



Rikshem Sustainability-Linked Bond Framework

February 2024

Background & Rationale

Rikshem as a property owner and real estate manager across Sweden acts with a long-term perspective. Our business concept is to own, develop and manage our residential properties and properties for public use, sustainably and for the long term. Our owners are the Fourth Swedish National AP Fund (AP4) and AMF Tjänstepension AB, and their mission greatly impacts the way we operate. Their mission is to contribute to the financial security of pensioners in Sweden which must work over several generations. The way this shows in our day-to-day operations is acting responsibly, sustainably and over the long-term. We aim to deliver good returns to our owners, who also expect this to be done in a sustainable manner. When we do well, Sweden's pension capital also grows. We make a difference in creating good living environments. Rikshem's sustainability efforts involve major community engagement, and we are convinced that we can make important contributions to society and at the same time conduct good business.

Our sustainability efforts enable us to make a positive impact: by enhancing the perceived feeling of safety in our neighborhoods, by ensuring sustainable supply chains and by reducing our climate footprint.

As one of Sweden's largest private property owners, we have a great impact on people's homes and neighborhoods. Therefore, we have taken on the responsibility of creating good living environments by increasing our customers' perceived feeling of safety and well-being. Rikshem's sustainability work includes the entire value chain and thus also our supply chain. As we are a major purchaser of goods and services, our work with suppliers must be defined by responsibility, respect, and sound ethics. Our Supplier Code of Conduct is the minimum level we demand from our suppliers, but we need to set targets to follow-up the sustainability impact and the improvements in our supply chain. In recent years, Rikshem has taken several steps on our climate journey. Already placing a large focus on emission reduction, a greater focus for the future will be emissions from tenants and environmental factors when constructing new buildings through environmental certifications.

Rikshem was one of the first property companies in the world to issue green bonds in 2014. The green bond framework was last updated in 2022 and by publishing this Sustainability-Linked Framework, linking Rikshem's financing to its most material and ambitious targets, focus is also directed on our social ambitions and our responsibility in respect of our supply chain.

Stockholm, February 8, 2024

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Approach to Sustainability

Sustainability Strategy – Long-term focus and sustainability the foundation for our business

At Rikshem, we see a clear connection between sustainability and business benefits. We develop our properties and neighborhoods to contribute to good and safe living environments and we protect future generations through sustainable choices.

Materiality

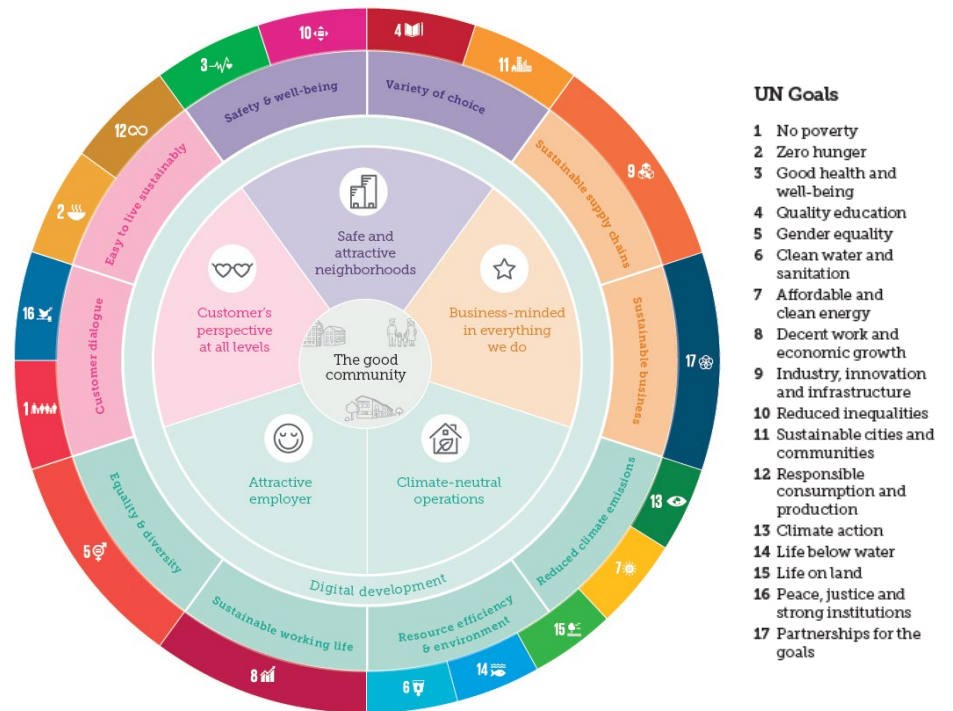
Through a materiality analysis, Rikshem has identified ten material areas that represent the organization’s most significant impacts which are regularly followed up. The materiality analysis is based on continuous business intelligence, in-depth stakeholder dialogues and an in-depth analysis of our business’ sustainability impact. Prioritization of the materiality issues is based on where Rikshem’s operations have the greatest positive or negative impact on the environment and on society.

The sustainability compass is Rikshem’s framework for sustainability and clarifies the connections between Rikshem’s goals, materiality areas and the UN’s global goals. The compass aims to support employees in integrating sustainability issues in a tangible way into their operations. A description of our work based on our most material areas and the reason why we have chosen to include some of these in this Sustainability-Linked Bond Framework can be found below.

Safe and attractive neighborhoods

Aiming to create good living environments that provide residents in our neighborhoods with good living conditions, Rikshem’s working method for increased safety and attractiveness is through Neighborhood development. This is done in each neighborhood where we have a larger portfolio, and the basis of our work depends on the needs of the location of the neighborhoods. A plan with long term goals is drawn for each

neighborhood. Annual activity plans are then drawn up based on the neighborhood plans.



The three-pronged approach for neighborhood development focuses on:

1. **Relationship management** – local needs lay the foundation of our property management and to increase inclusion and participation, we work in a relationship building manner with an active customer dialog.
2. **Property development** – our property development operations enhance and supplement existing property portfolios in the neighborhoods where we operate. Our aim is to offer forms of housing that suit all stages of life and broaden the target tenant group. We also provide properties for public use that provide both services and workplaces for our residential neighborhoods.
3. **Collaboration** – local presence through offices at the locations where we operate enables us to actively collaborate with local operators. We believe in building and strengthening local relationships in the neighborhoods and initiating social initiatives with nonprofit organizations and clubs that contribute to increased social sustainability.

Safety & well-being

We want our customers and tenants to feel that Rikshem is a present property owner who cares for the local area. With local offices in our neighborhoods, we have an active collaboration with local actors such as the municipality, the police and also other property owners. We regularly measure how our customers perceive the safety and attractiveness of our neighborhoods. We also conduct safety walks and safety surveys, implement improvement measures, and actively monitor contracts to curb unauthorized subletting. Rikshem cooperates with authorities and other stakeholders to prevent improper tenancy and disturbances. By

providing inviting outdoor environments with meeting places, in the form of seating, barbecue areas and playgrounds, as well as places for self-reflection, we create safe, pleasant, and vibrant neighborhoods where people meet. By making conscious choices to enhance safety and well-being in property development and projects, we develop sustainable living environments for our tenants.

Variety of choice

In neighborhoods where we have a larger cohesive property portfolio, we take greater responsibility for neighborhood development based on the conditions of the site and the surrounding area. This is done both through day-to-day property management and through development projects. Rikshem strives to achieve a variety of building types, apartment sizes and tenure types in the neighborhood, within our own portfolio or together with other actors. We build and develop our neighborhoods to enable more people to live in the same neighborhood during different stages of life. When life changes for people there should be local housing alternatives that match these new needs or dreams.

We aim for our neighborhoods to not only offer housing, but also community services and workplaces that increases the daytime population and contributes to a vibrant community life and a lively neighborhood. Working for attractive neighborhoods, with a variety of choice, is our way to counteract the “Paradox of fortune” (SW: Lyckoparadoxen¹). By making it more attractive, and possible, for those with improved financial situation to stay over time in our neighborhoods, we contribute to reduced segregation, increased perceived feeling of safety, and enhanced life opportunities, catering for a mix of socio-economic backgrounds.

¹ <https://sodertornsmodellen.com/sodertornsanalysen>

Customer's perspective at all levels

Customer satisfaction is a cornerstone in our business – this regards their satisfaction with us, with our product and with our services. This is measured and demonstrated through our service index for buildings and customer satisfaction index for Community Service Properties. For residential buildings we refer to tenants and for Community Service Properties we refer to customers. We listen to our tenants and customers, enable them to develop and grow with them.

Easy to live sustainably

With our local presence in our neighborhoods, we want to make it easier for our tenants and customers to live more sustainably - ecologically, socially, and economically. By enabling tenants to sort waste, choose sustainable mobility solutions, e.g., through carpools, charging stations and attractive and safe bicycle parking, we help them lower their carbon footprint and thereby our own carbon footprint.

Local needs determine the social initiatives in the neighborhoods where we operate, and in areas with socio-economic challenges, extra efforts are put in place. One of these efforts is homework help, another is our collaboration with municipalities in several locations where we offer social housing contracts for tenants unable to obtain housing on their own. Each year we also offer summer jobs to young people from our neighborhoods and the surrounding areas to broaden networks, increase integration and give young people a chance to both apply for, and possibly get, their first job. We also initiate and participate in several initiatives to get more people in our neighborhoods into work. Examples are the Talent Academy (Sw: TalangAkademin) and Café Welcome (Sw: Café Välkommen). Additionally, we want to make sure that young people in our neighborhoods have the opportunity to attend meaningful activities in their leisure time. This is done by supporting local sports associations in some neighborhoods, like GUPP in Gränby, Uppsala.

Customer dialogue

A close customer dialogue is key to remain informed and up to date regarding our tenants and our neighborhoods as well as the impact on our business. Participation in the local community also increases our participation in society at large. We aim to provide easily accessible, relevant, and clear information to customers and tenants and to provide service and feedback on issues that arise. We conduct regular customer surveys and, based on customers' needs, driving forces and preferences, we actively develop our customer offering. Through well-being and safety walks, meetings, neighborhood days and newsletters we aim to give tenants increased influence over their living environment. Additionally, in-depth customer dialogues are held before any densification and renovation projects to ensure that our tenants feel included in the development process.

Attractive employer

Our success is reflected through our employees where both job satisfaction and loyalty are important factors for recruiting and retaining staff. Rikshem continues its ambition to be a reliable employer with a strong focus on employee development and growth, both in terms of knowledge but also in their roles.

Equality & diversity

Equality and diversity are essential to the way we work at Rikshem. We have a zero tolerance for discrimination in the workplace and actively work for gender equality. In 2022, Rikshem's gender distribution was 51% women and 49% men, and by regularly holding training sessions in Rikshem's core values as well as case studies and dilemma exercises for managers and other employees we reinforce these values in our corporate culture. By doing so, we aim to increase awareness within Rikshem and to extend that mindset to our working partners.

Sustainable working life

To protect employees from exposure to dangers and risks to ensure a good working environment, Rikshem works in accordance with a working environment policy and procedures. Systems in place are aligned with laws and regulations concerning the working environment, for example the Swedish Working Environment Act and internal guidelines.

Climate-neutral operations

Climate change is one of the greatest challenges of our time. The construction and real estate sector accounts for more than a fifth of Sweden’s greenhouse gas emissions and plays a key role in the transition to a sustainable society. Rikshem’s long-term climate target of climate neutrality by 2045 is in line with the industry’s roadmap, the national climate target, and the Paris Agreement. Compared to 2020, climate emissions are to be halved by 2030. As a property company that both builds and manages, Rikshem has a direct and indirect impact on the environment, partly through its own operations and partly through the impact of its suppliers, contractors, customers, and tenants.

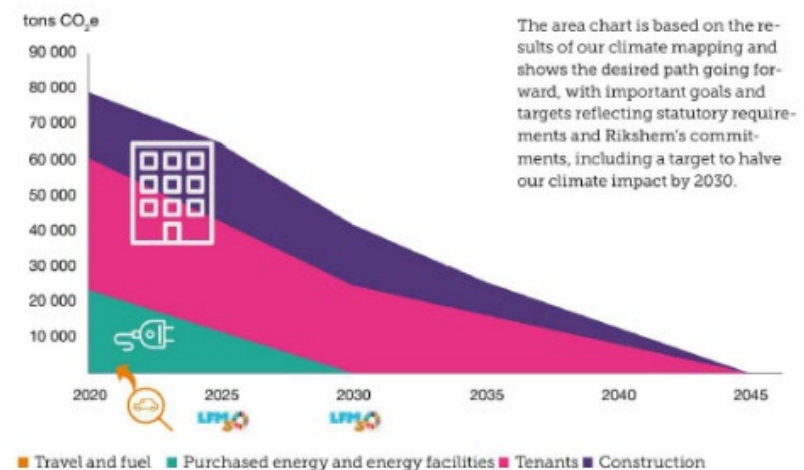
Reduced climate emissions

Rikshem’s climate roadmap shows the way towards climate neutrality by 2045. The climate roadmap covers Rikshem’s climate emissions across the entire value chain and includes Scope 1 emissions from travel and fuel, Scope 2 emissions from purchased energy and Scope 3 emissions from our customers and tenants and emissions from the construction process. We are constantly working to reduce our emissions and our own ecological footprint. We are also influencing contractors, suppliers, customers, and tenants to work in the same direction.

Rikshem is affiliated with SBTi (Science Based Target initiative) and LFM30 (Local Roadmap Malmö 2030). LFM30 is a local initiative where Rikshem in Malmö and Helsingborg has an ambition to achieve climate neutral operations by 2030. This goal serves as a guide within the rest of Rikshem.

One example of action taken to achieve this is the conversion of oil heating systems to systems with lower carbon emissions, most commonly district heating or heat pumps which has reduced our Scope 1 emissions significantly. Today our Scope 1 emissions are close to zero. To address our emissions in Scope 2, we actively minimize energy bought for heating and for electricity in our buildings. Energy efficiency, energy flexibility and energy sources in the existing stock as well as energy measures such as exhaust air heatpumps, geothermal heatpumps instead of direct heating, new ventilation systems, LED-lighting and PV-panels among others have already impacted and reduced the energy use in kWh per square meter in our buildings.

Rikshem's climate roadmap



Since 2020 Rikshem has a project called Energismarta fastigheter, co-financed by the European Union's ELENA program, a European Investment Bank (EIB) initiative. The focus is on developing concepts and tools, as well as strategies for energy projects. Among other projects, Rikshem works on lighting, charging infrastructure, IMD (Individual Measurement and Debiting) and solar cells. The project has been a starting point for how Rikshem works to reduce energy consumption and an important step to reach our goal of making our operations climate neutral by 2030. In parallel to this work, we promote and discuss solutions with our energy suppliers for reduced emissions in their energy production processes to drive change from the core. Collaboration is essential to reach our goal of climate neutral operations by 2030.

In Sweden, focus has increasingly shifted toward embodied carbon emissions and as of 1 January, 2022, the Swedish law on climate declaration for buildings entered into force. The legislation is still under development and the industry is still evaluating a reliable method, ambitious thresholds, and consistent benchmarks to comply. These are expected to be published in the years to come and Rikshem follows the developments closely with the aim of addressing the matter upon greater maturity.

Resource efficiency & environment

When choosing products and materials, Rikshem strives to choose sustainable products with low maintenance. We check, document, and control the materials used in projects and gradually phase out substances that are harmful to the environment and to health. We participate in Byggvarubedomningen (a Swedish tool for Construction Product Assessments) and actively work to prevent construction waste. Any unavoidable construction waste is sorted according to the waste sorting guidelines from the Swedish Construction Federation.

We have also created a handbook for the planning of outdoor environments in our neighborhoods. The guidelines include measures for everyday life such as the choice of flowering plants. By choosing plants that attract bees and butterflies, we can contribute to increased biodiversity and the protection of animals' natural habitats. In 2023, we built our first nature playground made of natural elements such as bushes, rocks, and logs, in one of our outdoor environments (Sw: Lekotop).

Business-minded in everything we do

At Rikshem, we are constantly working to shorten lead times for renovations of vacant apartments and premises in renovation and to reduce our vacancy rate for unrented apartments and premises. We create value every day through our daily customer meetings, smart purchases and by actively seeking new revenues. We are business-minded in everything we do, and our decision-making is based on a long-term and responsible perspective. We must work strategically with purchases and increase our quality and customer satisfaction to create an attractive and sustainable return on our investments.

Sustainable business

High business ethics are paramount and an essential part of being a responsible company. We have documented our approach in policies, guidelines, and other governance documents to guide our operations. In our investments and business decisions, we make conscious choices from a sustainability perspective. We will act ethically and have zero tolerance for corruption. Rikshem is a member of SGBC, Sweden Green Building Council, and for new construction we certify our properties according to Miljöbyggnad Silver. When acquiring existing buildings, environmental certification must be available. Rikshem strives to ensure that new properties and buildings can be financed sustainably. Our renovation projects that significantly reduce energy consumption can also be financed through sustainable financing.

Sustainable supply chains

Rikshem is a major procurer and therefore has a great opportunity to influence our suppliers of goods and services. We set relevant sustainability requirements in procurement and follow up the requirements with audits and controls. We set requirements and work actively with long-term sustainable supply chains from a business ethics and environmental perspective through our Supplier Code of Conduct,

which our suppliers and partners must follow. The Supplier Code of Conduct reflects Rikshem's values. The products or services provided by suppliers are expected to be produced under conditions that are consistent with the principles in the UN Global Compact regarding human rights, labor, the environment, and anti-corruption.

Governance

Rikshem AB (publ.), with operations in Sweden and headquarters in Stockholm, manages sustainability work as an integral part of corporate governance. The ultimate responsibility lies with Rikshem's Board of Directors. Rikshem's CEO is responsible for the sustainability work and then delegates the work to the line operations. Rikshem's sustainability manager and the sustainability unit provide support and guidance to the business. Each quarter the Board follows up Rikshem's overall company goals, which include sustainability. High business ethics are of paramount importance to Rikshem and an essential part of responsible business conduct. Rikshem has formulated its approach in policies, guidelines and other governing documents that set out the path for the business and limit the risks of corruption. They are the following:

- ✓ *Policy for whistleblowing*
- ✓ *Sustainability policy*
- ✓ *Code of Conduct*
- ✓ *Policy for tackling conflict of interest*
- ✓ *Working environment policy*
- ✓ *Financial policy*
- ✓ *Decision-making and authorization arrangement*
- ✓ *Diversity and equality policy*
- ✓ *Rental policy*
- ✓ *Policy for business travel, representation, and conferences*
- ✓ *CEO Instruction*
- ✓ *Insider policy*
- ✓ *Supplier Code of Conduct*

Rikshem's stakeholders

Stakeholder group	Dialogue	Important questions and expectations	
Customers	Resident dialogues, daily contact, customer satisfaction index survey, case management system, in-depth interview for the development of essential questions	<ul style="list-style-type: none"> • Waste management • Energy and heating • Communication to & from home 	<ul style="list-style-type: none"> • Safety • Common areas
Owners	Shareholder meetings, shareholder reporting, annual and sustainability reports, board meetings, in-depth interviews for the preparation of material issues	<ul style="list-style-type: none"> • Climate impact & benefits • Social inclusion & integration 	<ul style="list-style-type: none"> • Partnership & collaboration • Material selection
Lenders	Dialog in connection with loan negotiations, capital market presentations and investor meetings.	<ul style="list-style-type: none"> • Climate impact & benefits • Social inclusion & safety 	<ul style="list-style-type: none"> • Governance
Employees	Daily dialogue between employees including managers and co-workers, development talks, training, intranet, national home day and work environment committee work	<ul style="list-style-type: none"> • Make use of skills & contribute to development • Improve internal processes & routines 	<ul style="list-style-type: none"> • Safe & sustainable physical and psychosocial work environments • Collaboration & experience exchange
Suppliers	Procurements, supplier code of conduct, follow-ups, quality checks, in-depth interviews for the elaboration of essential questions	<ul style="list-style-type: none"> • Sustainable & long-term materials • Positive impact on society 	<ul style="list-style-type: none"> • Sustainable supply chain • Safe construction sites
Municipalities	Customer dialogues, event-driven dialogues in different thematic areas, in-depth interviews for the development of key issues	<ul style="list-style-type: none"> • Correct handling of agreements & contracts • Responsiveness • Safety 	<ul style="list-style-type: none"> • Sustainable materials • Social inclusion & integration
Tenants' association	Continuous dialogue with local offices, centrally, between the Tenants' Association nationally and Rikshem's head office, in-depth interviews prior to developing key issues	<ul style="list-style-type: none"> • Climate impact • Social inclusion & integration 	<ul style="list-style-type: none"> • Equal opportunity & right to a home

Sustainability-Linked Bond Framework

This Sustainability-Linked Bond Framework has been developed in accordance with the Sustainability-Linked Bond Principles (SLBP), established by the International Capital Markets Association (ICMA) in June 2023. Rikshem may under this framework issue sustainability-linked bonds.

This Sustainability-Linked Bond Framework has been developed to be aligned with the core components of the SLBPs:

1. Selection of Key Performance Indicators (KPIs)
2. Calibration of Sustainability Performance Targets (SPTs)
3. Bond characteristics
4. Reporting
5. Verification

Sustainalytics will provide a Second Party Opinion on this Sustainability-Linked Bond Framework, which will be made publicly available on Rikshem's website, www.rikshem.se.



1. Selection of Key Performance Indicators (KPI)

Rikshem's vision, as a real estate and housing company, is to create good living environments and make everyday life easier for our tenants and customers. As such, one important basic human need which Rikshem places a great focus on is the perceived feeling of safety in our neighborhoods. A majority of Rikshem's rental apartments are located in homogenous neighborhoods from the 1960s and 1970s and the same types of areas are highlighted in Sweden's national challenge with increased segregation, perceived unsafety, and criminality. Our tenants' safety, and increasing their perceived feeling of safety, in and around the areas of our properties is a top priority at Rikshem and is the foundation of our social sustainability work.

We also highly regard our responsibility and impact on the operational phase and construction process as well as on our impact on our supply chain. Working with multiple contractors, we are aware of our influence and our role to ensure that we work with parties with strong business ethics, that share our commitment to the transition to a more sustainable society. To address the principles in the UN Global compact on human rights, labor, environment and anti-corruption, we established a Supplier Code of Conduct² in 2016, which we will ask all new Framework Agreement Suppliers³ to sign and require them to comply with.

However, there are still Framework Agreements from earlier than 2016 concerning long service contracts with cities that haven't signed the Supplier Code of Conduct. We also have suppliers that are prohibited from signing due to their supply chains extending to other countries with different legislations and values. Signing the Supplier Code of Conduct adds an additional responsibility on our Framework Agreement Suppliers

² Rikshem's Supplier Code of Conduct can be found on www.rikshem.se/leverantorsupporandekod

³ Framework Agreement Suppliers are all suppliers and contractors that have a written framework agreement with Rikshem.

to ensure that any sub-contractors they engage with also comply with Rikshem's requirements. Increasing the number of Supplier Code of Conduct signatories among these Framework Agreement Suppliers therefore, serves as an important method for Rikshem to ensure business ethics downstream the supply chain. The signing of and compliance with the Supplier Code of Conduct, controlled through second-party controls and self-led reviews, forms an important target in this Sustainability-Linked Bond Framework. It addresses the most material sustainability areas in the real estate and construction sector as the self-led reviews make it possible to review compliance of all sustainability areas for many framework agreement suppliers that the second-party controls don't necessarily cover. The combination of these reviews and controls and their results hence allows us to enforce and work and collaborate with our suppliers on these topics.

Another key area is the continued reduction in energy use and climate impact from the construction and operational phase of the real estate sector. In 2020 alone, the real estate sector accounted for a domestic energy use of about 97 TWh which corresponds to about 34% of Sweden's total energy use according to the National Board of Housing, Building and Planning. To address our emissions in Scope 2, (i.e. the energy we buy for heating and electricity in our buildings), we focus on reduced energy consumption by working with energy efficiency in the operational phase. To achieve climate neutral property management in all of Rikshem's operations by 2030 we are in continuous dialogue with our energy suppliers to promote and discuss solutions for reduced emissions in their energy production processes in order to drive change from the core. The UN environment program states that nearly 40% of global CO2 emissions come from the real estate sector. As such, global and national climate goals demand sharp emissions reductions in the

sector, both for operations and construction, achieved only through significant changes within the real estate sector.⁴ Rikshem stands ready to embrace this change by committing to a reduction in energy use and thereby contributing to reduced climate impact.

By certifying all new building projects according to Sweden Green Building Council's Miljöbyggnad⁵, reaching at least certification level Silver as a target in this Sustainability-Linked Bond Framework, Rikshem aims to contribute to a better environment and decarbonization in the real estate sector.

⁴ 40% of emissions come from real estate; here's how the sector can decarbonize – United Nations Environment – Finance Initiative (unepfi.org)

⁵ Miljöbyggnad is a Swedish system for environmental certification of buildings. Environmental certification of a building means that the environmental work and the building's environmental performance are reviewed by a third party.

KPI 1 Safe neighborhoods

KPI 1 is defined as the perceived feeling of safety amongst tenants in Rikshem’s properties. The perceived feeling of safety is measured by an index (index 100), also referred to as “the index”, established using AktivBo⁶’s customer survey, a leading method in the sector. We want our tenants to feel that Rikshem is a property owner that takes care of the neighborhood. The perceived safety in the locations where we are present is of utmost importance and our aim is to create places where people want to move to and where they want to and can stay. In doing so, we contribute to increased equality, reduced segregation, and positive socio-economic development in society.

The KPI refers to the UN Global Compact as well as to the United Nations Sustainable Development Goal 3, Good health and Well-being, Goal 10, Reduced Inequalities, Goal 11, Sustainable Cities and Communities and Goal 16, Peace, Justice, and Strong Institutions.

KPI Calculation Methodology

The index is composed of tenants’ responses to customer questionnaires on perceived safety based on the following eight criteria: lighting in the yard and near the properties, security of storerooms against burglary, contact with neighbors, personal safety in the basement/attic, personal safety in the neighborhood in the evenings/nights, personal safety in the stairwell, not disturbed by neighbors’ way of life and security against burglary in the home. The tenants’ rate their experience as “Very good”, “Quite good”, “Not so good” or “Bad”. Each question then gets an index score (1-100) by adding the percentage of tenants answering: “Very good” or “Quite good”. The scores from the eight criteria questions are then aggregated into an index of perceived safety by summing up the tenants’ answer for each question. The answers all make up an equal part of the index, i.e. 1/8 each. The questions are not weighed in any way between them, and they are not ranked based on how many responses there are to the various questions. The KPI is measured through an absolute increase in the index score. Rikshem sends the customer survey to 1/12 of all tenants each month and in one year all tenants, about 24 000 households, have had the chance to answer the survey. Thereby we also receive current results continuously throughout the year. The response rate is approximately 45% which is slightly lower than the average response rate for the sector which is just below 50%⁷. The remaining 6000 households, not included in the survey, are the ones specified as Community service properties (Sw: Samhällsfastigheter). Any changes in the index composition with respect to the questionnaire, e.g. number of questions etc., will be reflected in an updated calculation methodology which may result in an updated base year.

⁶ AktivBo is a platform-based company that provides real estate companies with comprehensive data from customer surveys. Over 450 housing and real estate companies in a total of ten countries continually measure and compare themselves with the support of AktivBo.

⁷ AktivBo

KPI 2: Increased commitment for Sustainable supply chains

KPI 2 is defined as an increased commitment of Supplier Code of Conduct signatories among the Framework Agreement Suppliers as well as the increased share, in percent, of the Framework Agreement Suppliers who complete self-led reviews. The Supplier Code of Conduct is a means of imposing requirements on suppliers to comply with economic, social, and environmental sustainability requirements based on the principles in the UN Global Compact regarding human rights, labor rights, environment, and anti-corruption. In addition, the requirements extend to Rikshem's third-party suppliers and contractual requirements adapted to the individual procurement process. Our suppliers are responsible for ensuring that any subcontractors they engage with comply with the set requirements. To monitor compliance, we conduct supplier meetings, second-party unannounced visits, and self-led evaluations. By approving the Supplier Code of Conduct, the supplier also accepts that Rikshem may request documentation and conduct audits to ensure adherence to the requirements and principles. The second-party controls⁸ will be conducted on a random sampling basis through unannounced workplace controls on building-sites to perform controls relating to identification, work-permits, and safety.

The KPI refers to the UN Global Compact as well as to the United Nations Sustainable Development Goal 8, Decent Work and Economic Growth, Goal 9, Industry, Innovation and Infrastructure, Goal 12, Responsible Consumption and Production and Goal 17, Partnerships for the goals.

KPI Calculation Methodology

KPI 2 is calculated by counting the absolute percentage increase of the number of Framework Agreement Suppliers that have signed Rikshem's Supplier Code of Conduct as well as the increased share, in percent, of Framework Agreement Suppliers reviewed through self-led reviews.

- The self-led reviews⁹ will be conducted to evaluate sustainability data based on international conventions and declarations that cover all sustainability areas: the environment, labor rights, human rights, anti-corruption, and governance.

Any changes to the calculation methodology due to a redefined scope such a wider scope of defining Framework Agreement Suppliers will result in an updated base year.

KPI 3: Reduced climate impact of the existing and new buildings in Rikshem's property portfolio by 2030

KPI 3 is defined as the reduced climate impact of buildings in Rikshem's property portfolio with respect to energy consumption in the existing like-for-like portfolio as well as the environmental certification of new buildings according to current version of Miljöbyggnad, and more specifically to certification level Silver.

⁸ Second-party controls will be conducted using a firm called SRS Security AB.

⁹ Self-led reviews will be conducted using Evaluate, a tool to facilitate due diligence of supply chains, and the collection and evaluation of sustainability data.

To address existing buildings in the property portfolio, Rikshem's like-for-like portfolio is defined as properties with 12 months data, where all energy figures are included, not sold/acquired during the 12 month period. Today, this includes approximately 90% of the properties managed by Rikshem (by area, m²). Energy consumption for renovation and new production is not included in the KPI. We want our tenants to have a good indoor climate at the same time as we use the energy as efficiently as possible. With lower energy consumption, the emissions from our operations will be lower than if we have higher energy consumption. Energy consumption is measured in kWh/m², in Rikshem's portfolio of properties. Measuring energy consumption per m² enables Rikshem to account for any fluctuations in consumption volume over the years. The KPI includes the use of both heating and electricity.

To address new buildings in the property portfolio, completed new building projects shall reach at least certification level Silver as per the current version of Miljöbyggnad. One important step on Rikshem's journey to reducing climate impact is the shift from calculating climate impact from the operational carbon emissions to also setting targets for the maximum impact from the construction phase.

The KPI refers to the EU environmental objective Climate Change Mitigation as described in the Regulation (EU) 2020/852 as well as to the United Nations Sustainable Development Goal 7, Affordable and Clean Energy, Goal 12, Responsible Consumption and Production and Goal 13, Climate Action.

KPI Calculation Methodology

The energy in Rikshem's buildings is measured through the energy companies' meters in the buildings; the same meters are also used for invoicing energy costs. Since the meters are used for invoicing, they have high reliability as both energy use and energy costs are monitored monthly. To make the KPI comparable over the years, the use of heating is normalized using a standard method called an Energy Index¹⁰. Energy performance certificates are used to obtain the area measured for each building, A_{temp} ¹¹, and to account for fluctuations in the building stock. Any changes to the calculation methodology, or significant changes in data due to better data accessibility, will result in an updated base year.

Miljöbyggnad assesses a total of fifteen different indicators, which are then reviewed by independent third parties before a certification is issued. Among the indicators assessed are energy use, climate impact, climate risk, air quality, humidity, ventilation, the amount of radon, circularity as well as correct documentation of building materials.¹² The assessment according to Miljöbyggnad will be made throughout the building process of new building projects to ensure compliance with Miljöbyggnad certification level Silver or higher. Any changes to the calculation methodology such as changes to the indicators, or significant changes in data due to better data with respect to the indicators, will result in an updated base year.

¹⁰ Energy Index is a method normalizing the use of heat for a building with respect to i.e., temperature, humidity, and wind.

¹¹ A_{temp} is the building area heated to above 10 degrees Celsius.

¹²

2. Calibration of Sustainability Performance Targets (SPTs)

The target trajectory consists of annual targets (per December 31st of each year) of which one or several could be designated as SPTs in the Bond Documentation of a financial instrument. An SPT is defined as a target linked to a Trigger Event (which is further described in section 3. Bond Characteristics).

SPT 1: Increase the perceived feeling of safety for tenants' safety index score to 79,0% by 2030 (Base-year: 2021)

The perceived feeling of safety is measured by an index (index 100), also referred to as “the index”, established from AktivBo’s customer survey which is a leading method in the housing sector. With several properties located in neighborhoods with socioeconomic challenges, and therefore a higher crime rate and a low perceived feeling of safety, we continuously strive to develop our neighborhoods based on local needs to ensure they are places where people want to move to and where they want to stay even when their financial situation improves to counteract the Paradox of fortune (SW: Lyckoparadoxen)¹³. Having made numerous directed efforts for an increased perception and feeling of safety in our neighborhoods, it is Rikshem’s ambition to create and contribute to neighborhoods and properties where all tenants always feel safe. However, given the number of factors that Rikshem cannot fully impact nor regulate, that is an unrealistic goal. In 2022, the Swedish crime survey¹⁴ showed that 27% of the population feels unsafe in their own neighborhood late at night contributing to a trend of decreased perceived feeling of safety in society. Despite this, Rikshem is determined to increase the perceived feeling of safety in the neighborhoods in which our buildings are located. Our focus on our customers, neighborhood development and safety is expected to yield positive results now and in the future and it is Rikshem’s ambition to achieve a level of 79,0% by 2030 compared to the 69,8% scored in 2021.

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Safety index (%)	69,8%	71,4%	74,7%	75,0%	76,0%	77,0%	77,5%	78,0%	78,5%	79,0%
% increase	0,0%	2,3%	7,0%	7,4%	8,9%	10,3%	11,0%	11,7%	12,5%	13,2%

Benchmarks

Rikshem’s perceived safety score in 2021, reported by Rikshem's tenants, was 69,8%¹⁵, which is also the base year of this target. The number is considered low in the real estate industry. The average score was 77,2%, the best-in-class examples for large housing companies reached a score between 78,8% and 83,6%¹⁶ and in vulnerable areas, the average perceived safety was 74% in 2021¹⁷. Over the last 15 years, the industry average percentage of perceived safety has only increased by 4 percentage points demonstrating the challenges faced in addressing this matter.

¹³ <https://sodertornsmodellen.com/sodertornsanalysen>

¹⁴ <https://bra.se/bra-in-english/home/crime-and-statistics/swedish-crime-survey.html>

¹⁵ AktivBo 2021 survey on perceived safety

¹⁶ AktivBo

¹⁷ AktivBo 2021 survey on perceived safety.

Strategy to achieve SPT 1

To increase the perceived feeling of safety in the neighborhoods in which we operate, we are present in local offices and actively collaborate with local actors such as the municipality, the police as well as other property owners. We also organize safety walks, conduct safety surveys among our tenants, implement improvement measures and actively work with contract controls to prevent unauthorized subletting. By cooperating with authorities and other stakeholders, we also counteract irregular rental conditions such as breaches of the rental conditions and disturbances. The perceived feeling of safety is also about creating points of contact. By creating inviting outdoor environments with meeting places like seating and barbecue areas, playgrounds, and places for personal reflection, we create safe, pleasant, and vibrant neighborhoods where people meet. Based on existing local conditions, Rikshem works to provide inviting outdoor environments with good lighting and meeting places that help to promote the flow of people and encourage people to spend time in the neighborhood. In neighborhoods where we have a larger cohesive portfolio, we also take greater responsibility for neighborhood development. These initiatives are based on local conditions, and we strive to achieve a variety of housing options, types of buildings, sizes and standards by diversifying and renovating the existing portfolio. When renovating our housing properties, we strive to do so in a way that does not force the existing tenants to move. In doing so, we create attractive neighborhoods with varied offerings contributing to reduced segregation, increased security, and increased opportunities in life for those who live with us. To further contribute to the perceived feeling of safety, Rikshem aims to enable social control¹⁸ by having vibrant ground floors in the properties to ensure eyes on the street and thereby increase the feeling of being seen for people in the outdoor environment. We also aim to increase the level of activity in the neighborhoods in which our properties are located and contribute to community service by adding properties for public use. Our schools, daycare centers and nursing homes also contribute to the neighborhoods by increasing the daytime population. Increased customer dialog whereby tenants can express their views and influence their neighborhood is also an important element in our work to increase participation and reduce social exclusion.

Level of ambition

Nearly half of Rikshem's approximately 30,000 apartments in 2021 were located in areas with socio-economic challenges¹⁹ where the perceived feeling of safety statistically is lower²⁰. This makes the perceived feeling of safety a critical topic for us at Rikshem. We aim to develop our neighborhoods in a socially sustainable way and avoid gentrification. In other words, development without pushing away the people living there but by focusing on developing our neighborhoods so that the residents feel at home and choose to stay in the neighborhood, even if their socioeconomic situation improves²¹. This is a more sustainable way, but also a slower way without quick fixes. Therefore, results of increased perceived feeling of safety are slower than when Rikshem constructs new residential neighborhoods with a clean slate. Given the complexity of the matter, our long-term target for 2030 is reaching index 79,0% which is set above the middle half of the AktivBo benchmark for large housing companies in 2021.

¹⁸ <https://bra.se/forebygga-brott/arbete-brottsforebyggande/gemensamma-forberedelser/gor-en-orsaksanalys.html>

¹⁹ <https://segregationsbarometern.boverket.se/labbet/#/omradesstatistik/map?indicator=0-1,2,3,4,5&location=riket&bg=0&sweden=0>

²⁰ <https://www.boverket.se/sv/samhallsplanering/boendesegregation/konsekvenser/>

²¹ <https://sodertornsmodellen.com/sodertornsanalysen>

SPT 2: Increase the share of expenditure towards sustainable, recurring and material suppliers, with respect to Rikshem’s major purchases, that have signed the Supplier Code of Conduct as well as the completion of self-led reviews of all signatories to 100% by 2030, (base-year: 2022).

As Rikshem’s Framework Agreement Suppliers make up approximately 85% of Rikshem’s total procurement spending in 2022 and those that supply the most critical products and services, this group of suppliers is the most material way by which Rikshem can address the downstream supply chain. Rikshem’s ambition is that all Framework Agreement Suppliers²² shall have signed the Supplier Code of Conduct by 2030. In 2022, 82% of all Framework Agreement Suppliers had signed the Supplier Code of Conduct (571 of 699). As a large procurer, we have a responsibility and an influence over the suppliers that we sign for various goods and services. We know that we can make a difference in our supply chain by setting relevant sustainability requirements in procurements and a critical implication of the signing of the Supplier Code of Conduct is Rikshem’s authority to follow up on Framework Agreement Supplier’s compliance through audits and controls. These are made using a second party as well as through the use of self-led reviews enabling Rikshem to collect and review information and work together with Suppliers to promote long-term sustainable supply chains. The signing of the Supplier Code of Conduct enables Rikshem to better control and set plans of actions as well as set preventative measures to improve the conditions in the value chain as signatories of the Supplier Code of Conduct must enforce the requirements on their suppliers as well. The Supplier Code of Conduct reflects Rikshem’s values and work related to sustainable practices, aligned with the UN Global Compact on human rights, labor, the environment, and anti-corruption.

	2022	2023	2024	2025	2026	2027	2028	2029	2030
Share of completed self-led reviews among framework agreement suppliers that have signed the Supplier Code of Conduct (%) (+/- 1%)	0%	1%	14%	29%	43%	57%	71%	86%	100%

Benchmarks

Rikshem’s annual and sustainability report for 2022 has been adapted to the Global Reporting Initiative (GRI) universal standards 2021. Our report includes the GRI-indicators 308-1 (new suppliers that were screened using environmental criteria) and 414-1 (new suppliers that were screened using social criteria). Although most companies in the real estate sector disclose information on these indicators, no benchmark is available yet. With the introduction of our process for sustainability analysis of our Framework Agreement Suppliers including questionnaires for self-led reviews and second-party controls²³, we expect our results to become comparable to peers in a near future. The Swedish organization Fair construction (Sw: Rättvist Byggande) performs a lot of unannounced controls in the construction industry using the same method as Rikshem. The unannounced controls by SRS Security AB, who also conduct controls for other real estate companies in the industry with respect to new construction, show that the compliance at Rikshem’s construction sites lie within the average compliance range for the construction industry.

²² Framework Agreement Suppliers are all suppliers and contractors that have a written framework agreement with Rikshem.

²³ Rikshem uses a second-party control firm (SRS Security AB) to perform unannounced workplace controls on building-sites to perform controls relating to identification, work-permits and safety.

Strategy to achieve SPT 2

Rikshem established the Supplier Code of Conduct in 2016 and over the years it has evolved to set tougher requirements to address challenges in the supply chain. To ensure high ethical standards and ensure that the requirements are satisfactory and up to date, the Supplier Code of Conduct has also been reviewed by an expert on sustainable supply chains. The yearly review of the Supplier Code of Conduct is formally approved by the Board in October. Thus far, Rikshem has relied on second-party controls to verify compliance with the Supplier Code of Conduct which 82% of all Framework Agreement Suppliers had signed in 2022. To reach full signatory, we will work close with all Framework Agreement Suppliers and use our influence as a large procurer to reach a position where all Framework Agreement Suppliers have signed the Supplier Code of Conduct. As the signing of the Supplier Code of Conduct is tied to the Framework Agreement, the latest version of the Supplier Code of Conduct must be signed upon renegotiation of the Framework Agreement. This ensures that the signatory is ambitious and reflects Rikshem's values regarding the supply chain over time. The normal length of the Framework Agreements are three years with one or two extension options (one year per extension option). As the current second-party reviews are conducted on Rikshem's construction sites, which does not cover all suppliers, Rikshem will also use self-led reviews from 2023 onward using Evaluate²⁴. Due to the heavy administrative workload from controlling the reviews of all Framework Agreement suppliers, Rikshem will be able to undertake approximately 100 Framework Agreement Supplier self-led reviews per year. Initially, Rikshem will request completion of the self-led reviews from new Framework Agreement Suppliers. However, by 2030 Rikshem will have required all Framework Agreement Suppliers to have completed their self-led reviews both by approaching existing Framework Agreement Suppliers but also as the signing of the Supplier Code of Conduct is regularly updated and the self-led review must be completed upon signing. The self-led reviews will be an important measure to increase commitment to the Supplier Code of Conduct as well as increase the awareness and knowledge on the matters addressed to suppliers.

Level of ambition

Rikshem had 699 Framework Agreement Suppliers in 2022 and this number is expected to increase over time. With a property portfolio covering 13 Swedish cities, Rikshem often faces the challenge of finding one contract supplier per category on a national level resulting in many contract suppliers per category. As Rikshem's Framework Agreement Suppliers make up approximately 85% of Rikshem's total procurement spending and those that supply the most critical products and services, this group of suppliers is the most material way by which Rikshem can address the downstream supply chain. By signing our Supplier Code of Conduct, they are in turn required to enforce our requirements on their suppliers down the supply chain to remain in compliance. The Supplier Code of Conduct has evolved over the years and has only become more ambitious to reflect Rikshem's values and work regarding sustainability in the supply chain. The products or services provided by suppliers must be produced under conditions compatible with the principles in the UN Global Compact on human rights, labor, the environment, and anti-corruption. Rikshem targets signing of the Supplier Code of Conduct by all Framework Agreement Suppliers, and over time the Supplier Code of Conduct will only become more ambitious. Although many suppliers comply with most parameters of the Supplier Code of Conduct, Rikshem has been made aware of suppliers that for different reasons are prohibited from signing the Supplier Codes of Conduct e.g., due to country of incorporation or operating under different

²⁴ Rikshem's self-led reviews will be conducted using Evaluate, a tool to facilitate due diligence of supply chains, and the collection and evaluation of sustainability data. The evaluation of sustainability data is based on international conventions and declarations that cover all sustainability areas: the environment, labor rights, human rights, anti-corruption and governance.

legislation. Although the vast majority of Rikshem's suppliers usually originate from Sweden, many sub-suppliers are located outside of Sweden. As such, a margin of 1% will be applied to the target of self-led reviews for all framework agreement suppliers and Rikshem will conduct audits to ensure conformity with the requirements and principles. Additionally, as the Supplier Code of Conduct is signed upon signing of the Framework Agreement with Rikshem, the version of the signed Supplier Code of Conduct becomes more advanced pushing suppliers over time. With regards to compliance, the number of self-led reviews completed over time requires a major effort by Rikshem to verify compliance. Given the scope of the review, mirroring the components of the Supplier Code of Conduct, the self-led review template will also enforce a high review standard on Framework Agreement Suppliers beyond solely using binary questions and answers.

SPT 3a: Reduced energy consumption by 35% by 2030 (Base-year: 2019)

Rikshem’s energy consumption comprises heating and hot water in buildings, primarily sourced from local district heating²⁵, as well as electricity for building **installations** for buildings in ordinary operation. This excludes energy for refurbishments of the property portfolio and any new construction. Until 2022, Rikshem’s target for reduced energy consumption was -2.5% per year. However, we are on a strong path and in 2022, we reduced our energy consumption by just over -7%. We see a strong need for further reduction in the real estate sector, not the least for residential buildings and Rikshem has therefore decided to steepen the ambition level by targeting a 35% reduction by 2030 against a 2019 base year.

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Energy consumption, adjusted to normal year* (kWh/m² A temp)	138,8	127,8	130,8	118,0	116,3	114,7	110,0	105,0	100,8	96,8	93,0	90,0
% reduction	0%	8%	6%	15%	16%	17%	21%	24%	27%	30%	33 %	35%

* The figures in the table are the average energy use in our comparable portfolio (properties with energy monitoring). The figures are normal year corrected. The result for each year is published in the annual report for that year.

Benchmarks

The most up-to-date comparison was made by the National Board of Housing, Building and Planning in 2019²⁶ with reference values from the Energy Certification Register. It states that all buildings with an energy performance certificate have an average specific energy consumption of 131 kWh/m² A_{temp}. This can be compared with Rikshem’s average value for 2019, which was 138,8 kWh/m² A_{temp}. The average energy consumption for Rikshem's buildings in 2019 was thus slightly higher than the average energy use. Rikshem’s total energy consumption in 2019 was 346,4 GWh and the total heated area was 2 643 678,8 m² and in 2022, the total energy consumption was 300,3 GWh for the total heated area of 2 566 632,1 m².

Strategy to achieve SPT 3a

Energy consumption is a prioritized matter at Rikshem and in 2019, we formed a group of energy and technology specialists to focus on energy efficiency building technology and to support Rikshem’s management in energy and technology matters. In collaboration with technology managers at Rikshem, energy efficiency and energy projects are a strong focus to continuously reduce our energy use and increase the number of energy efficiency solutions in our renovation and new construction projects. To support the reduction in energy use, this group has grown in 2023 to allow for an increased focus on the matter in our property portfolio going forward. Since 2020 Rikshem has received funding from the European Investment Bank for a project called “Energismarta fastigheter”²⁷. With support from the project, we have developed energy efficiency and solar panel concepts as well as working methods for combining competences around energy, technology, sustainability, and digitalization. In order to reduce the energy consumption in our buildings, we work with optimization of heating systems, heat recovery from ventilation systems, increased attic insulation and LED-lighting among other measures. During 2022-2024 we are carrying out a large project in Uppsala combining geothermal energy with district heating and solar panels to create a good

²⁵ Heating is sourced from heat pumps or electricity if district heating is not available.

²⁶ <https://www.boverket.se/globalassets/publikationer/dokument/2019/underlag-till-den-tredje-nationella-strategin-for-energieffektiviserande-renovering.pdf>

²⁷ The “Energismarta fastigheter” project is ongoing and ends in May 2024.

indoor climate for the residents and by advanced regulation and control system we can optimize the installations from an energy systems perspective. Starting in 2023 we are completing an inventory of existing property control and regulation systems to upgrade the systems to one common, connected system within the coming years. The new control and regulation system is expected to provide great opportunities for further energy efficiency through energy optimization. The combination of advanced competence in the field of energy, well-proven working methods and modern and connected technical systems in the buildings will enable Rikshem to continue an ambitious energy use reduction path.

Level of ambition

The majority of Rikshem's building stock was built in the 1960s and 1970s. The buildings have a great potential for improvement in energy efficiency when renovating and upgrading the buildings systems. A great challenge for Rikshem's organization is to handle all the projects needed to achieve the reduced energy consumption. Part of energy reduction is also related to continuous work with energy optimization, which is also required to maintain a lower energy consumption over time. This work requires both knowledge and time from Rikshem's co-workers. Rikshem's target to reduce the energy consumption by 35,16% by 2030 compared with the 2019 base year can be compared to the Public Housing Sweden Initiative, "Klimatinitiativet", where participants have undertaken to reduce their energy use by 30% in 2030 compared with the energy use in 2007. This comparison shows that Rikshem has a high ambition concerning reduced energy consumption.

SPT 3b: Rikshem’s completed new building projects shall be built to reach at least the Silver level certification as per the current version of Miljöbyggnad (Base-year: 2023).

Rikshem targets that 100% of all completed new building projects shall be built according to the regulation set as per the current version of Miljöbyggnad and shall reach at least the Silver level of certification as of base-year 2023.

	2023	2024	2025	2026	2027	2028	2029	2030
Share of completed new production projects with certification level Silver as per the current version of Miljöbyggnad	71%	100%	100%	100%	100%	100%	100%	100%

Benchmarks

Miljöbyggnad is a Swedish system for environmental certification of buildings and today over 2,300 buildings are certified or have been preliminarily certified in Miljöbyggnad. A building that performs well above the set building regulation values can reach certification level Silver and according to the Swedish Green Building Council, many that choose to certify with Miljöbyggnad set certification level Silver as their goal for their buildings as it is a clear indication that the construction company or property owner is committed to environmental issues and cares for tenants. The building is built to more ambitious standards than the legal requirements and, among other things, the sun protection, sound environment and ventilation must be much better than required by law.²⁸ The threshold required for Miljöbyggnad certification level Silver is 10% lower than the median level of CO₂e/m² (BTA) for the specific building type. In 2022, the threshold for apartment buildings was set at 290 kg CO₂e/m² (BTA) and at 120 kg CO₂e/m² (BTA) for houses.²⁹ A building certified according to Miljöbyggnad in new construction has to verify its’ values within 3 years of operation for a new third-party review. If a building does not reach the requirements, it will lose the certification. Even after the verification of the certificate a report should be sent in every 5 years to maintain the certification.

Historical performance:

	2020	2021	2022	2023
Completed new building projects with Miljöbyggnad Silver	1	2	0	5
Completed new building projects in total for Rikshem	4	5	2	7

Strategy to achieve SPT 3b

The goal is that all buildings built in 2023 and onward will be built according to the thresholds and regulation set out in Miljöbyggnad certification level Silver. It is Rikshem’s ambition that when a building is certified according to Miljöbyggnad Silver, it shall remain certified during the time it remains in Rikshem’s portfolio. As such, Rikshem’s building process will encompass the 15 indications set out in the certification standard beyond

²⁸ [Vad är Miljöbyggnad? - Sweden Green Building Council \(sgbc.se\)](https://www.sgbcs.se/)

²⁹ Sweden Green Building Council 2022, Miljöbyggnad 4.0.

those set by current building regulation. Additionally, a team dedicated to the compliance with the certification level Silver will remain up to date with any updates released related to the thresholds and standards to ensure that these are reflected in Rikshem's new production projects.

Level of ambition

Miljöbyggnad is Sweden's leading environmental certification for buildings, suitable for Swedish rules and conditions. By committing to a Silver certification level over time, Rikshem commits to adhering to the Miljöbyggnad certification standard, in its current form and in respect of future updated versions. In its current form, we commit to build more ambitiously than the regulation enforced on our building standards. Reviewed and approved by a third party, each building will be reviewed by independent specialists that ensure that our buildings meet Miljöbyggnad's requirements. Beyond reducing our climate impact, we commit to building more sustainably in the round by committing to Miljöbyggnad's environmental indicators within four areas: energy and climate, indoor environment, outdoor environment and circularity.

3. Bond Characteristics

The financial and structural characteristics of any bonds issued under this Framework will be specified in its corresponding Bond documentation, including the potential changes to the financial and/or structural characteristics which may follow any Trigger Event.

3.1 Trigger Events

The occurrence of any of the following events (the **Trigger Events**) will trigger a change in the financial and/or structural characteristics of the relevant bond as described below in *3.2 Changes to the Bond Characteristics*:

- Rikshem’s KPI performance does not meet the SPT set out in the relevant bond documentation for the relevant Target Observation Date as reported on or before the Reporting End Date following the applicable Reference Year, or
- Rikshem’s reporting as set out in the relevant bond documentation for the relevant Target Observation Date(s) does not meet the requirements set out in section 3.4 (Reporting) of this Framework,
- The verification of the KPI performance as set out in the relevant bond documentation for the relevant Target Observation Date in accordance with section 5 (Verification) of this Framework has not been provided and, when applicable, made public by the Reporting End Date.

The **Target Observation Date** is defined as the date on which KPI performance is observed and measured against a relevant SPT and will be 31st December in the Reference Year.

The **Reporting End Date** for any given year shall be the date falling 120 days after the 31st of December of that year.

The **Reference Year** is defined as the year specified as such in the corresponding Bond documentation.

3.2 Changes in Bond Characteristics

The occurrence of a Trigger Event will result in a change in the financial characteristics of the relevant Sustainability-Linked Financial Instrument as described in the applicable legal documentation. The size of the change in the financial characteristics will be specified in the documentation applicable to each Sustainability-Linked Financial Instrument issued under this Framework.

Changes to the financial instrument characteristics of Sustainability-Linked Bonds issued under this Framework will take the form of (i) a step-up in the coupon payable under the bonds and/or (ii) a premium payable on the redemption price.

For the avoidance of doubt, if in respect of any bond issued under this framework, the company has achieved the relevant SPTs for the Reference Year, and reporting and verification for the KPIs and SPTs have been provided and made public in accordance with the reporting and verification sections of this Framework, the bond characteristics of the relevant bond issued by Rikshem under this Framework shall remain unchanged.

3.3 Fallback mechanisms and exceptional events

The base years, KPI(s) and/or SPT(s) may be recalculated by Rikshem to reflect any significant change in:

- the calculation methodology of the KPIs,
- a regulation that is relevant to the determination of the KPIs,
- the data due to better data accessibility or discovery of data errors, or

- the perimeter of the Group as a result of any acquisition, amalgamation, demerger, merger, corporate reconstruction, divestiture, or disposal.

Any recalculation shall be performed by Rikshem in good faith, provided that:

- an external verifier has independently confirmed that the proposed revision:
 - ✓ is consistent with the Rikshem’s sustainability strategy; and
 - ✓ is in line with the initial level of ambition of the SPT(s),

all as described in the specific documentation of each Sustainability-Linked Financial Instrument and in this Framework.

Any such change will be communicated as soon as reasonably practicable by Rikshem in accordance with the conditions detailed in the specific documentation of each Sustainability-Linked Financial Instrument.

The KPIs and SPTs set out in this Framework will remain applicable regardless of any changes to Rikshem’s sustainability strategy and ambitions. This includes any changes relating to the company’s general sustainability targets and ambitions or changes in applicable benchmarks or industry standards. Any new or updated Sustainability-Linked Financing Framework, in relation to any subsequent Sustainability-Linked Financing Bond, shall not have any implications on the Sustainability-Linked Financing Bonds issued under this Framework.

4. Reporting

In order to provide investors and other stakeholders with adequate information about Rikshem’s implementation of its sustainability strategy, Rikshem will provide relevant reporting on the progress made with respect to the KPIs, and (in relation to any Reference Year) the performance of the KPIs in relation to/the achievement or not of the SPTs set out in the bond specific documentation. Such reporting shall be made publicly available on an annual basis in a Sustainability-Linked Bond Progress Report (the **SLB Progress Report**) and in any case for any date/period relevant for assessing the KPI performance leading to a potential adjustment of the financial and/or structural characteristics of bonds issued hereunder. The SLB Progress Report shall be published on Rikshem’s [website](#) no later than the Reporting End Date after the end of the year being reported on up to and including the Reference Year.

The SLB Progress Report will form the basis for evaluating the impact on the characteristics of any bonds issued under this Framework, as outlined in section 3 (Bond characteristics).

If a change to the financial and/or structural characteristics of the bond is triggered due to failure to report, the change will only occur after the Reporting End Date, for the related Reference Year, regardless of when a failure to provide the verification occurs.

The SLB Progress Report will contain all the relevant information needed to assess the progress towards the SPTs as at the applicable Target Observation Date, including but not limited to:

- The performance of the KPIs, as per the relevant reporting period and when applicable, as per the Target Observation Date including the calculation methodology and base years where relevant;

- Information about recalculations, if any, of the KPI levels as set out in section 3.3 (Fallback Mechanisms and exceptional events);
- A verification report relating to the KPI performance, outlining the performance against the SPTs and the related impact, and timing of such impact, on the bond characteristics; and
- Information on relevant updates to Rikshem’s emission reduction strategy and governance with an impact on the KPIs and the target trajectory.

Where feasible and possible the SLB Progress Report will also include:

- Qualitative and/or quantitative explanations of the contribution of the main factors, including M&A activities and changes to the organization, behind the evolution of the performance on the KPIs on an annual basis;
- Illustration of the positive sustainability impacts of the performance improvement; and
- Updates on new or proposed regulations from regulatory bodies, such as but not limited to the EU or Nordics, relevant to the KPIs and the target trajectory.

The SLB Progress Report referred to above shall be verified by qualified external reviewer(s) with relevant expertise as described in section 5 (Verification).

5. Verification

In order to provide transparency to investors, lenders and other stakeholders, and in alignment with the Sustainability-Linked Bond Principles, Rikshem will ensure an external and independent verification by one or more qualified external reviewers with relevant expertise, as outlined in the in the ICMA’s Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews, of its

actual KPI performance level against the targets (including the relevant SPT(s)) in the target trajectory. The verification shall be conducted with limited assurance by the external reviewer. Rikshem has the discretion to change the external reviewer subject to fulfilling the requirements set out herein.

The verification shall be made public together with Rikshem’s annual SLB Progress Report on the company’s webpage no later than the Reporting End Date and in any case for an SPT related Trigger Event, as outlined in section 3 (Bond Characteristics).

In relation to any SPT, the verification, together with the SLB Progress Report, will form the basis for evaluating whether a Trigger Event has occurred with respect to any bond issued under this Framework as described in section 3 (Bond Characteristics) above.

Failure to provide the ex-post verification before the Reporting End Date in respect of the Reference Year for any securities issued under this Framework shall result in an automatic adjustment in the financial characteristics of such securities as outlined in the security specific documentation.

6. Second Party Opinion

Rikshem has engaged Sustainalytics as an external reviewer to provide, in accordance with the Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews developed by the Green and Social Bond Principles, an independent, ex-ante Second Party Opinion on Rikshem’s Sustainability-Linked Bond Framework. The Second Party Opinion will be made publicly available on the Rikshem’s [website](#).