

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Finance Framework

Nyfosa AB

18 April 2024

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Green Finance Instruments

Relevant standards

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)
- Green Loan Principles (GLP), as administered by the Loan Market Association (LMA) (as of February 2023)

Scope of verification

- Nyfosa Green Finance Framework (as of April 4, 2024)
- Nyfosa Eligibility Criteria (as of April 4, 2024)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the cited Framework remains unchanged

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SCOPE OF WORK

Nyfosa AB (“the Issuer”, “the Company” or “Nyfosa”) commissioned ISS Corporate Solutions (ISS-Corporate) to assist with its Green Finance Instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. Nyfosa’s Green Finance Framework (as of April 4, 2024) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP) and the Loan Market Association (LMA) Green Loan Principles (GLP).
2. The Eligibility Criteria – whether the project categories contribute positively to the United Nations Sustainable Development Goals (UN SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. Consistency of Green Finance Instruments with Nyfosa’s Sustainability Strategy – drawing on the key sustainability objectives and priorities defined by the Issuer.

NYFOSA OVERVIEW

Nyfosa AB engages in the management and development of commercial properties. Its property portfolio includes offices, logistics/warehouse, and other properties that are located in high-growth municipalities and transportation hubs. The company was founded in 2018 and is headquartered in Nacka, Sweden.

ESG risks associated with the Issuer Industry

Nyfosa is classified in the Real Estate industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies¹ in this industry are: Occupation health and safety, Health and well-being of occupants, Environmental and social aspects in site selection, Climate protection, energy efficiency and renewables, and Green building consideration.

This report focuses on the sustainability credentials of the issuance. Part III. of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

¹ Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ²
<p>Part I:</p> <p>Alignment with GBP/GLP</p>	<p>The Issuer has defined a formal concept for its Green Finance Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the GBP and GLP.</p>	<p>Aligned</p>
<p>Part II:</p> <p>Sustainability quality of the Eligibility Criteria</p>	<p>The Green Finance Instruments will (re)finance eligible asset categories which include:</p> <p>Green categories: Green Buildings, Energy Efficiency, Climate Change Adaptation.</p> <p>Product and/or service-related use of proceeds categories³ individually contribute to one or more of the following SDGs:</p> <div style="text-align: center;">  </div> <p>Process-related use of proceeds categories⁴ individually improve (i) the Issuer’s operational impacts and (ii) mitigate potential negative externalities of the Issuer’s sector on one or more of the following SDGs:</p> <div style="text-align: center;">  </div> <p>The environmental and social risks associated with those use of proceeds categories are managed.</p>	<p>Positive</p>
<p>Part III:</p> <p>Consistency of Green Finance Instruments</p>	<p>The key sustainability objectives and the rationale for issuing Green Finance Instruments are clearly described by the Issuer. All project categories</p>	<p>Consistent with Issuer’s sustainability strategy</p>

² The evaluation is based on the Nyfosa’s Green Finance Framework (April 4, 2024 version), on the analysed Selection Criteria as received on April 4, 2024.

³ Green Buildings, Climate Change Adaptation.

⁴ Energy Efficiency.

SECOND PARTY OPINION

Sustainability Quality of the Issuer
and Green Finance Framework

ISS-CORPORATE 

**with Nyfosa's
Sustainability
Strategy**

considered are in line with the sustainability
objectives of the Issuer.

SPO ASSESSMENT

PART I: ALIGNMENT WITH GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES

This section evaluates the alignment of the Nyfosa’s Green Finance Framework (as of April 4, 2024) with the Green Bond Principles (GBP) and Green Loan Principles (GLP).

GBP/GLP	ALIGNMENT	OPINION
<p>1. Use of Proceeds</p>	<p>✓</p>	<p>The Use of Proceeds description provided by Nyfosa’s Green Finance Framework is aligned with the GBP and GLP.</p> <p>The Issuer’s green categories align with the project categories as proposed by the GBP and GLP. Criteria are defined in a clear and transparent manner. Disclosure of an allocation period and commitment to report by project category has been provided and environmental benefits are described. The Issuer defines exclusion criteria for harmful projects categories.</p>
<p>2. Process for Project Evaluation and Selection</p>	<p>✓</p>	<p>The Process for Project Evaluation and Selection description provided by Nyfosa’s Green Finance Framework is aligned with the GBP and GLP.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer.</p> <p>The Issuer involves various stakeholders in this process and identifies alignment of their Green Finance Framework and their green projects with official or market-wide taxonomies and references any green standards or certifications used, in line with best market practice.</p>

<p>3. Management of Proceeds</p>	<p>✓</p>	<p>The Management of Proceeds provided by Nyfosa’s Green Finance Framework is aligned with the GBP and GLP.</p> <p>The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked in an appropriate manner and attested in a formal internal process. The net proceeds are managed on an aggregated basis for multiple Green Instruments (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>Furthermore, the Issuer has defined an expected allocation period of 18 months.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting provided by Nyfosa’s Green Finance Framework is aligned with the GBP and GLP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the Issuer’s website. Nyfosa has disclosed the type of information that will be reported and explains that the level of expected reporting will be at portfolio level. Moreover, the Issuer commits to report annually, until the proceeds have been fully allocated.</p> <p>The Issuer is transparent on the information reported and further defines the duration and frequency of the impact reporting, as well as the duration of the Revolving Credit Facility (RCF) reporting, in line with best market practice.</p> <p>Furthermore, the Issuer discloses the location and link of the report and commits to get the allocation report audited by an external party, in line with best market practices.</p>

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE GREEN FINANCE INSTRUMENTS TO THE UN SDGs⁵

Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.

1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a 3-point scale:



Each of the Green Finance Instruments' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p><i>New buildings (built after 31 December 2020)</i></p> <p><i>Buildings that either have or will receive:</i></p>	<p>Contribution</p>	 

⁵ The impact of the UoP categories on UN Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

- *Primary Energy Demand (PED) at least 10% lower than the threshold set for Nearly Zero-Energy Building (NZEB) according to national building regulations,⁶ or*
- *Energy Performance Certificate (EPC) class A or B.⁷*

For buildings larger than 5000 m²:

- *The building undergoes testing for airtightness and thermal integrity, upon completion; an*
- *The life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle.*

Existing buildings (built before 31 December 2020) – Buildings that either have or will receive:

- *EPC A or within top 15%⁸ of the national building stock expressed as operational PED and demonstrated by adequate evidence.*

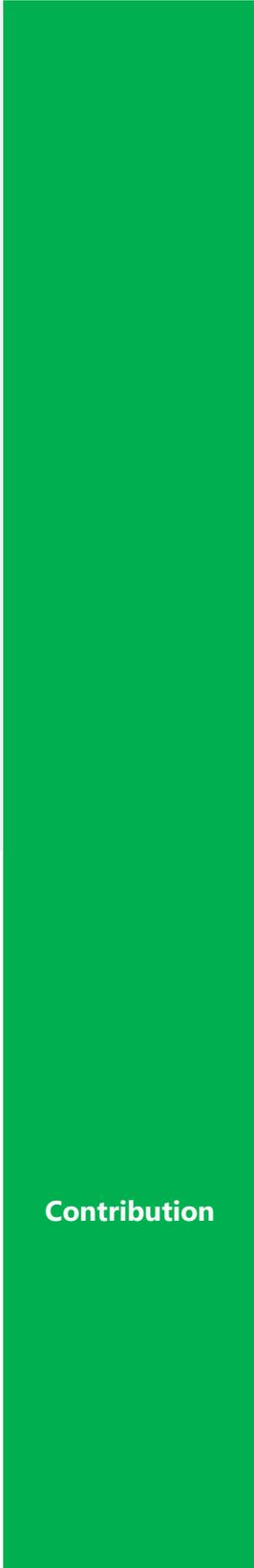
Green Buildings

New buildings (built after 31 December 2020) – Buildings that either have or will receive:

- *Minimum certification of Miljöbyggnad Silver, BREEAM Very Good, LEED Gold or DGNB Gold in combination with a PED at least 10% lower than the threshold set for NZEB according to national building regulation or other minimum equivalent environmental certification standard in terms of energy performance.*

Existing buildings (built before 31 December 2020) – Buildings that either have or will receive:

- *Minimum certification of Miljöbyggnad/ Miljöbyggnad iDrift Silver, BREEAM/BREEAM-in use Very Good or LEED Gold or DGNB Gold in combination with minimum EPC C.*



Contribution



⁶ The Issuer confirms that all footnotes from EUT TSC 7.1 are respected.

⁷ The Issuer confirms that EPC A and B fall within the top 15% of the country.

⁸ The report by the Swedish Property Federation (Fastighetsägarna in Sw.), CIT Energy Management will be used for determining top 15%. Nyfosa can also seek guidance from other appropriate external benchmarks to determine the top 15% if such report is issued by a national government or industry specialist.

Climate Change Adaptation

Investments leading to more resilient societies such as construction of local dams or other climate adaptation measures in buildings e.g., stormwater management.⁹

Contribution

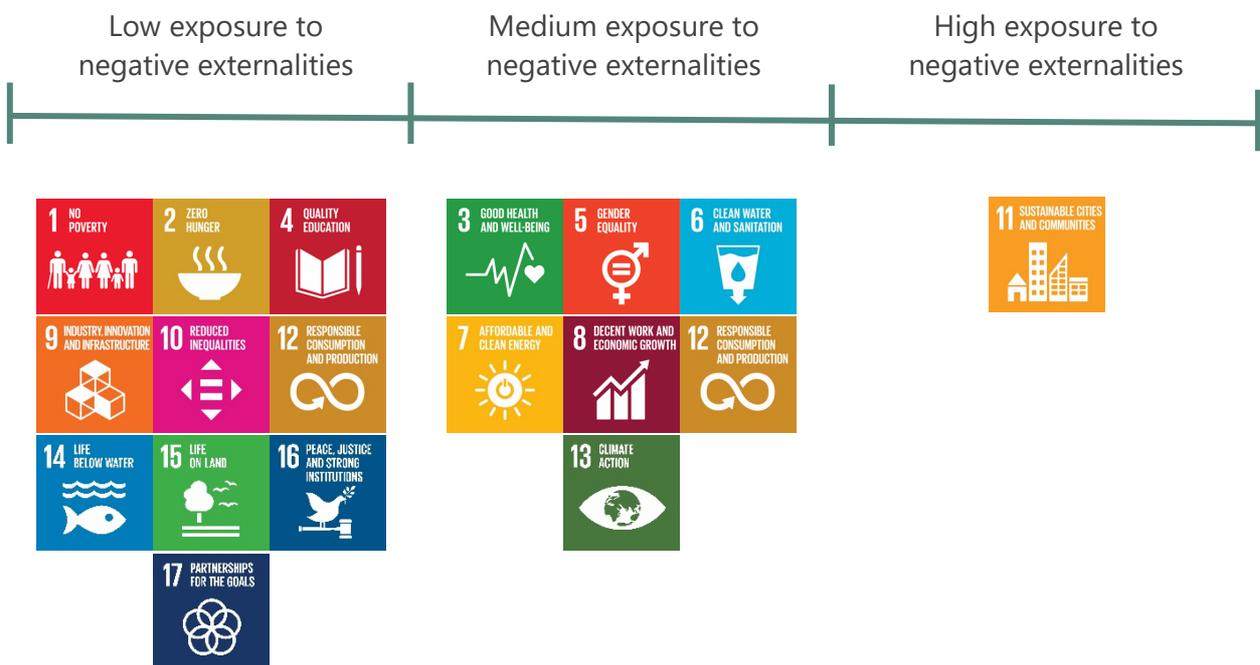


⁹ The review is limited to the examples of projects spelled out in the Framework.

2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the Issuer.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities¹⁰ in the Real Estate industry (to which Nyfosa belongs) are the following:



The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ¹¹	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p>Major renovations:</p> <ul style="list-style-type: none"> Primary energy savings of at least 30% within maximum of three years and 	<p>✓</p>	

¹⁰ Please, note that the impact of the Issuer’s products and services resulting from operations and processes is displayed in section 3.B of the SPO.

¹¹ Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

validated through an EPC upon completion of the renovation.

Energy Efficiency

Energy retrofits such as installation of onsite solar panels, converting to LED lighting, heat pumps, improvements in ventilation systems e.g., demand-controlled ventilation systems,¹² extension of district heating and cooling systems,¹³ installation of infrastructure for electric cars (electric charging points).¹⁴



¹² The Issuer confirmed that the expected environmental benefit is improved energy efficiency and reduced carbon emissions.

¹³ The Issuer confirms that for heath pumps, district heating, and cooling systems the energy source is renewable energy.

¹⁴ The review is limited to the examples of projects spelled out in the Framework.

B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

The table below evaluates the Eligibility Criteria against issuance-specific KPIs. All of the assets will be located in Sweden, Norway, and Finland.

ASSESSMENT AGAINST KPIs

Labour, Health, and Safety

All



Nyfosa has measures in place to ensure high labour, health, and safety standards are in place. All projects financed under this Framework are located in Sweden, Norway, and Finland where high labour, health, and safety standards are in place (e.g. ILO core conventions). Nyfosa also complies with Swedish regulations, the Building and Construction Work (AFS 1999:3),¹⁵ and Work Environment Plan,¹⁶ which include provisions on the planning of construction sites, the safe working conditions, safe transportation of materials, and the inclusion of a work environment plan to mitigate risks.

Energy Efficiency



Nyfosa has measures in place to ensure high labor, health, and safety standards in the supply chain. The Supplier Code requires suppliers to respect the ILO convention and inform employees of any health risks associated with the work duties and provide access to protective equipment as needed.¹⁷ The supplier must also provide worker protection instructions in written to all employees, have a documentation procedure to monitor accidents in the workplace, and take preventative measures to minimize risks.

User Safety and On-Site Safety

All



Nyfosa has measures in place to ensure user safety and on-site safety. Most of the projects financed under this Framework are or will be located in Sweden and Finland where the Regulation (EU) No 305/2011 of the European Parliament and of the Council of 9 March 2011 ensures operational safety in the buildings. Nyfosa also complies with the Swedish Work Environment Authority's and Boverket (the Swedish National Board of Housing, Building,

¹⁵ Swedish Work Environment Authority, "Building and Construction Work (AFS 1999:3), regulations", at: <https://www.av.se/produktion-industri-och-logistik/bygg/arbetsmiljoplan/>

¹⁶ Swedish Work Environment Authority, "Work Environment Plan", at: <https://www.av.se/produktion-industri-och-logistik/bygg/arbetsmiljoplan/>

¹⁷ Ibid.

and Planning) regulations that include provisions on the planning and design of buildings.¹⁸ This includes mandatory guidelines on the inclusion of fire prevention, fire detectors and alarm systems, the design of exits, climate and air quality and protocol on routine inspections. Additionally, buildings in Norway must mandatorily comply with the Norwegian Building Code, TEK 17, which includes requirements such as fire safety, construction safety, and energy efficiency requirements.¹⁹

Environmental Aspects of Construction (or Production) and Operation

Energy Efficiency



Nyfosa has measures in place to ensure high environmental standards in the supply chain. Nyfosa’s Code of Conduct for Suppliers²⁰ (the “Supplier Code”) requires suppliers to minimize their environmental impact through continuous reporting of their CO₂e emissions, and the quantity of heavy metals and chemicals in the production practices. Additionally, the Company requires suppliers to have a written environmental policy in place, and the provision of appropriate trainings to its employees. Furthermore, the Supplier Code also has guidelines in place within (i) waste and reuse, (ii) indoor climate and energy consumption, and (iii) transportation and fuel. These guidelines include selective demolition, waste management, energy efficiency in HVAC systems, and emissions thresholds in vehicles are in place.



Nyfosa has measures in place ensuring reduction of waste. Nyfosa’s Sustainability Policy includes the Company’s commitment to appropriate manage waste during project development. Furthermore, the Company also complies with the Government of Sweden’s Waste Ordinance (2020:614), which provides guidelines on waste management, prevention, and recycling.²¹ The waste ordinance ensures that the materials used for solar panels and energy-efficiency measures are recycled at the end of their lives and includes regulation on the appropriate management and recycling of waste based on the materials in the waste.²² Nyfosa confirms to ensure that suppliers implement a system to ensure that waste is disposed of in a proper manner, reused and recycled.

¹⁸ Swedish Work Environment Authority, “Building and Civil Engineering Work”, at: <https://www.av.se/globalassets/filer/publikationer/foreskrifter/engelska/building-and-civil-engineering-work-provisions-afs1999-3.pdf>

¹⁹ Direktoratet for Byggkvalitet, “Building Technical Regulations (TEK 17) with Guidance”, at: <https://www.dibk.no/regelverk/byggteknisk-forskrift-tek17>

²⁰ Nyfosa, “Code of Conduct For Suppliers”, (2022), at: https://nyfosa.se/en/wp-content/uploads/sites/2/2022/01/Uppforandekod-for-leverantorer_antagen-2021-07-01_ENG.pdf

²¹ Sveriges Riksdag, “Waste Ordinance (2020:614)”, at: https://www.riksdagen.se/sv/dokument-och-lagar/dokument/svensk-forfattningssamling/avfallsforordning-2020614_sfs-2020-614/#K3

²² Ibid.

Green Buildings



Nyfosa has measures in place providing for sustainable procurement of construction materials. Nyfosa procures building materials in line with the building products assessment criteria established by Byggarubedömningen.²³ The criteria apply to all projects and include guidance on renewable content, recycled content and third-party certification of wood-based materials (FSC and PEFC). In particular, guidance includes the input materials and raw materials on various phases of the construction, such as production, use, waste and demolition phase. Examples of criteria include thresholds of renewable raw materials, recycled materials, sustainable wood raw material, air, water and soil emissions, primary energy use during the production stage.²⁴

Biodiversity

Green Buildings



Nyfosa has policies in place to ensure that environmental impact assessments policies are in place. Nyfosa addresses biodiversity risks associated with the projects by complying with Sweden’s Planning and Building Act (the “Act”),²⁵ which requires developers to conduct environmental impact assessments, which includes measuring the scope of construction and the use of buildings, protective measures to prevent soil pollution, accidents, flooding and erosion, and air pollution. The Act only provides building permits if the impact assessment demonstrates that the construction will not generate a high environmental impact. Furthermore, as some projects are or will be located in EU Member States (i.e., Sweden and Finland), they are in line with the EIA Directive. Furthermore, projects in Norway must comply with the Planning and Building Act, which includes requirements on safeguarding land resources, conservation of landscapes, and mitigating environmental harm.²⁶ The act also includes the provision of a planning program, which should include a plan description, impact assessment, and vulnerability assessment. Additionally, Nyfosa intends to conduct Environmental Impact Assessments on the projects implementing the provisions of the EU Directive on Environmental Impact Assessment.

Water

²³ Byggarubedömningen is a non-profit economic associated owned by companies in the construction, real estate and civil engineering industry in Sweden.

²⁴ Byggarubedömningens, “Byggarubedömningens kriterier gällande kemiskt innehåll och livscykelaspekter och Bedömning enligt elektronikkriterier”, at: <https://byggarubedomningen.se/globalassets/bedomningar/byggarubedomningens-kriterier-version-7.3-.pdf>

²⁵ Sveriges Riksdag, “Planning and Building Act (2010:900)”, at: https://www.riksdagen.se/sv/dokument-och-lagar/dokument/svensk-forfattningssamling/plan--och-bygglag-2010900_sfs-2010-900/

²⁶ Government of Norway, “Planning and Building Act (2008)”, at: <https://www.regjeringen.no/en/dokumenter/planning-building-act/id570450/>

Green Buildings



Nyfosa has some measures in place ensuring water use reduction measures. The Company has communicated that it does not currently have water reduction targets, but is in the process of setting them, and has preventative measures in place to reduce water usage, such as low flow water fixtures. All projects financed under this Framework have some water use reduction measures in place. The Company complies with Boverket's mandatory provisions and general recommendations on water and drainage systems.²⁷ Nyfosa conducts monthly building assessments to monitor water usage and develops corresponding measures to reduce water usage based on inspection results.

²⁷ Boverket mandatory provisions, at: <https://www.boverket.se/globalassets/publikationer/dokument/2019/bbr-2011-6-tom-2018-4-english-2.pdf>

PART III: CONSISTENCY OF GREEN FINANCE INSTRUMENTS WITH NYFOSA’S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
<p>Strategic ESG topics</p>	<p>The Issuer’s sustainability strategy and initiatives are related to three key areas: (i) reduction of carbon emissions; (ii) streamlining energy consumption; and (iii) environmental certified buildings.²⁸</p>
<p>ESG goals/targets</p>	<p>Nyfosa has developed the following environmental targets to further progress on its sustainability strategy:²⁹</p> <ul style="list-style-type: none"> ▪ By 2025, the Company strives to acquire environmental certifications for 50% of the property value and 100% by 2030. ▪ By 2025, Nyfosa aims to reduce energy consumption per square meter by 10% versus 2020. <p>The goals are publicly disclosed and the Issuer tracks and reports on the progress towards achieving those targets annually.</p>
<p>Action plan</p>	<p>Nyfosa continues to invest in initiatives in line with its key focus areas. With respect to streamlining and reducing the consumption of energy, Nyfosa has invested in the installation of energy-efficient technology in buildings and procuring renewable energy to source its operations. Furthermore, the Company has also installed solar panels at several of its properties, producing more than 705,000 kWh of energy on annual basis. In instances where Nyfosa does not have operational control over the supply of energy in the buildings, the Company offers its tenants the option to purchase electricity produced from renewable sources directly from Nyfosa. In addition to solar panels installed in buildings, the Company also</p>

²⁸ Nyfosa, “Sustainability Report”, (2022), at: <https://nyfosa.se/en/wp-content/uploads/sites/2/2022/05/Sustainability-report-ENG.pdf>

²⁹ Ibid.

	generates solar power and produced approximately 1 GWh of solar energy a year. ³⁰
Climate Transition Strategy	There is no information available on the Issuer's Climate Transition Strategy. The Issuer has communicated to ISS-Corporate that it is currently underway conducting a new materiality assessment and developing additional sustainability targets. ³¹
ESG Risk and Sustainability Strategy Management	Nyfosa distinguishes relevant risks into five categories: (i) strategic risks; (ii) operational risks; (iii) financial risks; (iv) sustainability risks; and (v) external environment. ³² These risks are then evaluated based on their likelihood of occurrence, and the level of monitoring they require. Upon the identification of a risk, the Company identifies risk management protocol and the exposure and outcome of the risk.
Top three areas of breaches of international norms and ESG controversies in the industry³³	Accounting/disclosure standards, Unspecified pollution, and Strike action.
Breaches of international norms and ESG controversies by the Issuer	At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.
Sustainability Reporting	The Issuer reports on its ESG performance and initiatives in a sustainability report on an annual basis. The Company also reports in line with the GRI, and discloses information on governance, strategy, risk management, metrics, and targets in line with the recommendations of the Task Force on Climate-Change Related Disclosures (TCFD).
Industry associations, Collective commitments	The Issuer is a signatory of the UN Global Compact.

³⁰ Ibid.

³¹ Ibid.

³² Ibid.

³³ Based on a review of controversies identified by ISS ESG over a 2-year period, the top three issues that have been reported against companies within the Real Estate industry are displayed above. Please note that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework

Nyfosa has previously issued the following green financing instruments:

- Green Bond with a volume of MSEK 850 in April 2023,
- Green Bond with a volume of MSEK 500 in April 2022.

Rationale for issuance

The issuance of Green Debt instruments (bonds, loans, revolving credit facilities, and commercial papers) directly supports Nyfosa’s environmental objectives of decarbonizing its building stock and fostering the generation of renewable energy. The expenditures financed through Nyfosa’s Framework will support Nyfosa’s initiatives to increase the energy efficiency of its building portfolios through the acquisition of credible third-party certification, and energy-efficient technology.

Opinion: *The key sustainability objectives and the rationale for issuing Green Bonds and Loans are clearly described by the Issuer. All project categories financed are in line with the sustainability objectives of the Issuer.*

DISCLAIMER

1. Validity of the Second Party Opinion (“SPO”): Valid as long as the cited Framework remains unchanged.
2. ISS-Corporate, a wholly-owned subsidiary of Institutional Shareholder Services Inc. (“ISS”), sells, prepares, and issues Second Party Opinion, on the basis of ISS-Corporate’s proprietary methodology. In doing so, ISS-Corporate adheres to standardized procedures designed to ensure consistent quality.
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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labelled transactions against international standards using ISS-Corporate proprietary methodology. For more information, please visit: <https://www.iss-corporate.com/file/publications/methodology/iss-corporate-green-social-and-sustainability-bond-loan-spo-methodology-summary.pdf>

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

Nyfosa commissioned ISS-Corporate to compile a Green Finance Instruments SPO. The Second Party Opinion process includes verifying whether the Green Finance Framework aligns with the Green Bond Principles and Green Loan Principles and to assess the sustainability credentials of its Green Finance Instruments, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion:

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)
- Green Loan Principles (GLP), as administered by the Loan Market Association (LMA) (as of February 2023)

ISSUER'S RESPONSIBILITY

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

- Framework
- Selection criteria
- Documentation of ESG risks management at the project level

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is a part of, 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.

This independent Second Party Opinion of the Green Finance Instruments to be issued by Nyfosa has been conducted based on a proprietary methodology and in line with the ICMA Green Bond Principles and the LMA Green Loan Principles.

The engagement with Nyfosa took place in March and April 2024.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior 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 this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering best-in-class data, tools, and advisory services.

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.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>

For more information on SPO services, please contact: SPOsales@iss-corporate.com

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