



Sustainable Finance Framework

April 2026

HEMSÖ

Accessible
Reliable
Progressive

Innehåll

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Rationale for the 2026 Framework update

Hemsö Fastighets AB (publ) together with its subsidiaries (“**Hemsö**”, “**Company**” and “**Group**”) established its inaugural Sustainability Bond Framework and subsequently issued a sustainability bond in 2016 – as the first company in the Nordics. The Framework was updated in 2018, with the most recent version in 2023. Since then, both regulations and market standards have evolved. The 2026 edition of the Sustainability Finance Framework (“**Framework**”) reflects these developments by incorporating updated eligibility criteria for green and social eligible assets. Key updates include:

- New eligibility criteria that address embodied carbon value, applicable to new buildings.
- New eligibility criteria for physical climate risk and vulnerability assessment, applicable to all buildings including major renovations.
- New eligibility criteria for assets that have participated in Hemsö’s process for circular construction, reflecting that circular processes is a key part of efforts to achieve Hemsö’s long-term net zero GHG emissions target.
- Adjusted eligibility criteria related to Primary Energy Demand (“PED”) to reflect local conditions, applicable to new buildings in Germany.
- Selected environmental certifications (“BREEAM” and “DGNB”) have been adjusted to higher levels.
- The former categories “Energy efficiency” and “Renewable energy” have been merged with “Green buildings”.
- For social Eligible Assets, the target population has been further clarified.

The establishment of this Framework thus aims to reinforce Hemsö’s commitment to its sustainability strategy, as it provides additional transparency to the financing and/or refinancing of green and social infrastructure.

Alignment with market principles

Hemsö has established this Framework under which Hemsö Fastighets AB (publ) and Hemsö Treasury Oyj can issue Green, Social or Sustainability finance instruments (“**Sustainability Finance Instruments**”), which may include, but are not limited to, bonds under various formats including public or private placements, hybrid bonds, commercial papers, and bank loans.

This Framework has been developed in accordance with the 2025 edition of Green Bond Principles (“**GBP**”) ¹⁾ and Social Bond Principles (“**SBP**”) ²⁾, the 2021 edition of the Sustainability Bond Guidelines (“**SBG**”) ³⁾ administrated by ICMA and the 2025 edition of Green Loan Principles (“**GLP**”) ⁴⁾ and Social Loan Principles (“**SLP**”) ⁵⁾ administrated by the LMA/APLMA/LSTA. Its structure follows the four core components including key recommendations:

- Use of Proceeds
- Process for Asset Evaluation and Selection
- Management of Proceeds
- Reporting
- External Review

Hemsö will review this Framework from time to time, including its alignment to updated versions of the principles by ICMA and LMA/APLMA/LSTA. Accordingly, the Company may deem it appropriate at times to further update its Framework with the objective of keeping or improving the current levels of transparency and reporting disclosures. Any material revision of the Framework will be subject to a new Second Party Opinion. Swedbank has acted as Sustainability Coordinator to Hemsö in the establishment of this Framework.

¹⁾ Green Bond Principles

²⁾ Social Bond Principles

³⁾ Sustainability Bond Guidelines

⁴⁾ Green Loan Principles

⁵⁾ Social Loan Principles

Introduction

This is Hemsö

Hemsö is the leading owner of social infrastructure⁶⁾ in Sweden and also operates in Finland and Germany. The aim is to sustainably own, manage and develop public properties in the areas of nursing homes, education, health care and justice system. The vision is to strengthen the backbone of society, through sustainable development, ownership and management of social infrastructure. The operations are characterized by long-term lease agreements and stable tenants who mainly are represented by the state, region and municipality, but to some extent also private operators. With the Third Swedish National Pension Fund as principal owner, Hemsö contributes to Swedish pension funds in a long-term and dependable manner.

Hemsö's core values

- **Accessible:** We are locally based and work closely with our customers. We listen carefully and always strive to promote positive dialogue. We are a dependable and accessible partner, with high availability.
- **Reliable:** We take responsibility for the properties we manage and build confidence through financial stability and stable ownership. We contribute to social sustainability and our properties are part of the social infrastructure.
- **Progressive:** We drive development in our industry. We develop offerings and premises based on the requirements and preferences of our customers.

As of Dec 31, 2025, the total value of Hemsö's property portfolio amounted to SEK 87.2bn, of which 65% is located in Sweden, 18% in Finland and 17% in Germany. In terms of property category, the property portfolio consists of 37% nursing homes, 37% education, 14% health care, and 12% to justice system. The total lettable area amounted to 2,470 thousand sqm.

⁶⁾ Public properties that are predominantly used by tax-financed activities and are specifically adapted for community service.

Sustainability strategy

Hemsö's sustainability initiatives are to contribute to social sustainability, and the sustainable development of Hemsö, economically, socially and environmentally. The priority areas are the environment, climate change, society and the responsibility as a developer. That means that Hemsö will offer safe, secure and healthy environments for the people who use the properties and contribute to social development through innovative public properties that create vibrant environments.

Hemsö will be an attractive employer for existing and potential employees. Hemsö takes responsibility for the environment and the climate by minimizing the use of resources. The Group's sustainability initiatives will also have a positive impact on Hemsö's competitiveness and the ability to obtain sustainable finance and ensure long-term sustainable financial growth.

Further, The Company conducted a double materiality assessment (DMA) in 2024, which was further refined during 2025. The assessment covered the entire value chain – upstream, own operations, and downstream – and the results determined the company's material impact on the environment, climate, people, and society, as well as associated risks and opportunities impacting our financial position. For more information see the latest annual and sustainability report on the Hemsö's website.

Environmental responsibility

A plan for the transition

By 2040, Hemsö aims to achieve net zero value chain emissions. This means that all parts of the Company must be involved in the effort to gradually move closer to the target. The target, which was validated by the Science Based Targets initiative (“SBTi”) in 2023, adheres to the SBTi’s Corporate Net-Zero Standard and is in line with the Paris Agreement’s 1.5° goal.

Climate targets

Long-term climate target:

- By 2040, reach net zero value chain GHG emissions compared to base year 2022 – the target has been validated by SBTi.

Climate milestone targets:

- By 2030, reduce GHG emissions by 50 percent compared to base year 2022.
- By 2030, all properties will have a climate adaptation plan.

Energy targets

Reduced energy use target:

- By 2030, reduce energy intensity (kWh/m² Atemp) by 20 percent compared to base year 2022.

Ecosystem services targets

- By 2040, increase the value of ecosystem services compared to base year 2026.
- By 2030, no net loss of ecosystem service compared to base year 2026.

Hemsö’s process for circular construction

The development of circular processes is a key part of efforts to achieve Hemsö’s long-term net zero GHG emissions target. Opportunities to significantly reduce climate impact arise primarily through investments in reuse and re-development rather than new development. Hemsö has established a model for circular construction within five focus areas including; reuse, climate impact, waste, climate risk assessment and ecosystem services. The areas are followed up for each project with related KPIs on an ongoing basis. The overall objective is to reduce climate impact as much as possible while taking the long-term perspective into account.

Sustainability requirements – new construction

Hemsö’s absolute greatest climate impact occurs within the value chain. Hemsö therefore impose a number of sustainability requirements on the contracting side, focusing on reducing climate impact in project development and new construction. The aim is partly to accelerate climate action, and partly to ensure taxonomy alignment in new construction projects. This involves establishing requirements as early as the decision-making stage on how new construction or renovation should be carried out with the lowest possible climate impact, focusing on material selection, energy use, and effective resource management.

Energy efficiency and waste management

Optimizing energy use across the property portfolio is central to reducing Hemsö's long-term climate impact and contributing to resource conservation. focus on up-grading to modern solutions, such as heat pump systems, equipping properties with sensors for demand-controlled heating and ventilation, and installing **energy-efficient lighting**. Various types of environmental certifications provide vital support during new construction and renovations to ensure energy-efficient building operations with significant potential for lower energy costs. In addition, opportunities for on-site renewable energy production are utilized whenever the conditions are right for solar PV installations.

Further, Hemsö imposes a range of **sustainability requirements** on the contracts the Company procure, which are based, among other things, on the Swedish Construction Federation's resource and waste guidelines for construction and demolition, as well as in accordance with Miljöbyggnad (Sweden Green Building Council) standards. Hemsö also require the contractor to report waste statistics for all waste fractions during new construction or renovation, which serves as a vital basis for analyzing and developing Hemsö's efforts to minimize waste. On the property management side, the focus is on providing tenants with the necessary infrastructure for source separation of their waste.

Selected measures

- Hemsö is gradually developing its process with **embodied carbon calculations** for various stages of construction. The various environmental certifications provide an additional tool to manage the environmental impact. For example, two of Hemsö's properties obtained NollCO₂ certification, which requires that the property's GHG emissions are reduced using limit values, and that the property's remaining climate impact is balanced with measures that contribute to a net zero climate impact.
- Analyses to future-proof and **adapt properties to climate change** are conducted during acquisitions, new construction and re-development, and in the management of existing property portfolios. It involves a careful examination of the **physical climate risks** that could potentially arise due to climate change, such as flooding or landslides, based on the property's location.
- Hemsö has achieved a **12.3% reduction in total energy intensity** during 2025 compared to base year 2022, through strategic portfolio-wide efficiency initiatives. Read more about Hemsö's sustainability efforts on its website.⁷⁾
- Hemsö is utilising the potential to produce **own renewable energy** by equipping properties with the right conditions for PV systems. Electricity is procured centrally in Sweden and Hemsö only purchases hydropower with a guarantee of origin. Finland procures wind-generated electricity and in Germany, tenants are responsible for procurement. At the end of 2025, 126 properties were equipped with rooftop PV systems. The total installed capacity was 10 805 kWp.
- **Collaboration** is an important part of efforts to drive Hemsö's sustainability initiatives forward. Examples of collaborations for knowledge exchange and joint advocacy are , Sweden Green Building Council ("SGBC"), Green Building Council Finland ("FIGBC") and the German Sustainable Building Council ("DGNB").
- **Ecosystem services mapping** on an existing property. The aim is to identify improvements in the outdoor environment and to develop working methods and **measurability for ecosystem services** in the existing portfolio.

⁷⁾ <https://www.hemsoe.com/sustainability/>

Social sustainability

Vision

Vision Zero – no accidents on our properties.

Goal – Improve quality of life for people

- Customer Satisfaction Index (CSI) of at least 75.
- 100 percent of all new construction must be environmentally certified.

Key Performance Indicators (KPIs) – Social Infrastructure

- Number of nursing home beds created.
- Number of educational places provided.

Measures with a focus on people and society

Hemsö's contribution to social infrastructure ensures that the justice system and education and health care sectors have the right conditions in place to provide essential social services. Examples of measures include:

- Hemsö undertakes various innovation projects aimed at developing work with social sustainability to make a real difference. For example, the Company has explored the possibility of multi-generational housing, where preschools and schools are combined with nursing homes.
- Environmental certifications provide important support for ensuring a good indoor environment based on ventilation, air quality, daylight and materials selection. Hemsö requires certification of all new developments and the aim is that 100% are to be certified.

- In Sweden, the Company utilizes the SundaHus Material Data tool for assessing that products used by the construction and property industry do not contain environmentally harmful substances. Product choices are also recorded in a logbook. In the day-to-day operation of the properties, Hemsö's property managers are responsible for maintaining a good indoor environment and preventing inconveniences such as damp and noise.
- Hemsö's vision of zero accidents for the properties is upheld by conducting preventive safety rounds and inspections in all properties at set intervals to check fire safety, fall protection and elevators. Should an accident linked to property owner negligence nevertheless occur, an action plan has been drawn up and the Company's operations and maintenance providers are on call around the clock.
- To promote a more inclusive society, Hemsö works with a range of organisations. For example, the Company has had a partnership with En Frisk Generation (a Healthy Generation), which provides inspiring and free exercise for families and children in Tensta, since 2023. There is also "Hemsögåvan" (the Hemsö Gift), which enables tenants to apply for a donation for their activities.

Hemsö Flower and Hemsö Apple

To contribute to a holistic approach in creating sustainable and high-quality nursing homes and schools, Hemsö has two tools: Hemsö Flower and Hemsö Apple. The aim is to provide support and inspiration throughout the life cycle, from new development to the refurbishment of existing public properties.

- Hemsö Flower describes important dimensions for nursing homes, such as care about employees and a higher degree of social involvement in general.
- Hemsö Apple describes the corresponding dimensions for schools and includes Hemsö's combined property expertise, the operational knowledge of schools and research into learning environments.

Responsible business

Vision

Zero corruption in our value chain.

Goal – 2030

- 100 percent of our business partners shall sign our Code of Conduct.
- 100 percent of our significant business partners* shall comply with our sustainability requirements.
- Collaboration with 100 percent of our significant business partners* for a sustainable future.

**By significant business partners, we refer to those partners where there is an identified risk of impact or violations related to child labor, human rights, working conditions, and tax planning.*

Key Performance Indicators (KPIs) – Social Infrastructure

- Number of nursing home beds created.
- Number of educational places provided.

Governance structure

Every year, the **Group Management** drafts a proposal for a strategic direction, with sustainability as focus area. The draft is presented to the Board and approved at a scheduled meeting. The **Sustainability Committee** continuously follows up and evaluates sustainability on behalf of the Board. The Sustainability Committee also prepares issues related to sustainability. The operative responsibility for sustainability-related issues follows the organizational structure and is an integral part of Hemsö's operations. The **Head of Sustainability** is responsible for the **Sustainability Department's** work and reports to the CEO.

Policy and governing documents

Hemsö's **Sustainability Policy**, along with the Company's **Sustainability Guidelines**, serve as the governing documents for the focus of sustainability efforts and the operational work involved in assessing, managing and taking actions that contribute to progress.

The Sustainability Policy states that sustainability work must be directed and prioritised on the basis of Hemsö's operations and their material sustainability matters, while also accounting for relevant stakeholders. The Sustainability Policy also summarises material sustainability matters, including impacts, risks and opportunities linked to climate change mitigation and adaptation, and to energy efficiency. Similarly, the Sustainability Guidelines are linked to climate impact and energy by outlining how Hemsö should manage these issues through procedures, directives and instructions.

The Sustainability Policy and Sustainability Guidelines are primarily for governing Hemsö's own operations, but the value chain perspective is also included by considering aspects such as development projects, customers and suppliers. To comply with laws and regulations, the Group uses internal procedures, quality control and external audits.

Hemsö's **Code of Conduct**, which is based on the Ten Principles of the UN Global Compact in the areas of human rights, labour, environment and anti-corruption applies to all suppliers as well as sub-contractors. In addition, all new employees undergo training in Hemsö's Code of Conduct.

Policies and governing documents and systems:

- Code of Conduct and Code of Conduct for Suppliers
- Dividend Policy
- Executive Remuneration Policy
- Financial Policy
- Financial reporting instructions
- Information Policy
- Insider Trading Policy
- IT Policy
- Rules of procedure for the audit Committee
- Rules of procedure for the CEO
- Rules of procedure for the Sustainability Committee
- Rules of procedure for the Board
- Sustainability Policy
- Sustainability Guidelines
- Tax Policy
- Valuation Policy
- Whistleblower System

External frameworks

Some of the external frameworks and standards underlining Hemsö's sustainability initiatives are the UN Sustainable Development Goals ("UN SDGs"), the 2030 Agenda, the Paris Agreement, national climate targets and the UN Global Compact. Other selected external frameworks and standards that the Company utilizes include Task Force on Climate-Related Financial Disclosures ("TCFD"), Science Based Targets initiative ("SBTi").

Core components of the Sustainability Finance Framework

Use of proceeds

An amount equivalent to the net proceeds from Hemsö's Sustainability Finance Instruments shall be used to finance and/or refinance, in whole or in part, a portfolio of green and/or social assets and projects ("**Eligible Assets**"), located in countries where Hemsö operates, and which comply with the eligibility criteria ("**Eligibility Criteria**") set out below.

Eligible Assets include fixed assets ("**Fixed Assets**") and operating expenditures ("**OpEx**"). Fixed Assets are eligible at value reported on the balance sheet at every given point in time (either market value or carrying value). OpEx reported in the income statement, shall qualify with a maximum three years look-back period. In addition, a forward-looking period of up to 24 months post the issuance/arrangement date of the Sustainability Finance Instrument is applicable.

Eligibility Criteria for green Eligible Assets consider, on a best effort basis, the EU Taxonomy's substantial contribution ("SC") criteria where relevant. However, some Eligibility Criteria such as related to Hemsö's circular model align with its broader sustainability strategy and thus not aim to align to the EU Taxonomy's SC. Furthermore, a mapping to the economic activities and environmental objectives under the EU Taxonomy has been done, to the extent possible. Also, a mapping to relevant UN SDGs have been carried out for both green and social Eligible Assets.

Social Eligible Assets will on a best effort basis finance and/or refinance buildings that follow the requirements in Hemsö Apple⁸⁾ and the Hemsö Flower⁹⁾, which safeguard the conditions for creating sustainable and high-quality schools, health care and nursing homes. These principles will also serve as support and inspiration in new development and for the continued development of existing buildings.

Financing and refinancing

Financing is defined as Eligible Assets that are financed during or after the issuance/arrangement date or that have been finalised during the last two years from the issuance/arrangement date. Refinancing is defined as Eligible Assets that have been finalised two years prior to the issuance/arrangement date.

Exclusion criteria

For the avoidance of doubt, under this Framework Hemsö will not finance and/or refinance fossil fuel energy generation, nuclear energy generation, weapons, gambling or tobacco. Furthermore, Hemsö's Sustainability Finance Instruments respect the EU Paris Aligned Benchmark ("PAB") exclusions as of the time of this Framework publication.

⁸⁾ <https://www.hemsoe.com/our-offering/safe-and-stimulating-environments/in-school/>

⁹⁾ <https://www.hemsoe.com/our-offering/safe-and-stimulating-environments/at-the-nursing-home/>

Green buildings



ICMA GBP category: Green buildings

UN SDG: 11-Sustainable cities and communities

EU environmental objective: Climate change mitigation

Eligibility Criteria

New buildings¹⁰⁾

Eligible EU Taxonomy activity: 7.1 Construction of new buildings

New building which has or will have upon completion the following:

- Primary Energy Demand (“PED”) that is at least (i) 25% (Sweden and Finland), (ii) 10% (Germany) lower¹¹⁾ than the threshold set for NZEB according to national building regulations¹²⁾; and
- Environmental certification¹³⁾ of at least (or better): Miljöbyggnad Silver, LEED Gold, BREEAM Excellent, DGNB Gold; and
- Embodied carbon value¹⁴⁾ as specified below; and
 - **Sweden:** Embodied carbon value that is at least 20% lower than the national threshold set in the act on climate declarations for new buildings in Sweden¹⁵⁾
 - **Finland:** Greenhouse gas (“GHG”) emissions that are at least 10% lower than the national threshold¹⁶⁾
 - **Germany:** Embodied carbon value that is at least 30% lower than the DGNB criterium¹⁷⁾
- Undergone a screening for material physical climate risks. If needed, Hemsö will establish an adaptation plan¹⁸⁾ to make the building more climate resilient.
- Additional criteria for buildings larger than 5000 sq.m.: upon completion, the building has undergone testing for air-tightness and thermal integrity.

¹⁰⁾ Building application filed after 31 December 2020.

¹¹⁾ The energy performance is or will be certified using an Energy Performance Certificate (EPC).

¹²⁾ In Sweden, Boverket’s Building Regulations 29. In Finland, the Land Use and Building Act. In Germany, Buildings Energy Act (GEG 2023).

¹³⁾ High security buildings can in some cases prevent the Company from obtaining an official environmental certification of the building. In such cases, the Company will provide a statement from an accredited Environmental Consultant that proves that the building meets the requirements for the certification scheme.

¹⁴⁾ Applies to buildings completed after 1 January 2026.

¹⁵⁾ Applicable to lifecycle stages A1-A5.

¹⁶⁾ Applicable to lifecycle stages A1-A5, B4 and B6, C1-C4.

¹⁷⁾ DGNB version 2023 ENV1.1 / Climate Action and Energy indicator 2.5.1. Applicable to lifecycle stages A1-A3.

¹⁸⁾ Adaptation plan aims to be established within 12 months from issuance/arrangement date.

Existing buildings ¹⁹⁾

Eligible EU Taxonomy activity: 7.7 Acquisition and ownership of buildings

Existing buildings that have:

- Energy Performance Certificate (“EPC”) of class A or that have a PED within the top 15% ²⁰⁾ of the national or regional building stock.
- Undergone a screening for material physical climate risks. If needed, Hemsö will establish an adaptation plan ²¹⁾ to make the building more climate resilient.

Major renovations ²²⁾

Eligible EU Taxonomy activity: 7.2 Renovation of existing buildings

Renovations of existing buildings that:

- Have primary energy savings of at least 30% within maximum of three years and validated through an EPC upon completion of the renovation and undergone a screening for material physical climate risks. If needed, Hemsö will establish an adaptation plan ²³⁾ to make the building more climate resilient; or
- Comply with the applicable minimum energy requirements of the national building regulation for major renovations and undergone a screening for material physical climate risks. If needed, Hemsö will establish an adaptation plan ²⁴⁾ to make the building more climate resilient; or

- Have participated in Hemsö’s model for circular construction which includes specific requirements and targets within five focus areas:

1. Reuse – reuse hierarchy applied. Target: at least 60% preserved on site.
2. Climate impact – based on the reuse inventory, a baseline is established. Everything that is preserved is included in the calculation. Target: at least 20% below the established baseline.
3. Waste – targets: i) at least 70% waste for material recycling, ii) maximum 28% waste for energy recovery, iii) maximum 2% landfill.
4. Climate Risk Assessment – requirement of climate risk analysis and vulnerability assessment and, if needed, an adaptation plan is established.
5. Ecosystem Services – based on the specific project a baseline value is established. Target: from the baseline value, increase by at least 50%.

¹⁹⁾ Building application filed until 31 December 2020.

²⁰⁾ Top 15% per building class is determined by relevant national study. The Company can also seek guidance from other appropriate external benchmarks to determine top 15% if such report is issued by a national government or industry specialist.

²¹⁾ Adaptation plan aims to be established within 12 months from issuance/arrangement date.

²²⁾ If the building post renovation fulfils criteria under “existing buildings” the market value of the building will qualify. If not, it will be limited to the renovation cost.

²³⁾ Adaptation plan aims to be established within 12 months from issuance/arrangement date.

²⁴⁾ Adaptation plan aims to be established within 12 months from issuance/arrangement date.

Building energy efficiency

Eligible EU Taxonomy activity: 7.3. Installation, maintenance and repair of energy efficiency equipment; 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings, 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings; 7.6. Installation, maintenance and repair of renewable energy technologies

Installation, maintenance and repair of:

- Energy efficient equipment such as addition of insulation to the building, energy efficient windows, doors, light sources, heating, ventilation and air-conditioning ("HVAC"), water heating systems including equipment related to district heating services.
- Instruments and devices for measuring, regulation and controlling energy performance of buildings such as smart thermostat systems and sensing equipment, building automation and control systems, building energy management systems, lighting control systems, smart meters for electricity, heat, cool, façade and roofing elements with a solar shading or solar control function.
- Charging stations for electric vehicles, bicycle garages, pedestrian walkways, bicycle lanes.
- Renewable energy technologies such as solar, heat pumps, wind turbines, storage units, heat exchanger/recovery systems.

Access to education



ICMA SBP category: Access to essential services
UN SDG: 4-Quality education

Eligibility Criteria

Education facilities including:

- Preschools, elementary schools, upper-secondary schools.
- Colleges/universities and premises for advanced research.

Target population: children and students.

Access to health care and nursing



ICMA SBP category: Access to essential services
UN SDG: 3-Good Health and Well-being

Eligibility Criteria

Community service uildings including:

- Hospitals, local hospitals, medical centres, dental practices, pharmacies, palliative care, rehab clinics, child health clinics, maternity centres, child and adolescent psychiatry, and emergency centres
- Residential care facilities, dementia care facilities, short-stay care facilities, and assisted living/group homes
- Residential facilities for people in need of extra support and assistance

Target population: the general public in need of healthcare, dependent elderly people and people with disabilities.

Process for Asset Evaluation and Selection

The Sustainability Finance Committee

Hemsö's Sustainability Finance Committee (the "Committee") is responsible for overseeing the evaluation and selection of Eligible Assets. The Committee consists of members from the treasury and sustainability department including energy experts within Hemsö. The Committee will meet at least annually.

Evaluation and selection process:

- Any Committee member or relevant department may propose potential assets for evaluation in accordance with the Eligibility Criteria outlined in this Framework.
- The Committee evaluates and selects Eligible Assets that meet the Eligibility Criteria as well as exclude assets that no longer comply with the Eligibility Criteria or have been sold or otherwise divested, in such case, when required, replacing them.
- The Committee also ensures that Eligible Assets adhere to applicable laws and regulations as well as Hemsö's established long-term policies for environmental and social sustainability.
- For social Eligible Assets, the Committee aims also to ensure that assets on a best effort basis are financing buildings that follow the requirements in the Hemsö Apple²⁵⁾ and the Hemsö Flower²⁶⁾ which safeguard the conditions for creating sustainable and high-quality schools, health care and nursing homes. These principles will also serve as support and inspiration in new development and for the continued development of existing facilities.
- Once validated by the Committee, approved Eligible Assets will be inserted into an earmarked portfolio ("Portfolio") within Hemsö's internal systems.
- A decision to allocate proceeds will require a consensus decision by the Committee. The decisions made by the Committee will be documented and filed.

Additional responsibilities of the Committee:

- Overseeing, approving, and publishing allocation and impact reports.
- Reviewing and approving future updates of the Framework.
- Updating external documentation, including the Second Party Opinion and related materials from external consultants and auditors in connection with material Framework updates.

²⁵⁾ <https://www.hemsoe.com/our-offering/safe-and-stimulating-environments/in-school/>

²⁶⁾ <https://www.hemsoe.com/our-offering/safe-and-stimulating-environments/at-the-nursing-home/>

Management of Proceeds

Tracking of net proceeds

An amount equivalent to the net proceeds from Hemsö's Sustainability Finance Instruments will be tracked by using an earmarked Portfolio within Hemsö's internal systems. All Sustainability Finance Instruments issued/arranged by the Group are managed on a portfolio level, meaning proceeds are not directly linked to specific pre-determined Eligible Assets.

The Portfolio is reviewed at least annually by the Committee to ensure that the volume of Eligible Assets remains sufficient.

Eligible Assets may be added to or removed from the Portfolio as needed. If an asset no longer meets the Eligibility Criteria outlined in this Framework, it will be removed and replaced as soon as reasonably practicable.

Allocation period

Hemsö strives to allocate an amount equivalent to the net proceeds to Eligible Assets within 12 months of the issuance/arrangement date of each Sustainability Finance Instrument.

Temporary holdings

Pending full allocation, proceeds not yet allocated towards Eligible Assets will be placed in the liquidity reserves, that consist of, for example, government bonds, money market securities/and or cash, and managed as such. For the avoidance of doubt, temporary holdings will comply with the exclusion criteria of this Framework.

Reporting

Hemsö commits to provide investors with reporting on the allocation and impact of proceeds from Sustainability Finance Instruments to the Eligible Assets on a yearly basis, until full allocation or in the event of any material developments. The report will be published on Hemsö's website ²⁷⁾.

In the event Hemsö would have other Sustainability Finance 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 reporting will include the following information:

- The outstanding amount of Sustainability Finance Instruments including classification (Green; Social; Sustainability).
- Distribution of new financing and refinancing.
- The breakdown of Eligible Assets by asset category incl. sub-category.
- A list and a brief description of the Eligible Assets financed with proceeds from Sustainability Finance Instruments.
- If applicable, share of unallocated proceeds.

²⁷⁾ <https://www.hemsoe.com/investors/financing/sustainable-bonds/>

Impact reporting

Hemsö aims to report on quantitative impact indicators where feasible and relevant data is available. The information may be provided on an aggregated portfolio basis because of confidentiality agreements, or numerous Eligible Assets limiting the amount of detail that can be made available.

ICMA GBP/SBP category	Example of impact indicator
<i>Green buildings</i>	<p>New and existing buildings</p> <ul style="list-style-type: none"> • Building type • Environmental certification incl. certification level, if any (new buildings) • Annual energy consumption (kWh/sq.m.) • Annual carbon footprint (kgCO₂e/sq.m.) • Annual energy savings (kWh) • Annual GHG emissions reduced/avoided (tCO₂e) <p>Major renovations</p> <ul style="list-style-type: none"> • Annual energy savings (kWh) vs. pre-investment • Annual energy consumption (kWh/sq.m.) • Annual carbon footprint (kgCO₂e/sq.m.) • Annual GHG emissions reduced/avoided (tCO₂e) vs. pre-investment <p>Major renovations (circular construction)</p> <ul style="list-style-type: none"> • Share of material reused (%) • Reduced climate impact (kgCO₂e/sq.m.) • Share of waste recycled/waste for energy recovered/maximum landfill (%) • Share of increase in ecosystem services (%) <p>Building energy efficiency</p> <ul style="list-style-type: none"> • Annual renewable energy generation (MWh)
<i>Access to education</i>	<ul style="list-style-type: none"> • Number of education facilities • Number of school and college/university places
<i>Access to health care and nursing</i>	<ul style="list-style-type: none"> • Number of health care facilities • Number of nursing home beds/places



External Review

Second Party Opinion (pre-issuance)

This Framework has been reviewed by Moody's, which was engaged to assess its alignment with principles by ICMA and LMA/APLMA/LSTA. The resulting Second Party Opinion ("SPO") will be publicly available on Hemsö's website²⁸⁾.

Third-Party Review (post-issuance)

Hemsö will request on an annual basis, until full allocation or in the event of any material developments, an assurance report to verify whether an amount equivalent to the net proceeds from Sustainability Finance Instruments have been allocated to Eligible Assets, provided by an external review provider. The external verification is available on Hemsö's website²⁹⁾.

²⁸⁾ <https://www.hemsoe.com/investors/financing/sustainable-bonds/>

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