

GREEN BOND FRAMEWORK



COREM SEPTEMBER 2020

1. INTRODUCTION

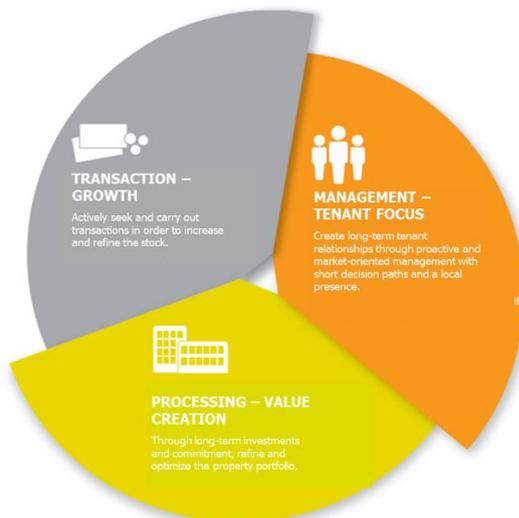
1.1. ABOUT COREM PROPERTY GROUP AB

Corem Property Group ("Corem" or the "Company") is a real estate company that manages and develops properties in locations with attractive logistic conditions. The Company aims to be the leading provider of premises suited for city logistics and last-mile logistics, within selected growth regions in Sweden and Denmark.

Corem's property portfolio is focused to urban regions with high accessibility and growth, making them ideal for uses related to city logistics. The portfolio mainly consists of warehouse and logistics premises with associated office parts and is divided into four geographical areas: Region Stockholm, Region South, Region West and Region Småland. As of June 30, 2020, Corem had 163 properties in its portfolio with a total lettable area of 962,118 sq.m.

Inhouse property management is an important part of Corem's strategy and a key factor in obtaining a strong regional connection to know the local market and be close to the tenants. Project - and property development is also essential to the Company's business to meet tenant requirements as well as to further develop and add value to the property portfolio.

The business model is based on creating sustainable and increasing values over time, while maintaining profitability. The way to get there consists of proactive management, continuous investments and strategic acquisitions. Below is an illustration of Corem's business model.



1.2. COREM SUSTAINABILITY CONTRIBUTION

Sustainability is an integrated part of Corem's business and thus naturally integrated in daily operations. The business strives to be conducted in a responsible manner, with good business ethics, and with focus on sustainable long-term solutions from both a social, ecological and economic perspective. To strengthen the Company's sustainability work and increase the opportunity to influence others in a sustainable direction, the Corem has a code of conduct that applies throughout its operations.

COREM'S INTERNAL OPERATIONS LINKED TO UN'S SUSTAINABLE DEVELOPMENT GOALS

Corem reports its sustainability work annually in accordance with the Global Reporting Initiative and also supports the principles of the UN Global Compact thus seeking to contribute to the global agenda in line with the UN Global Sustainable Development Goals (the "SDGs"). The SDGs that are most relevant and where the Company, through its activities, is mainly contributing to positive development are:



CLIMATE IN FOCUS

Corem continuously manages and develops the properties within the portfolio, to improve function and adapt to changing needs, but also in order to optimize them from an environmental point of view. The overarching goal for the Company is to reduce its carbon dioxide emissions, which are mostly generated from consumption of electricity and district heating. Therefore, Corem focuses on choosing environmentally friendly energy sources, as well as continuously working to reduce the energy consumption within the business. For example, none of the Company's properties shall use oil as the main heat source, and electricity used in Corem's management and operations must be eco-labelled and based on renewable resources.

The work towards increased energy efficiency consists mainly of long-term improvements, investments in new installations, control systems and measures that reduce the properties' environmental footprint permanently. In new construction and reconstructions, Corem focuses on use of sustainable materials in accordance with BASTA and Byggarbedömningen, and that buildings and installations are designed to be resource efficient. In addition to taking measures to reduce their own energy use, the Company works actively with the tenants to find suitable energy saving measures.

ENVIRONMENTAL CERTIFICATION OF BUILDINGS

Corem has historically used environmental certification of buildings as a tool to stimulate continuous work on energy saving efforts. Therefore, the Company has worked with certification according to Green Building, Miljöbyggnad and BREEAM-In-Use. At the end of 2019, Corem had 16 environmental certified buildings. The ambition is for all new constructions to be environmentally certified and continue to certify the rest of the properties.

1.3. THE GREEN BOND FRAMEWORK

The establishment of this Green Bond Framework (the "Framework"), focusing on green and energy efficient buildings, will enable Corem's continued positive environmental impact in society.

This Framework has been developed in alignment with the Green Bond Principles 2018 (“GBP”)¹. The Framework is applicable for issuance of Green bonds and other types of debt instruments where net proceeds will be applied to finance or re-finance, in part or in full, new and/or existing Eligible Projects/Assets with clear environmental benefits.

The Framework is aligned with the four recommended components of the GBP; Use of Proceeds (Section 2), Process for Project/Asset Evaluation and Selection (Section 3), Management of Proceeds (Section 4) and Reporting (Section 5).

Furthermore, the Green Bond Framework is reviewed by an impartial firm, which has provided a second opinion to confirm its alignment with the GBP.

The Framework and second opinion from CICERO Shades of Green are available on Corem’s website.



2. USE OF PROCEEDS

An amount equivalent to the net proceeds from Corem’s Green bonds shall be used to finance or re-finance, in part or in full, Eligible Assets providing distinct environmental benefits (“Green Eligible Assets”). The Company will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Eligible Assets.

Green Eligible Assets

The real estate sector is the single largest energy consuming sector in the EU, responsible for about 40% of total energy usage and 36% of total carbon emissions². Investing in green and energy efficient buildings, and in energy-efficiency solutions, thus play a key role in the clean energy transition.

Eligible projects will contribute to the following UN SDGs: 7 – Affordable and clean energy, 8 – Decent work and economic growth, 9 – Industry, innovation and infrastructure, and 11 – Sustainable cities and communities.

Green and energy efficient buildings:

All new construction, existing and acquired buildings that either have or with the objective to receive:

- ✓ one of the following certifications including the lowest indicated levels:
 - Miljöbyggnad Silver and Green Building
 - Miljöbyggnad iDrift Silver, BREEAM Very Good, BREEAM In-Use Very Good, and with

- an energy consumption of at least 10% below the applicable national building regulation
- or an equivalent level from another well recognized certification scheme which is subject for evaluation and approval from the Green Bond Committee
- ✓ an energy performance certificate (EPC) A or B
- ✓ major renovations resulting in reduced energy consumption of at least 25%

Core UN SDGs:



Energy efficiency:

- ✓ Energy retrofits such as heat pumps, converting to LED lighting, installation of photovoltaic glass, improvements on ventilation systems, improvement and implementation of control systems, extension of district heating and cooling systems
- ✓ Energy efficiency projects resulting in reduced energy consumption of at least 25%
- ✓ Renewable energy sources (such as installation of solar panels, geothermal heat pumps etc.)
- ✓ Clean transportation infrastructure for electric vehicles

Core UN SDGs:



Eligible Assets under “Green and energy efficient buildings” are based on the market value of such assets reported in the balance sheet, at time of the cut-off date for annual reporting of the Green bonds. Eligible Green Assets in “Energy efficiency”, correspond to the relevant invested amount.

3. PROCESS FOR ASSET EVALUATION AND SELECTION

3.1. SELECTION OF ELIGIBLE ASSETS

The evaluation and selection process for Eligible Assets is a key process in ensuring that the amount equivalent to the net proceeds from Green bonds is allocated to assets and expenditures which meet the criteria in the Framework.

The selection of Eligible Assets is managed by a dedicated group, the Green Bond Committee (“GBC”). Members of the GBC consist of CEO, CFO, Director of Property Management, Director of Projects and Development, and Technical Director. Corem will make sure the sustainability expertise always relies within the GBC. All decisions are made in consensus, and that applies to the selection process of Eligible Assets as well.

¹ Green Bond Principles published in June 2018 are voluntary process guidelines for issuing Green bonds established by International Capital Markets Association (ICMA), <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² EU Taxonomy Report: technical Annex March 2020, https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf

A list of Eligible Assets is kept by the Finance Department who is also responsible for keeping it up to date.

3.2. FURTHER RESPONSIBILITIES OF THE GBC

Corem will follow the development of the green bond market and manage any future updates of the Green Bond Framework to reflect current and future market practices (such as the upcoming EU Taxonomy) and potential updates to the GBP.

The list of Eligible Assets is monitored on a regular basis during the term of the Green bonds to ensure that the proceeds are sufficiently allocated to Eligible Assets. This is also a responsibility of the GBC.

3.3. EXCLUSION

The proceeds of Corem's Green bonds will not be used to finance fossil fuel energy generation, nuclear energy generation, the weapons and defence industries, potentially environmentally negative resource extraction, gambling or tobacco.

4. MANAGEMENT OF PROCEEDS

Equivalent to the net proceeds from Corem's Green bonds will be tracked by using a spreadsheet where all issued amounts of Green bonds will be inserted. The spreadsheet will also contain the list of Eligible Assets mentioned in Section 3. Information available in the spreadsheet will in turn serve as basis for regular reporting described in Section 5.

All Green bonds issued by Corem will be managed on a portfolio level. This means that a Green bond will not be linked directly to one (or more) pre-determined Eligible Assets. The Company will keep track and ensure there are sufficient Eligible Assets in the portfolio. Assets can, whenever needed, be removed or added to/from the Eligible Assets' portfolio.

Any unallocated proceeds temporary held by Corem will be placed on the Company's ordinary bank account.



5. REPORTING

To be fully transparent towards sustainability investors and other stakeholders, Corem commits to regular reporting as long as it has Green bonds outstanding. The report will be published on the Company's website on an annual basis and will cover the following areas:

ALLOCATION OF PROCEEDS REPORTING

- ✓ Total amount of Green bonds issued
- ✓ Share of proceeds used for financing/re-financing as well as share of proceeds used for categories described in Section 2
- ✓ Share of unallocated proceeds (if any)

IMPACT REPORTING

Corem intends to report on quantitative impact indicators where feasible and relevant data is available for the below two main categories.

Green and energy efficient buildings:

- ✓ Information on the energy usage in kWh/sq.m /year
- ✓ Estimated annual greenhouse gas emissions reduced or avoided (tCO₂e)
- ✓ Energy performance certificate class, if any
- ✓ Type of certification including level, if any (e.g. Green Building, BREEAM In-Use, etc.)

Energy efficiency:

- ✓ Amount of energy saved per sq.m
- ✓ Estimated annual greenhouse gas emissions reduced or avoided (tCO₂e)

6. EXTERNAL REVIEW

SECOND PARTY OPINION

To confirm the transparency and robustness of Corem's Green Bond Framework, it is verified and approved by an external second opinion provider. The second opinion by CICERO Shades of Green is available on the Corem's website, together with this Framework.

EXTERNAL PART/VERIFIER

Allocation of proceeds will be subject to an annual review by an external part/verifier. A verification report provided by the external part will be published on the Company's website.



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