

Questions

Answers to which we expect in all presentation material preceding a bond issuance, regardless of label



General industry

- Please list the industry's three biggest sustainability-related challenges
 1. To reduce the carbon footprint.
 2. Regulations due to climate change, i.e. The EU Taxonomy.
 3. Climate change impacts – flooding, fires, increased rainfall, heat waves, etc.
- How does the firm compare to industry peers regarding sustainability initiatives? Above, on par, or below?

Above. K2A has launched several initiatives that makes K2A an industry leader within sustainability. For example:

 - K2A has worked with wooden buildings for seven years, long before industry peers.
 - K2A was the first company to receive a green bank loan In Sweden.
 - K2A was the first company in the world to launch a Green Equity Framework.
 - K2A is currently involved in several sustainability development projects that are in the forefront on sustainability in the real estate and construction sector.
- Is the company a signatory of the UN Global Compact or Science Based Targets, report to the CDP or engage in any other relevant sustainability initiatives?
 - K2A is currently revising its sustainability goals for the upcoming years. The goals will be aligned with the Paris agreement and when defined, K2A will submit a formal commitment letter for the SBT' (Science Based Target) - initiative and commit to the UN Global Compact initiative.
 - K2A has committed to the Cicero Shades of Green framework for both equity and debt financing.
 - The majority of our buildings are environmentally certified in accordance with the Nordic Swan Ecolabel (*sw.Svanenmärkt*) and Miljöbyggnad.

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E

Environment

- Please list, if any, the firm's climate-related opportunities

All new developed buildings are produced with a wooden frame and constructed to be energy efficient. This method produces a comparatively low carbon footprint and making the product less sensitive towards future regulations. K2A is a market leader in the Nordic region within the green building segment – K2A have classified all buildings according to the Cicero framework Shades of Green, where the total score is medium green.

- Please list the firm's three primary risks related to climate change

- Future regulations can make fossil fuels (for transports, electricity and heating) expensive. Heat waves can make buildings vulnerable to indoor over-temperatures. Increased rainfall can lead to building moist and flooding.
- Market and legal regulations that leads to increased costs (Opex) and/or increased investments (Capex) due to climate change.
- In order to meet this, K2A is performing a climate risk analysis for the portfolio.

- Does the firm anticipate any climate-related investments?

K2A invests in low GHG-technologies (materials, technical systems, etc.), continues to implement water management systems in all new development projects and implement climate measures for buildings at risk. In addition, K2A is focusing on biodiversity measures in order to lower climate change impact.

- Does the firm rely on any scarce resources for its operations? If so, what efforts are made to mitigate the risk of those resources becoming even more scarce in the future, e.g., recycling, reusing, substitutes or improved resource efficiency?

No.

- Transition-related risks (for example changed customer preferences or legislation): Do you anticipate any risks or opportunities due to the transition to a carbon-neutral society? Is there any risk of the firm's offer being negatively affected? If yes, is the firm well positioned to handle that risk?

Opportunity:

- K2A has extensive experience in developing wooden buildings (eco-friendly and low-carbon technology) and K2A owns a modern and eco-friendly property portfolio. This mean that K2A's business model already is adapted to a low carbon economy.
- K2A's sustainability profile might also be an advantage since eco-friendly property developers might be preferred in future land allocation.

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- Consumer behaviour is changing, and tenants will request green, low-carbon housing without hazardous construction materials. K2A has certified their newly produced houses from own factories, according to the Nordic Swan Eco Label (Svanenmärkt), which takes all above into consideration.

Risks: K2A has analysed and prepared for eventual transition related risks. Some we have identified are:

- Stricter regulations and market practice.
 - Higher maintenance costs.
- Please list the firm's (1-2) primary means of making a positive environmental impact or minimising negative environmental impact. (If applicable, please list the corresponding most relevant UN Sustainable Development Goals) How are they tracked and communicated?

The main material for K2A's self-produced buildings is wood. By mainly using wood, K2A is able to reduce the carbon footprint. The carbon footprint from transportation (from factory to construction site) is low. The buildings have a low energy demand, approximately 50% lower than national legislation. In addition, K2A use measures to reduce the risk for flooding and heat waves.

K2A report income streams and investments on a quarterly basis.

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S Social

- Does the firm have a history of accidents? If so, how have these been managed? Are there any preventive measures, such as policies?

Yes, in 2019 K2A had 7 accidents. None of them were severe. They were analysed, action plans were made, and actions were taken.

K2A has a work environment policy which describes K2A's activities in order to create a good and safe work environment. The policy also describes our routines, for instance, that the work environment is reviewed on a regular basis, and in case of changes in the organisation or when introducing new technique, a risk review is performed.

- Does the company conduct any other community engagement activities aside from those directly connected to the business?

K2A has initiated a collaboration with Ensamhetsrevolutionen (eng: the Loneliness Revolution) aiming to reduce the mental illness amongst our tenants.

- Circular economy: How are purchases and waste managed? Please list the firm's demands on its suppliers, if applicable

In our construction projects, all the construction waste is sorted out into different fractions, following the Swedish Construction Federation's guidelines for new development. K2A is about to introduce waste goals in 2021, in order to increase the amount of material recycled.

- Are there any goals, policies, or codes of conduct applicable to the firm's suppliers? How often does the firm conduct audits of its suppliers?

Yes, K2A has a Code of Conduct which our suppliers are bound to follow when signing with us. When the contract is renewed, K2A perform a review of the supplier and evaluate whether they fulfil their obligations according to the Code of Conduct or not.

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G

Governance

- Do all staff members receive continuing education on anti-corruption? Is there an external whistle-blower function? Are there any ongoing or historical incidents involving corruption, cartels or any other unethical business conduct? Have any preventive measures been taken?
 - Yes, all the employees receive information on anti-corruption and internal policies as part of the introduction.
 - Yes, K2A has an external whistle blower function on our website: <https://k2a.se/om-k2a/#visselblasning>.
 - No, K2A has not had any, nor has any current incidents involving corruption, cartels or any other unethical business conduct.
- Please state the firm's business tax residence (i.e. where the firm pays tax) and explain why that specific tax residence was chosen
Sweden.
- Are there independent members on the Board of Directors?
Yes, the Board of Directors have the following composition:
 - 3 out of 7 members:
 - Independent in relation to the company and the company management.
 - Dependent in relation to the company's major shareholders.
 - 1 out of 7 members:
 - Dependent in relation to the company and the company management.
 - Independent in relation to the company's major shareholders.
 - 1 out of 7 members:
 - Dependent in relation to the company and the company management.
 - Dependent in relation to the company's major shareholders.
 - 2 out of 7 members:
 - Independent in relation to the company and the company management.
 - Independent in relation to the company's major shareholders.

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- Please state if and to what extent, the company has transactions with related parties

K2A buys ongoing legal advice from the law firm Lindahl. Sten Gejrot is a board member of K2A and is also employed by Lindahl.

- Is the remuneration of the CEO and other members of the management team in line with industry peers? Which KPIs dictate the remuneration (particularly if sustainability and gender diversity are included)?

- Yes.
- KPI: None.

- Please indicate the relative split of men/women at every level of the firm, particularly the Board of Directors and management team

The split between Women/Men in the following categories is:

- Board of Directors (14 % / 86 %).
- Management team (40 % / 60 %).

- Is the Head of Sustainability a member of the management team? If not, who does that person report to?

Yes, the Head of Sustainability is a member of the management team and reports directly to the CEO.

- Please state whether the firm has the following policies or agreements in place:

Union agreement
Yes

Code of conduct
Yes

Diversity policy
Yes

Anti-corruption policy
Yes

Other requests

Reporting	<ul style="list-style-type: none">• Transparency: we want to emphasize the importance of the firm's quarterly and annual reports to be as detailed (include full P/L, balance sheet and cash flow per business unit and comments by the CEO/CFO) as in the applicable investor presentation circulated prior to the transaction<ul style="list-style-type: none">▪ Noted.
Pricing	<ul style="list-style-type: none">• Although directed to the bookrunners of the transaction, we would like to emphasize the importance of continuously updated/daily pricing of the bonds