



Green Finance Framework
September 2021

Odd Molly International AB (publ)

1. INTRODUCTION

1.1 About Odd Molly

Odd Molly International AB ("Odd Molly, or the "Company") is a publicly listed Swedish company. Since 2019, the company owns a number of commercial warehouse and logistics properties, which are leased to external tenants.

Odd Molly's strategy is that through continued expansion of the real estate portfolio create increased shareholder value, with focus on growth and a healthy, stable balance sheet. Demand for well-located warehouse and logistics properties is strong and supported in the long term by the ongoing digitalisation and increasing use of e-commerce. The company continuously develops the property portfolio through acquisition of building rights and for example, construction of new buildings.

As of 30 Jun 2021, Odd Molly's property portfolio comprised of 22 warehouses and logistics centres, primarily in southern Sweden. The total lettable area was approximately 141 974 thousand m² (15 204) with a total property value of SEK 1 279.3 million (189.0) and the rental value amounted to SEK 85.6 million (10.6).

1.2 Odd Molly's sustainability contribution

Sustainability are an integral part of Odd Molly's daily operations and business strategy. The Company's sustainability work focuses on participating in societal development by establishing the conditions for more sustainable logistics, reducing the environmental impact, and being an attractive employer.

Governance & reporting

Odd Molly's Sustainability Policy, Working Environment Policy and Code of Conduct for suppliers form the basis of the Company's sustainability work and aims to ensure that the business is steered in a sustainable direction. The Sustainability Policy applies to all employees, and provides guidelines in areas including energy, environmental certification and, greenhouse gas emissions, as well as social and ethical aspects. Odd Molly is developing a Code of Conduct which will include requirements in the areas of the environment, work environment, health and safety, human rights, and anti-corruption.

Odd Molly's operations linked to UN's Sustainable Development Goals

The UN's 17 sustainability goals for achieving economic, social and environmental development are well linked to Odd Molly's sustainability perspective.

The following global goals have been selected where the Company considers itself to have the greatest opportunity to contribute to through its operations:

Energy-efficient solutions for a low-carbon property portfolio

Odd Molly is working proactively to reduce its emissions throughout the value chain. The ambition is to improve the energy efficiency across the portfolio.

The Company invests in efficient systems for electricity, heat and ventilation in the properties. Continuous work on evaluating alternative energy sources and phasing out fossil fuels, is also done. In addition, Odd Molly is in the process of establishing CO² reduction targets.

Environmental certification of buildings

Environmental certification helps guarantee the building's environmental performance. Odd Molly strive to create sustainable properties and environmental certifications help safeguard an energy-efficient operation while also maintaining a healthy indoor environment.

The company aims to environmental certify the majority of all major renovations and new production.

EU Taxonomy alignment

Odd Molly has started to explore what the EU Taxonomy would mean for the Company's activities. At this stage Odd Molly is missing some data and methodologies to perform a complete EU Taxonomy assessment. Hence, the Company has focused on evaluating its activities substantial contribution to environmental objectives and compliance with technical screening criteria, where the information is available. The Company's preliminary assessment suggest that its activities contribute to the environmental objective Climate Change Mitigation.

1.3 Green Finance Framework

The establishment of this Green Finance Framework (the "Framework"), focusing on green and energy efficient buildings, is a natural next step in Odd Molly's sustainability work as it linking sustainable operations to sustainable finance.

This Framework has been developed in alignment with the Green Bond Principles of 2021 ("GBP") and Green Loan Principles ("GLP").

The Framework is applicable for issuance of Green Finance Instruments including Green bonds, hybrid bonds and other types of debt instruments such as loans, revolving credit facilities, commercial papers, etc.

The Framework is aligned with the four recommended components of the GBP and GLP; 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 Finance Framework is reviewed by an external impartial firm, which has provided a second opinion to confirm its alignment with the GBP and GLP.

The Framework and second opinion from ISS Corporate Solutions are available on Odd Molly's website.



2. USE OF PROCEEDS

An amount equivalent to the net proceeds from Odd Molly's Green Finance Instruments shall be used to finance or re-finance, Eligible Assets providing distinct environmental benefits ("Green Eligible Assets"). The Company will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Green Eligible Assets.

Green Eligible Assets

The real estate sector is the single largest energy consuming sector in the EU, responsible for about 40 percent of total energy consumption and 36 percent of total carbon emissions. Investing in green and energy efficient buildings thus play a key role in the 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.

1. Green & energy efficient buildings

All new construction, existing and acquired buildings that meet one of the following requirements:

- ✓ BREEAM Very Good or above, BREEAM In-Use Very Good or above, Green Building or other minimum equivalent certification standard in terms of energy consumption after the completed construction; or
- ✓ An energy performance certificate (EPC) A or B; or
- ✓ An energy consumption at least 20 percent below the applicable national building regulation; or
- ✓ Major renovations resulting in reduced energy consumption of at least 30 percent.

Core UN SDGs:



2. Energy efficiency

Solar panels, energy retrofits such as heat pumps, converting to LED lightning, installation of photovoltaic glass, improvements on ventilation systems, extension of district heating and cooling systems.

Core UN SDGs:



The value of Green Eligible Assets under the category "Green and energy efficient buildings" is based on the following criteria; i) new buildings under construction are based on the estimated project value (subject for completion within 24 months), and ii) existing buildings are based on the market value reported in the balance sheet. Eligible Green Assets in "Energy efficiency", correspond to the relevant invested amount.

3. PROCESS FOR ASSET EVALUATION & SELECTION

3.1 Selection of Green Eligible Assets

The evaluation and selection process for Green Eligible Assets is a key process in ensuring that the amount equivalent to the net proceeds from Green Finance Instruments is allocated to assets and expenditures which meet the criteria in the Framework. The Company will strive to identify and manage potential ESG risks associated with eligible projects. In addition, Odd Molly aims to be transparent with regard to potentially identified risks and controversies.

The selection of Green Eligible Assets is managed by a dedicated group, the Green Finance Committee ("GFC"). Members of the GFC consist of CEO, CFO and the Construction Project Manager. Odd Molly will assure that the sustainability expertise always relies within the GFC. All decisions are made in consensus, and this applies to the selection process of Green Eligible Assets as well.

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

3.2 Further responsibilities of the GFC

GFC will follow the development of the green financing market and manage any future updates of the Green Finance Framework to reflect current and future market practices (e.g. the upcoming EU Taxonomy) and potential updates to the GBP and GLP.

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

3.3 Exclusion criteria

The proceeds of Odd Molly's Green Finance Instruments will not be used to finance either fossil fuel energy generation, nuclear energy generation, weapons, and defence industries nor potentially environmentally negative resource extraction, gambling, or tobacco.

4. MANAGEMENT OF PROCEEDS

Equivalent to the net proceeds from Odd Molly's Green Finance Instruments will be tracked by using a spreadsheet where all issued amounts of Green Finance Instruments will be inserted. The spreadsheet will contain the list of Green Eligible Assets mentioned in Section 2. Information available in the spreadsheet will in turn serve as basis for regular reporting described in Section 5.

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

Any unallocated proceeds will be temporary held by Odd Molly and placed on the Company's ordinary bank account. Should there be any unallocated proceeds Odd Molly strives to allocate them within one year.

- 1) Green Bond Principles published in June 2021 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) Green Loan Principles published in February 2021 are voluntary process guidelines for issuing green loans established by Loan Markets Association ("LMA"), <https://www.lma.org/content/green-loan-principles/>
- 3) European Commission, https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-feb-17_en

5. REPORTING

To be fully transparent towards investors and other stakeholders, Odd Molly commits to regular reporting until no Green Finance Instruments are outstanding. The report will be published on the company's website on an annual basis and will cover some of the following areas:

Allocation of proceeds reporting:

- ✓ Total amount of Green Finance Instruments issued
- ✓ Share of proceeds used for financing/re-financing and share of proceeds used for categories described in Section 2
- ✓ Share of unallocated proceeds (if any)
- ✓ List of projects underlying Green assets if not of confidential nature

Green & energy efficient buildings:

- ✓ Information on the energy consumption in kWh/m²/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. BREEAM Very Good etc)

Energy efficiency:

- ✓ Amount of energy saved per m²
- ✓ Estimated annual greenhouse gas emissions reduced or avoided (tCO₂e)

6. EXTERNAL REVIEW

Second opinion

To confirm the transparency and robustness of Odd Molly's Green Finance Framework, it is verified and approved by an external second opinion provider. The second opinion by ISS Corporate Solutions is available on the Odd Molly's website, together with this Framework.

External verification

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



