once per Sustainable Financing Instrument that is being issued. Information on the use of proceeds will be renewed annually until full allocation, and on a timely basis in case of material developments. For any bilateral bank financing such as green loans and green revolving credit facilities etc., the Company may choose to only report to the relevant banks. The report will be published on the Company's website; www.sehlhall.se on an annual basis and will cover some of the following areas:

Allocation of proceeds reporting

- ▶ Total amount of Sustainable Financing Instruments issued
- ▶ Share of proceeds used for financing/re-financing and share of proceeds used for categories

described in Section 2

- ▶ Share of unallocated proceeds (if any)
- ▶ List of buildings financed with Sustainable Financing if not of confidential nature

Impact reporting

Sehlhall intends to report on quantitative impact indicators where relevant data is available for the below two main categories:

GREEN ELIGIBLE ASSETS	IMPACT INDICATOR
Green & energy efficient buildings	<ul style="list-style-type: none"> ▶ Energy consumption in (MWh and/or kWh/m²) ▶ Estimated annual greenhouse gas emissions reduced or avoided (tCO₂e) ▶ Energy performance certificate class, if any ▶ Type of certification including level, if any (e.g. Miljöbyggnad Silver etc.)
Energy efficiency	<ul style="list-style-type: none"> ▶ Amount of energy saved per m² ▶ Estimated annual greenhouse gas emissions reduced or avoided (tCO₂e)
SOCIAL ELIGIBLE ASSETS	IMPACT INDICATOR
Access to essential services	<ul style="list-style-type: none"> ▶ Total number of community service buildings and/or number of benefitted people ▶ Other qualitative parameters illustrating that the Fund provides functional, safe, and healthy premises in society

Opinion: ISS ESG finds that the reporting proposed by Sehlhall’s Sustainability Financing Framework is aligned with the ICMA Sustainability Bond Guidelines (SBG), Green Bond Principles (GBP), and Social Bond Principles (SBP), and the LMA Green Loan Principles (GLP) and Social Loan Principles (SLP). In line with best market practices, the issuer is transparent about the frequency, duration, and information reported in the impact report. Furthermore, the location and link of the allocation and impact reports are provided.

External review

FROM ISSUER’S FRAMEWORK

External review

Allocation of proceeds reporting will be subject to an annual review by an external part/verifier. The verification report provided by the external part will be published on Sehlhall’s website (www.sehlhall.se).

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE



A. CONTRIBUTION OF THE SUSTAINABLE FINANCING INSTRUMENTS TO THE UN SDGs

Based on the assessment of the sustainability quality of the Sustainable Financing Instruments Selection criteria and using a proprietary methodology, ISS ESG assessed the contribution of Sehlhall's Sustainable Financing Instruments to the Sustainable Development Goals defined by the United Nations (UN SDGs).









This assessment is displayed on a 5-point scale (see Annex 2 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the Sustainable Financing Instruments' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Green and energy efficient buildings</p> <p><i>New and existing buildings that either have or with the objective to receive a minimum certification of Miljöbyggnad Silver, Miljöbyggnad iDrift Silver, Nordic Swan Ecolabel, LEED Gold, or an equivalent level from a certification scheme</i></p>	Significant contribution	
<p>Green and energy efficient buildings</p> <p><i>New and existing buildings with energy consumption at least 20% below the applicable national building regulation;</i></p> <p><i>With an energy performance certificate (EPC) of class A or B;</i></p> <p><i>Buildings within the top 15% of the national building stock</i></p>	Limited Contribution²	

² This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs.

<p>Green and energy efficient buildings</p> <p><i>Major renovations resulting in reduced energy consumption by at least 30%</i></p>	<p>Significant Contribution³</p>	
<p>Green and energy efficient buildings</p> <p><i>Prefabricated wooden buildings using locally grown Swedish wood as input material, when sourced from certified sustainable forests (FSC/PEFC certified products).</i></p>	<p>Limited Contribution³</p>	 
<p>Green and energy efficient buildings</p> <p><i>Prefabricated wooden buildings using locally grown Swedish wood as input material, when sourced from uncertified forests.</i></p>	<p>No Net Impact</p>	
<p>Energy Efficiency</p> <p><i>Energy retrofits such as installation of solar panels, heating pumps, and activities enabling renewable energy</i></p>	<p>Limited Contribution³</p>	 
<p>Energy Efficiency</p> <p><i>District heating and cooling systems</i></p>	<p>Limited Contribution³</p>	 
<p>Energy Efficiency</p> <p><i>Extensions or improvements in ventilation systems, and implementation of control systems</i></p>	<p>No Net Impact</p>	
<p>Access to essential services</p> <p><i>Nursing homes</i></p>	<p>Limited Contribution</p>	

³ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs. This is due to the fact that the issuer has based its selection criteria on the technical screening criteria for a substantial contribution to Climate Change Mitigation of the EU Taxonomy Delegated Act (June 2021) and to account for differing national building legislation more accurately.

<p>Access to essential services <i>Group housing for individuals with special needs (“LSS-boenden”)</i></p>	<p>Significant Contribution</p>	
<p>Access to essential services <i>School properties for children</i></p>	<p>Limited contribution</p>	

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE SELECTION CRITERIA

Key performance indicators (KPIs) covering both Green and Social

The table below presents the findings of an ISS ESG assessment of the Selection Criteria against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI	
Green KPIs	
Site selection and biodiversity	
✓	According to Sweden's Plan- och bygglagen (Planning and construction law), responsible site selection is regulated by regional plans depending on the building location.
✓	All buildings financed will be located within a maximum of 250 meters from public transport, in accordance with Planning and construction law ("Plan- och bygglagen" in Swedish) which regulates this through regional plans depending on the building location.
Construction standards	
○	The issuer implemented a Code of Conduct for suppliers, which is part of Sehlhall's guidelines for sustainable real estate operations. Regarding wood used as construction material, Sehlhall aims to source certified wood. However, no information is available on the policies covering other materials.
Water use minimization in buildings	
○	The issuer states that buildings are designed to ensure high water quality and comply with public health requirements in accordance with Swedish regulations. Water minimization measures are criteria for buildings that are to obtain environmental certifications, such as Miljöbyggnad Silver and Nordic Swan Ecolabel. However, no general policy is in place on water reduction measures.
Dialogue with local communities	
✓	According to Plan- och bygglagen (Swedish Planning and construction law), when processing an application for permission or prior notice, the building committee must in certain cases inform neighbours and others and give them an opportunity to comment.
Environmental aspects of solar panels	
✓	Sweden has implemented the WEEE EU Directive (2012), which lays out the EU rules on treating waste electrical and electronic equipment. The issuer is committed to

ensuring that solar modules are certified and compliant with this directive and national law.

Energy efficiency

- ✓ According to Swedish law, energy efficiency standards apply to all new buildings (at least EPC label C).
- On energy efficiency improvements that will reach or exceed 20%, the issuer has not defined a policy. However, it is noted that Sehlhall's activities may include major renovations with a high reduction of energy performance or smaller individual measures (such as installation of renewable energy technology) and for buildings with certification schemes (such as Miljöbyggnad Silver), the energy efficiency will be at least 20% below national building regulations.

Waste reduction and disposal

- While the projects will fall under Swedish waste legislation, the issuer has not defined a policy to reduce waste.

Social KPIs

Inclusion

- ✓ The Swedish Non-Discrimination Act (2008:567) ensures inclusion through freedom of choice with regard to services in health care and social services, with special provisions for the care of young people and describes reasonable costs so that all members of society have access to essential services.

Safety of users

- ✓ The issuer follows the Swedish Work Environment Authority's and Boverket's regulations concerning, safety, fire safety, hygiene, and protection against noise.

Labor, Health & Safety

- ✓ The issuer is subject to Swedish legislation with regards to labor standards, aligning with the ratified ILO conventions and in line with Boverket's byggregler, which includes among others the Occupational Health and Safety Convention and collective bargaining conventions.

Supply Chain Standards

- ✓ The issuer abides by the property industry's Code of Conduct for suppliers, which is an industry-wide code for the Swedish property industry. Hence, the issuer will require its contractors that goods and services provided conform to the Ten Principles of the UN Global Compact, which are based on the UN Declaration of Human Rights, the ILO fundamental conventions on human rights at work, the Rio Declaration, and the UN Convention against corruption.

Standards for care and medical facilities

- ✓ Before allowing tenants to rent, the issuer evaluates the business and reputation of potential tenants. In addition to the issuer's assessment, the Health and Social Care Inspectorate ("IVO") is responsible for issuing permits for LSS-housing and care homes and for inspection. While the issuer owns the properties, the liability to operate under appropriate licences remains with the tenants.

Facility standards (education)

- ✓ The issuer will only invest in Sweden, where strong education standards and supervising bodies are in place in line with Swedish regulation.

DISCLAIMER

1. Validity of the SPO: As long as there is no material change to the Framework.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to standardized procedures to ensure consistent quality of responsibility research worldwide. In addition, we provide Second Party Opinion (SPO) on bonds based on data provided by the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them, and the use thereof shall be excluded.
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ANNEX 1: Methodology

ISS ESG GREEN AND SOCIAL KPIS

The ISS ESG Green and Social Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Sehlhall’s Sustainable Financing Instruments.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green and Social Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green and Social Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Sehlhall (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which Sehlhall’s Sustainable Financing Instruments contributes to related SDGs.

ANNEX 2: Quality management processes

SCOPE

Sehllhall commissioned ISS ESG to compile a Sustainable Financing Instruments SPO. The Second Party Opinion process includes verifying whether the Sustainability Financing Framework aligns with the International Capital Market Association's (ICMA) Sustainability Bond Guidelines (SBG), Green Bond Principles (GBP), and Social Bond Principles (SBP), and the Loan Market Association's (LMA) Green Loan Principles (GLP) and Social Loan Principles (SLP), and to assess the sustainability credentials of its Sustainable Financing Instruments, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Sustainability Bond Guidelines (SBG), Green Bond Principles (GBP), and Social Bond Principles (SBP), as of June 2021
- LMA Green Loan Principles (GLP) and Social Loan Principles (SLP), as of June 2021
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories selected by the issuer

ISSUER'S RESPONSIBILITY

Sehllhall's responsibility was to provide information and documentation on:

- Framework
- Selection criteria

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Sustainable Financing Instruments to be issued by Sehllhall based on ISS ESG methodology and in line with the ICMA SBG, GBP, SBP and the LMA GLP and GLP.

The engagement with Sehllhall took place in March and April 2022.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For more information on SPO services, please contact: SPOsales@isscorporatesolutions.com

For more information on this specific Sustainable Financing Instruments SPO, please contact: SPOOperations@iss-esg.com

Project team

Project lead

Leontine Schijf
Associate
ESG Consultant

Project support

Louis Cottin
Analyst
ESG Consultant

Project support

João Ferreira
Associate
ESG Consultant

Project supervision

Viola Lutz
Executive Director
Head of ISS ESG Climate Services