



Green Bond Framework

May 2020

1. Introduction

1.1. About Cibus Nordic Real Estate AB

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

The grocery anchored real estate strategy enables the Company to leverage on and continue to create scale in a market with market-leading grocers, where Cibus can apply hands-on real estate expertise through a proactive approach to unlock value.

Currently, the portfolio consists of about 250 supermarkets and daily-goods properties primarily located in major cities and growth areas in Finland and Sweden. About 90% of the rental income is supported by anchor tenants like the leading grocery players such as Kesko, Coop and S Group and discount retailers with food like Tokmanni.

1.2. Cibus sustainability contribution

Sustainability is an integral part of Cibus’ daily operations and business strategy. In the acquisition and management of properties, Cibus has the ambition to work so that the Company best stimulates sustainable development for both tenants and living local communities as well as for the long-term profit development for shareholders.

Cibus’ internal operations linked to UN’s Sustainable Development Goals

As a responsible company, Cibus shall be involved in propelling development towards a sustainable society. Cibus supports the principles of the UN Global Compact and seeks to contribute to the global agenda in line with the UN’s Global Sustainable Development Goals. The goals that are most relevant and where the Company, through its activities, is mainly contributing to positive development are:



Climate in focus

In order to minimise the operations’ negative impact on the environment, continuous efforts are

made to minimise the direct and indirect climate footprint of the property portfolio. The Company can, through various means, stimulate tenants to reduce their climate footprint, despite the fact that the properties are leased on contracts exclusive of heating and water, meaning that Cibus does not control the electricity consumption. An example of such a tool is to meet tenants’ requests for permits regarding re-development and extension of the properties to facilitate investments in renewable energy. At present, about 15 of the properties leased to Tokmanni have had photovoltaic facilities installed on the roof. In line with lower investment costs for solar energy, however, the proportion is expected to increase, thereby reducing electricity consumption.

Another means is to gradually rejuvenate the property portfolio in connection with acquisitions and investments, which helps to reduce the property portfolio’s climate footprint. In addition, continued investment in highly accessible properties contributes to continued shop openings and, for end-consumers, to a healthier climate footprint because there is no need to travel to the shop or services.

Offer accessible marketplaces

Investing in supermarkets and daily-goods properties in favourable geographical locations with the potential to develop into key marketplaces is a conceptual cornerstone of Cibus’ business. Its property investments safeguard vibrant local communities for people who thus gain a safe place in which to conduct its errands. The trend is reinforced by Company’s efforts to actively rent out premises for complementary service and in other ways increase the attractiveness of the marketplaces. For example, in smaller towns the daily goods store represents an important social function, as it usually attracts other services and shops, and local residents avoid having to travel to a neighbouring town conduct its errands.

1.3. The Green Bond Framework

The establishment of this Green Bond Framework (the “Framework”), focusing on creating accessible and climate-smart marketplaces for end consumers, will enable Cibus’ 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 Sustainalytics are available on Cibus’ website.



2. Use of Proceeds

An amount equivalent to the net proceeds from Cibus’ 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

Green and energy efficient buildings

- i. All new construction, existing and acquired buildings that either have or with the objective to receive:
 - ✓ an energy performance certificate (EPC) of class A or B in Finland and EPC of class A, B or C in Sweden
 - ✓ one of the following certifications including the lowest indicated levels: LEED Gold, BREEAM Very Good, BREEAM In-Use Very Good, Nordic Swan Ecolabel, Miljöbyggnad Silver
- ii. Major renovations resulting in reduced energy consumption of at least 30%

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.

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 activities 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, and CIO in Finland, and CIO in Sweden. Cibus 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.

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

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/>

3.2. Further responsibilities of the GBC

The Framework will be updated from time to time to reflect current market practices and potential updates to the GBP, if and when the GBC deems it necessary.

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 Cibus' 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 Cibus' 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 Cibus 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 Cibus will be placed on the Company's ordinary bank account.

5. Reporting

To be fully transparent towards the Sustainability investors and other stakeholders, Cibus 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

Below criteria indicating environmental impact will be available for the total amount of Green Eligible Assets covering one main category "Green and energy efficient buildings"

- ✓ Information on the energy usage in kWh/m²/year ("e-value" is normally used for Finnish properties)
- ✓ Estimated annual greenhouse gas emissions reduced or avoided (tCO₂e)
- ✓ Energy performance certificate class (A or B in Finland and A, B or C in Sweden)
- ✓ Type of certification including level, if any (e.g. LEED, BREEAM etc.)

6. External review

Second party opinion

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

External part/verifier

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