



Sustainability-Linked 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 SUSTAINABILITY-LINKED FINANCE FRAMEWORK

This Sustainability-Linked Finance Framework is aligned with the *Sustainability-Linked Bond Principles 2020 (SLBP)*¹ and *Sustainability-Linked Loan Principles 2023 (SLLP)*² and its cornerstones:

- Selection of Key Performance Indicators (Section 1)
- Calibration of Sustainability Performance Targets (Section 2),
- Characteristics of the Finance Instruments (Section 3)
- Reporting (Section 4)
- Verification (Section 5)

The Framework is applicable for capital market/non-bank financing such as Sustainability-Linked bonds, commercial papers etc., and bank financing such as Sustainability-Linked term loans, revolving credit facilities etc. (collectively referred to as “Finance Instruments”).

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 and verifies that the Sustainability Performance Targets outlined in this Framework are *meaningful, ambitious, and relevant* in the context of Cibus’s broader sustainability and business strategy. The Framework and second opinion from ICS are available on Cibus’s website; <https://www.cibusnordic.com/>. For more information about commitment to ongoing reporting please read the reporting section in this Framework.



¹ SLBP published in June 2023 are voluntary process guidelines for issuing Sustainability-Linked bonds established by International Capital Markets Association (ICMA). In June 2023, ICMA released an updated KPI registry which includes high-level recommendations and examples for the selection of key performance indicators for SLB

² SLLP published in February 2023 are voluntary process guidelines for Sustainability-Linked loans established by Loan Market Association (LMA)

1. Selection of Key Performance Indicators (KPIs)

Cibus has selected the following KPIs, which are *core, relevant, and material* to Cibus’s business and measure the *sustainability improvements* by Cibus.

KPI #1: SBTi approved greenhouse gas emission reduction targets

Description & scope: Cibus will seek to have its near-term science-based targets (SBTs) for 2030 approved by the *Science Based Target initiative (SBTi)*. Having fewer than 500 employees, Cibus falls under the SBTi’s small and medium-sized (SME) enterprise standard which covers *Scope 1 & 2 emissions*.

Materiality to business: Through heating and other consumption of energy, the property sector is one of the world’s major consumers of energy. Thus, this KPI is chosen to support Cibus’s work for *continuous improvements* in its operations to help achieve the 1.5-degree target according to the Paris Agreement. The SBTs are GHG emissions reduction targets that are informed by *independent climate science*, ensuring that a company’s emissions are in line with the *Paris Agreement 1.5 degree scenario*. The plan is *validated by the SBTi* and provides a step-by-step process for how to reach the near-term targets.



KPI #2: Reduction of Scope 1, 2 & 3 greenhouse gas (GHG) emissions

Description & scope: Cibus aims to reduce emission intensity from own and tenants’ energy consumption in properties, measured as greenhouse gas emissions per square meter (kgCO₂e/m²). The KPI covers *Scope 1* (mainly refrigerants and natural gas), *Scope 2* (purchased energy for properties) and *Scope 3 Category 13* (emissions from tenants’ energy consumption). *Scope 3 Category 13 emissions* cover roughly 67% of Cibus’s estimated total GHG emissions. Further definitions of Scope 1 and 2 and 3 emissions are in accordance with the *Greenhouse Gas Protocol*.



Materiality to business: This KPI has been chosen to support Cibus’s efforts for its continuous improvements to reduce its climate footprint. Cibus’s materiality assessment have shown this to be a highly important issue to its stakeholders. The main GHG 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. Therefore, Cibus actively work to help its tenants’ investments in renewable energy and the Company has set new targets to substantially reduce the climate footprint, which represents a significant ambition beyond business as usual in line with its own ambitions and stakeholder expectations.

Baseline & historical data:

kgCO ₂ e/m ²	2020	2021	2022 (baseline)
Scope 1-3	22.3*	23.3	23.9

*Note that the data may differ from previous annual reporting since calculations were made by a different external consultant. Also, Cibus has acquired properties in 2021 and 2022 that have had an impact.

2. Calibration of Sustainability Performance Targets (SPTs)

SPT #1: Approval of near-term GHG emission reduction targets no later than 30 June 2024

Strategy to achieve the SPT: Cibus is in the process of developing the near-term SBTs (i.e. 2030) for its Scope 1 & 2 emissions for SBTi's small and medium-sized (SME) enterprise standard. Cibus is working with a *third-party consultant to develop the SBTs*.

The SPT is reached if Cibus's CO₂e emission reduction targets are validated by SBTi and published on the SBTi list of companies with validated targets (with 1.5°C target classification).

Risks to the achievement of the target: Potential delays in the process of submitting SBTs and getting approval by the SBTi.

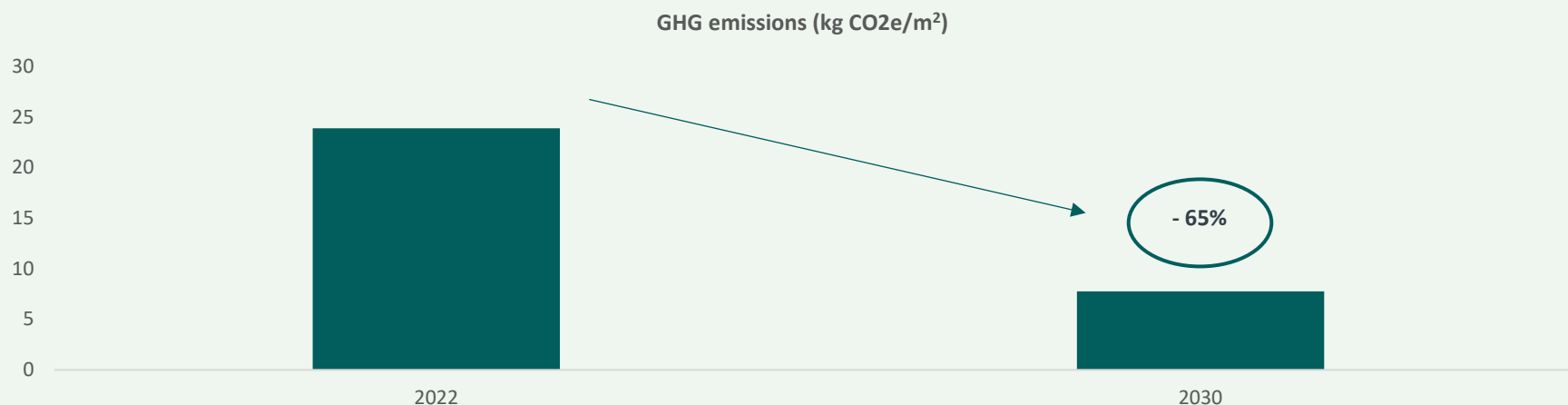
Benchmark & ambition: SPT performance is benchmarked against the implied trajectory to achieve a 1.5-degree maximum warming scenario, in accordance with the relevant methodology published by the SBTi. The Company works with Gaia, an external consultant to develop targets aligned with a 1.5-degree scenario and submitted its targets to the SBTi for validation on 16 May 2023, with the SBTi review for validation purposes expected to take place before 30 June 2024. The Company believes that a corporate commitment to aligning its business model with the most ambitious (1.5-degree) Paris Agreement scenario, and setting targets accordingly demonstrates a high degree of ambition.

Setting a Science-Based Target for SMEs follows the process below:

- 1. Submission:** Submitting the application to the SBTi
- 2. Validation:** Upon receipt of the application, SBTi will conduct due diligence and Q&A
- 3. Approval:** Should the application pass the due diligence process, an approval from SBTi will be received
- 4. Communication:** Announcing the targets and inform stakeholders
- 5. Disclosure:** Reporting company-wide emissions and tracking target progress annually

SPT #2: By end of 2030, Cibus aims to reduce greenhouse gas emissions per square meter (kg CO₂e/m²) by 65% from a 2022 base year

Strategy to achieve the SPT: The most impactful emission reduction measures reflected in the scenario are *switching from natural gas to other heating methods* (Scope 1) and *installation of heat pumps* in connection to the major renovations of Finnish properties whose refurbishment is under Cibus's responsibility (Scope 2). The remaining share of the managed assets in Finland is expected to move to *green district heating* in the managed properties (Scope 2) for which green district heating is available. Moreover, in the scenario Cibus is moving to purchase *GO certified electricity* solely in the properties managed by Cibus by 2024 (Scope 2) and *engage with the tenants* expecting them to follow by 2030 (Scope 3).



Risks to the achievement of the target: The main GHG 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. However, Cibus's property area is leased to anchor tenants with stated ambitions to reduce their overall climate footprint or to achieve climate neutrality by 2025 or 2030. Several have set climate goals compatible with the Paris Agreement's 1.5 degree goal.

Benchmark & ambition: Cibus started to track the emission intensity in a comparable manner since 2021. The increase (2.7%) between 2021 and 2022 is due to the inclusion of refrigerants in the reporting, if excluded the like-for-like reduction would have been 1.4% i.e. one sixth of the required annual reduction required to reach the SPT #2 by 2023, meaning that the target can be considered ambitious from a historical performance perspective. . As the performance target covers not only Scope 1 and Scope 2, but also Scope 3 Category 13, Cibus is taking responsibility for the actions of its tenants, which it does not have a full control over. This shows clear ambition, as most of Cibus peers have targets covering only their own emissions (Scope 1 and Scope 2, that is). Moreover, the target reduction rate is aligned with an applicable 1.5°C scenario. By benchmarking its ambition against the ambition stated in the Paris Agreement, Cibus has aligned its targets with the latest climate science as well as the expectations on climate action from different stakeholder groups. These targets will further enable Cibus to reach its' long-term goal to become climate neutral by 2030.

3. Characteristics of the Finance Instruments

The structural characteristics of the Finance Instruments issued under this Framework will be specified in its corresponding security documentation including but not limited to the KPIs, SPTs, calculation methodology along with the date in which the relevant SPTs are to be achieved (the “Target Observation Date”).

Depending on Cibus’s performance in relation to the applicable SPTs per the Target Observation Date, the structural characteristics of a Finance Instrument will change (“Trigger Event”). The Trigger Event may result in a premium redemption option or step-up/step-down option of the Finance Instruments. The size of the increase in the redemption price or step-up and/or step-down option will be specified in the security documentation for each respective Finance Instrument issued under this Framework. Various situations could lead to recalculation of the baselines, the KPIs, the SPTs and their respective reported values. Such situations could be, but are not limited to, changes to the corporate structure (including acquisitions and divestments), regulatory changes as well as improved data availability or changes to the methodology for calculation of any KPI to reflect changes in market practice or relevant market standards (e.g. GHG Protocol). Should there be a notable change that impact the SPT by 5% or more the baseline may be adjusted to inherit this change. All such changes will be reported in accordance with section “4. Reporting” and verified by a qualified external reviewer.



4. Reporting

To be fully transparent towards investors, banks and other stakeholders, Cibus will commit to reporting on an *annual basis* until no Finance Instruments are outstanding.

Capital market/non-bank financing

For capital market/non-bank financing such as Sustainability-Linked bond, commercial papers etc., the *Sustainability-Linked Financing Progress Report* will form the basis for evaluating the impact on the respective Finance Instrument's structural characteristics as outlined in Section 3 as well as in the respective security documentation. The Sustainability-Linked Financing Progress Report will be published on Cibus's *website* and cover some of the following areas:

- The performance of the KPIs and SPTs as per the relevant reporting period including the calculation methodology and baselines, where relevant
- Information about recalculations, if any, of the baselines (if applicable)
- A verification report relative to the KPIs outlining the performance against the SPTs and the related impact, and timing of such impact, on the security characteristics
- Any other information deemed being relevant to the investors and/or lenders in Cibus's Finance Instruments

Bank financing

For bank financing such as Sustainability-Linked term loans, revolving credit facilities etc. Cibus may opt to report non-publicly to lenders or other relevant counterparts with up-to-date information sufficient to allow them to monitor the performance of the SPTs and to determine that the SPTs remain ambitious and relevant to Cibus's business.

5. Verification

To confirm the transparency, robustness, and ambitiousness of Cibus's Framework, it is verified by an approved *external second opinion provider*. The Framework and second opinion from ICS are available on Cibus's website; www.cibusnordic.com

For capital market/non-bank financing as well bank financing Cibus will obtain an *external and independent verification* of the KPIs performance relative to the applicable SPTs on an *annual basis*.

