



Green Finance Framework

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CIBUS NORDIC REAL ESTATE AT A GLANCE

Cibus Nordic Real Estate AB (“the Company” or “Cibus”) was founded in 2017 and is a real estate company with a business concept to *acquire, refine and develop high-quality supermarket and daily-goods properties in the Nordic region.*

Cibus’s portfolio is well diversified, and no property stands for more than 2.0% of the Company’s net operating income. Currently, the portfolio consists of 455 properties located in various growth regions across *Finland, Sweden, Norway and Denmark.* About 85% of the rental income is supported by anchor tenants like the leading grocery players such as Kesko, Coop and S Group and discount retailers with food like Tokmanni.



1. ESG approach in Cibus

The objective is for Cibus to make a positive contribution to the environment, people and society, while minimising the negative impact. Cibus’s entire property portfolio is leased primarily to quality daily goods retailers with ambitious sustainability objectives. In its ongoing operations, Cibus works to *facilitate tenants’ sustainability improvements* and to invest in properties that *improve end-consumers’ accessibility* to marketplaces. The sustainability work is conducted as an integral part of Cibus’s ongoing operations and is focused around three areas: *Being a sustainable partner, having the climate in focus and offering accessible marketplaces.*

1.1 E-Environmental responsibility

The main greenhouse gas emissions in Cibus’s operations take place in Scope 3 that is, emissions resulting from heating and electricity consumption in properties where the purchases are made by the tenant and Cibus lacks operational control. Thus, Cibus’s own *green energy investments and prioritisation of tenants with ambitious climate aspirations* represent the Company’s principal contribution to creating climate-neutral marketplaces. 82% of Cibus’s property area is leased to anchor tenants with stated ambitions to reduce the overall climate footprint or to achieve climate neutrality by 2030. Several have set climate goals compatible with the Paris Agreement’s 1.5°C goal.

By the end of Q1 2023 tenants had invested in solar panels on the roofs of 42 properties in Finland. Cibus have also installed solar panels at one property on our own initiative, and we are planning additional installations like this as they are both profitable and good for the environment. At the end of Q1 2023 in total 43 of our properties have solar panels. The electricity they generate annually corresponds to the electricity consumption for about 2,503 apartments or for driving more than about 25 million kilometres in an electric car. The annual CO2 reduction is about 660 tCO2. Build-outs of additional solar panels are planned and discussions regarding further installations are being held with several tenants.

In addition, Cibus’s goal is to be *climate neutral by 2030*, through facilitating tenants’ investments in renewable energy and own investments in green energy sources. At several properties in Sweden and Finland lighting has been replaced with *LED lighting*, bringing major energy savings. Currently, Cibus is in the process of changing into green district heating, where available, and in other locations analysing alternative heating methods, such as geothermal heating and heat recovery systems. Moreover, Cibus continues work on making its own investments in green energy sources and plans to become a supplier of green electricity to its customers.



The large flat roofs on Cibus's marketplaces are well suited to building out solar panels and do not crowd out other operations compared with building out on agricultural land, for example.

1.2 S-Social responsibility

Cibus offers accessible marketplaces where people can safely conduct their business. Further, Cibus maintains an ongoing dialogue with anchor tenants about how to improve people's security and needs. This involves transport and services that, for example, improve the security and attractiveness of the marketplace. Establishing an efficient *stakeholder dialogue* is essential in understanding the expectations and needs that exist in local communities.

1.3 G-Governance & reporting

Cibus's overarching policies are its *Code of Conduct and Sustainability Policy*. The Code of Conduct is aimed at the Company's employees and clarifies how Cibus conducts business in an ethical and responsible manner. Cibus's Sustainability Policy is based on the *UN Global Compact's ten principles* on human rights, the environment and work against corruption. Since 2019, the Company maintains a *whistle-blower function* that can be accessed via the website. The whistle-blower function is operated by an external party and the reports can be made anonymously through the website.

In addition to the Company's annual sustainability reporting, Cibus also reports on sustainability through:

EPRA sBPR – European Public Real Estate Association, which works to improve and standardise property companies' reporting of sustainability. In 2022, 180 European property companies were evaluated.

1.3.1 The United Nations Sustainable Development Goals

Cibus seeks to contribute to the global agenda and has determined the goals towards which it mainly contributes:



THE GREEN FINANCE FRAMEWORK

1. Rationale for Green financing & update of the Green Finance Framework

The property sector accounts for about 40% of GHG emissions¹. Global and national climate goals require large emissions reductions, which can only be achieved through changes within the real estate sector. Thus, the ongoing transition of the property sector requires large investments and Cibus views green financing as a key tool for steering capital to energy efficient buildings and facilitate investor interest for greener projects in a transparent way.

In May 2020, Cibus established a Green Bond Framework (The Framework) focused on creating accessible and climate-smart marketplaces for end consumers. The Framework has now been updated to reflect *best market practice* as well as to include green eligible projects in *additional geographies*.

This Green Finance Framework is aligned with the *Green Bond Principles 2021* (GBP)² and *Green Loan Principles 2023* (GLP)³ and its four cornerstones:

- Use of proceeds (Section 2)
- Process for asset evaluation and selection (Section 3)
- Management of proceeds (Section 4)
- Reporting (Section 5)

The Framework is applicable for issuance of Green Finance Instruments including *Green bonds, hybrid bonds and other types of debt instruments such as loans, revolving credit facilities, commercial papers, etc.* green eligible projects as defined in Section 2 can be owned by Cibus as parent company and its subsidiaries. In case green eligible projects are owned by joint ventures or associated companies, the value of green eligible projects is to be adjusted for the share of capital owned by Cibus.

¹ International Energy Agency IEA (2022)

² GBP published in June 2021 (with June 2022 appendix) are voluntary process guidelines for issuing green bonds established by International Capital Markets Association (ICMA)

Swedbank has acted as advisor to Cibus in the establishment of this Framework. Further, the Framework is reviewed by an impartial firm, which has provided a second opinion to confirm its alignment with the applicable principles. The Framework and *second opinion* from ICS are available on Cibus's website; <https://www.cibusnordic.com/>



³ GLP published in February 2023 are voluntary process guidelines for green loans established by Loan Market Association (LMA)



2. Use of proceeds

An amount equivalent to the net proceeds from Cibus's Green Financing Instruments shall be used to finance or re-finance, in whole, or in part, a portfolio of green eligible projects ("Green Eligible Projects"). Eligible projects are both capital expenditures/CAPEX (could either be reported directly in the income statement or capitalized on the balance sheet) and operational expenditures/OPEX. CAPEX does not have any requirement for look-back period, while OPEX does have a requirement of maximum three-year look-back period from the time of issuance. Green Eligible Projects aims to enable climate change mitigation as well as provide distinct environmental benefits and comply with criteria detailed in the table on the following page. The Company will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Green Eligible Projects. Refinancing refers to Green Eligible Projects that have been finalized 12 months prior the reporting year.

2.1. EU Taxonomy

Cibus strives to align the Green Use of proceeds with the EU Taxonomy to the extent possible. The EU Taxonomy is a classification system with six environmental objectives. The Green Eligible Project categories have been mapped to the relevant economic activities and environmental objective; Climate Change Mitigation, which are presented in the table on the following page.



Green Eligible Projects (ICMA classification & EU Taxonomy)	Sub-categories	EU environmental objective & SDGs
Green buildings Eligible EU Taxonomy activities: 7.1, 7.2, 7.3, 7.4, 7.5, 7.6, 7.7	New buildings (built after 31 Dec 2020) Buildings that have or will receive: <ol style="list-style-type: none"> i. Primary Energy Demand (PED) at least 10% lower than the threshold set for Nearly Zero-Energy Building (NZEB) according to national building regulations, or ii. EPC A or B in Sweden, Finland, Norway & Denmark, or iii. Minimum certification of LEED Gold or BREEAM Very Good or Miljöbyggnad Silver or an equivalent level from a certification scheme in terms of energy use 	Climate change mitigation <div data-bbox="1677 528 1845 608" style="display: flex; justify-content: space-around; margin-top: 10px;">   </div>
	Existing buildings (built before 31 Dec 2020) Buildings that have or will receive: <ol style="list-style-type: none"> i. EPC A or within the top 15% of the national building stock in terms of PED, or ii. Minimum certification of, LEED Gold or BREEAM Very Good/BREEAM In-Use Very Good or Miljöbyggnad Silver or an equivalent level from a certification scheme in terms of energy use Major renovations <ol style="list-style-type: none"> i. Major renovations resulting in primary energy savings of at least 30%^{4 5} Energy efficiency measures Energy retrofits such as installation of solar panels, heating pumps, converting to LED lighting, improvements in ventilation systems, extension of district heating and cooling systems, improvements, and implementation of Building Automation and Control Systems, Energy Management Systems (EMS) as well as infrastructure for electric vehicles or hybrid vehicles	

⁴ As set in the applicable national and regional building regulations for ‘major renovation’ implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.

⁵ The initial primary energy demand and the estimated improvement is based on a detailed building survey, an energy audit conducted by an accredited independent expert or any other transparent and proportionate method and validated through an Energy Performance Certificate. The 30 % improvement results from an actual reduction in primary energy demand (where the reductions in net primary energy demand through renewable energy sources are not taken into account) and can be achieved through a succession of measures within a maximum of three years.

3. Process for Project Evaluation and Selection

The evaluation and selection process for Green Eligible Projects is a key process in ensuring that the proceeds from Green Financing Instruments are allocated to projects and activities which meet the criteria in the Framework.

3.1 Green Finance Committee

Cibus has established a Green Finance Committee (“GFC”) that meets on a regular basis. Members of the GFC consist of the COO and the CIOs in respective country. All decisions are made in consensus, and that applies to the selection process of Green Eligible Projects as well. A list of Green Eligible Projects is kept by the Finance Department who is responsible for keeping this list up to date.

3.2 Responsibilities of the GFC

The GFC is responsible for evaluating the compliance of the proposed Green Eligible Projects with the eligibility criteria outlined in the Use of Proceeds section. Ensuring that the pool of Green Eligible Projects is aligned with the categories and criteria, as specified in the Use of Proceeds section as well as replacing investments that no longer meet the eligibility criteria. The GFC will also approve the Green Finance Report. Further, the GFC will ensure that Green Eligible Projects adhere to applicable laws and regulations as well as Cibus’s sustainability policy. Further, the GFC will also monitor internal processes to identify environmental and/or social risks associated with the Green Eligible Projects.

The list of Green Eligible Projects is monitored by GFC on a regular basis during the term of the Green Financing Instruments to ensure that the proceeds are sufficiently allocated to Green Eligible Projects.

3.3. Exclusions

The net proceeds of Cibus’s Green Financing will not be used to finance *fossil fuel energy generation, nuclear energy generation, the weapons and defence industries, potentially environmentally negative resource extraction, gambling or tobacco.*



4. Management of proceeds

4.1. Tracking of net proceeds

Equivalent to the net proceeds from Cibus's Green Finance Instruments will be tracked by using a spreadsheet where all issued amounts of Green Finance Instruments will be inserted. The spreadsheet will contain the list of Green Eligible Projects mentioned in Section 2. Information available in the spreadsheet will in turn serve as basis for regular reporting described in Section 5 and will be verified by an external party (see Section "External review").

All Green Finance Instruments issued by Cibus will be managed on a *portfolio level*. This means that a Green Finance Instrument will not be linked directly to one (or

more) pre-determined Green Eligible Projects. The Company will keep track and ensure there are satisfactory amount of Green Eligible Projects in the portfolio. Projects can, whenever needed, be removed, or added to/from the Green Eligible Projects' portfolio.

4.2. Temporary holdings

Any unallocated proceeds may temporary be placed in the liquidity reserve or any other treasury business and managed accordingly by Cibus. Should there be any unallocated proceeds Cibus strives to allocate them within one year.



5. Reporting

To enable investors, lenders, and other stakeholders to follow the development of the Green Eligible Projects funded by Green Financing Instruments, a *Green Finance Report* will be made available on the Company's website. The Green Finance Report will include an allocation report and an impact report and will be published annually as long as there are Green Financing Instruments outstanding.

In the case Cibus would have other Green Financing Instruments than bonds outstanding the Company may choose to report, in relation to these other financial instruments, directly and non-publicly, to the lenders or counterparts.

Allocation reporting

The allocation report may include the following information:

- Total amount of Green Finance Instruments issued
- Share of proceeds used for financing/re-financing as well as share of proceeds used for categories described in Section 2
- Share of unallocated proceeds (if any)
- Examples of the relevant Green Eligible Projects
- On a best effort basis, information on EU Taxonomy alignment (%) of the underlying Green Eligible Projects financed by Green bonds

Impact reporting

The impact report aims to disclose the climate-related impact of the Green Eligible Projects financed under this Framework. Note that if all data cannot be collected, the impact assessment/calculations will be on a best effort basis. The impact assessment will include some of the following impact indicators:

- Information on the energy usage in kWh/m²/year ("e-value" is normally used for Finnish properties)
- Estimated annual greenhouse gas emissions reduced or avoided (CO₂e kg/sqm)
- EPC A or B
- Type of certification scheme including level, if any (e.g. LEED Gold)
- Annual renewable energy production (MWh)

6. External review

Second party opinion

To confirm the transparency and robustness of Cibus's Green Finance Framework, it is verified and approved by an external *second opinion provider*. The second opinion by ICS is available on the Cibus's website; <https://www.cibusnordic.com/> together with this Framework.

External part/verifier

Allocation of proceeds will be subject for an *annual review* by an external part/verifier. A verification report provided by the external part will be published on the Company's website; www.cibusnordic.com

