

Sustainability-Linked Finance Framework Progress Report for calendar year 2021

Executive summary and comment by the Chief Sustainability Officer

An Introduction to the NHC Group

Norlandia Health & Care Group AS (“NHC” or the “Group”) is a family-owned, multinational company headquartered in Oslo, Norway. The owners, Kristian and Roger Adolfsen, started the operations in the early 1990s and have since inception focused on a long-term, socially responsible perspective. The Group currently consists of five divisions in fields such as health care, preschools, integration services, services for individuals and families and social infrastructure within the property division. The Group has operations in Norway, Sweden, Finland, the Netherlands, Germany, and Poland. Our business is diverse, but a common factor among our users is that they are in a phase of their lives when they require care, and our understanding of their needs stretch across divisions and countries. **We aim to be a welfare innovator and a powerhouse safeguarding and developing welfare.**

The Group includes the following companies.



Norlandia Preschools

Preschool operations
Out of school services



Aberia

Child care services
Respite care for individuals with disabilities
Personal assistance



Hero Group

Refugee accommodation
Interpretation services
Education services



Norlandia Care

Nursing homes
Home nursing services
Private home services
Patient hotels





The NHC Group and Sustainability

Society doesn't stand still, and neither do the welfare needs of the people and communities we serve. Across NHC, we seek to improve people's lives and we want to be a driver for positive change through pioneering of new ideas and methods.

Our business is diverse, and hence faces a variety of sustainability challenges and opportunities. The individual companies of the Group are responsible for identifying the sustainability themes most relevant for their operations – their sustainability priorities – using the UN Sustainable Development Goals as a foundation. The companies are also responsible for setting relevant strategies and targets around these priorities, ensuring the full organization meets and exceeds expectations and contributes to sustainable development. This creates a greater commitment and stronger motivation across the Group.

In May 2021, NHC placed a senior secured sustainability-linked bond of NOK 1,700 million. This report provides an update on the Key Performance Indicators ("KPIs") and Sustainability Performance Targets ("SPTs") under the Sustainability-Linked Finance Framework from April 2021 (the "Framework"). This report should be read in conjunction with the CSR report to be published during 2022 for a complete update on the sustainability strategy and performance of NHC.

KPI 1: Perform greenhouse gas accounting

To ensure we implement the right measures and initiatives to mitigate our future environmental impact, we need to further invest in understanding our current footprint. We have therefore conducted a greenhouse gas accounting on group level.

KPI calculation: Greenhouse gas accounting on group level.

SPT 1: Perform greenhouse gas accounting

NHC has performed an accounting of the greenhouse gas emissions generated by the Group's operations. Numbers are reported as of 31 December 2021.

2021 results

 THE NHC GROUP OF COMPANIES			
Total			
Quantity	Unit	Emissions (tCO ₂ e)	
Scope 1 - Fuel Consumption:			
Petrol	191 331	Litre	420
Diesel	117 691	Litre	296
Natural Gas	356 377	m ³	720
Biomass (wood pellets + logs)	75	t	5
Sum Scope 1			1 441
Scope 2 - Electricity and heating:			
Purchased electricity location based	52 761 101	KWh	2 294
District heating	9 851 393	KWh	1 438
Sum Scope 2 Location based			3 732
Purchased electricity market based	52 761 101	KWh	15 463
Sum Scope 2 Market based			16 901
Scope 3 - Indirect			
Business air travel	72 780	kg/CO ₂ e	73
Sum Scope 3			73

A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). A market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice). Source: GHG Protocol



Looking at SPT trajectories 2022 and onwards

By successfully completing the greenhouse gas accounting as targeted for 2021, the Group will establish targets in order to work with activities that over time will reduce the consumptions and energy use, and at the same time focus on scope 3 and identify other areas that the Group can positively influence the environment. We will be looking at for example reducing transportation; meaning shorter supply line, avoid unnecessary steps in our value chain and choose suppliers with an environmental profile. We will also look at company-wide usage of secondhand computers/hardware, furniture, building ecofriendly buildings, ecofriendly maintenance to mention some. These areas will be presented in our 2022 progress report with targets and SPT trajectories where possible.

NHC has a goal to be carbon neutral by 2030 and knowing our carbon footprint is a big step in achieving that goal.

KPI 2: Increasing the share of electric vehicles in our car fleet

Transportation is estimated to contribute with approximately 16% of the world's greenhouse gas emissions, where road transport is the major contributor. Across the NHC Group, we depend on transportation. Many of our employees travel between locations as part of their daily work to assist our clients and users. Focusing on low-emission transport is an important part of reducing the carbon emissions from our operations and we aim to shift our car fleet over to electric vehicles over time.

KPI calculation: Share of electric vehicles in NHC's car fleet, including both leased and owned cars.

SPT 2: Increasing the share of electric vehicles in our car fleet

The share of electric vehicles in NHC's car fleet should increase over time, and we have set the following SPT Trajectory:

Historic values			SPT Trajectory				
2018	2019	2020	2021	2022	2023	2024	2025
1 %	2 %	8 %	13 %	17 %	25 %	32 %	36 %

Actions to reach the SPT Trajectory: NHC's car fleet currently consists of a mix of electric, hybrid and fossil fuel cars. NHC will strive for all new car purchases across the Group to be electric, also including new lease contracts.

2021 results

The SPT for 2021 was achieved at 13% and shows that NHC is on track and have a positive trajectory towards 2022 target.

KPI 3: Sustainability education in our preschools

In Norlandia Preschools, our greatest impact on society is via the education and experiences we provide for the children in our preschools. In the second half of 2021, we launched our Go Green program across our preschools.

The Go Green program has the following goals:

- Create an interest for the environment and being outdoors in nature
- Contribute to environmentally sustainable development
- Create awareness around the opportunities that nature presents
- Share knowledge on recycling and reduce food waste
- Take ownership of our own future



SPT 3: Sustainability education in our preschools

In the second half of 2021, Norlandia Preschools started the implementation of the Go Green program across the organisation. Our aim is for all majority-owned preschools to implement this program over time. To gain the Go Green label, a preschool need to complete the program on an annual basis, and the label needs to be renewed every year through an internal evaluation process. We have set the following SPT Trajectory, indicating the share of our majority-owned preschools that should have completed the program on an annual basis.

2021	2022	SPT Trajectory		
		2023	2024	2025
15%	30%	40%	47%	65%

Actions to reach the SPT Trajectory: The Go Green program has been launched internally across preschools.

2021 results

The SPT for 2021 was exceeded by three percent to a total of 18%. This is a positive development and shows trajectory above the targeted rate of implementation.

DNV verified our KPIs as per the Framework and attested the 2021 achievement. DNV's verification report is attached to this report.

There has been no material update to NHC's sustainability strategy, vision or plan related to and impacting the KPIs and SPTs.

For NHC Group

Dag Rune Gabrielsen

Chief Sustainability Officer



VERIFICATION STATEMENT

Statement no:
2022-0489

Valid from:
April 26, 2022

Valid to:
Current KPI revision

NHC GROUP

Verification of KPI performance of the Sustainability-Linked Finance Framework

Scope and objectives

DNV Business Assurance Norway AS (henceforth referred to as “DNV”) has been commissioned by NHC GROUP (henceforth referred to as “NHC”) to provide third-party verification of NHC’s KPI performance in relation to the SPT trajectory described in NHC’s Sustainable Finance Framework (the “Framework”). Our objective has been to verify NHC’s methodologies to calculate the

- KPI performance for Greenhouse gas accounting,
- share of electric vehicles in the car fleet,
- share of preschools with sustainability education.

as well as to verify the underlying data for 2021. Our methodology to achieve this is described under ‘Work Undertaken’.

Responsibilities of the Management of NHC and DNV

The management of NHC has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform NHC management and other interested stakeholders in the SECURITIES as to how NHC’s actual KPI performance relates to the SPT trajectory, based on the information provided to us. In our work we have relied on the information and the facts presented to us by NHC. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by NHC’s management and used as a basis for this assessment were not correct or complete.

Work undertaken

The verification was conducted between 23rd March 2022 and 25th April 2022, during which NHC provided its information. Our work constituted a review of the available information, based on the understanding that this information was provided to us by NHC in good faith. The work undertaken to form our opinion included:

- Discussions of NHC’s methodology with NHC management (MS Teams)
- Q&A-sessions with NHC management for each of the KPIs
- Review of NHC’s sustainable finance framework, annual and sustainability report and Second-Party Opinion
- Review of NHC’s 2021 performance and documented evidence being basis methodologies

Findings and DNV's opinion

- DNV note, that KPI1 "Perform Greenhouse Gas Accounting" for the NHC Group is a KPI that does not have an SPT and selecting the trajectory is not possible. DNV confirms, that NHC have performed a GHG accounting system for Group's operations for 2021, that includes Scope 1, Scope 2 and the business travel category Scope 3, specifically, business air travel.

Based on the information provided by NHC and the review procedures conducted, nothing has come to our attention that causes us to believe that NHC's performance is not in accordance with the KPI reporting requirements described under the Framework. DNV opines that NHC's methodologies to calculate the share of electric vehicles in the car fleet and the share of preschools with sustainability education are consistent with the purpose of NHC's KPI as defined in its Framework.

for DNV Business Assurance Norway AS

Oslo, 26th of April 2022



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Quality Assurance

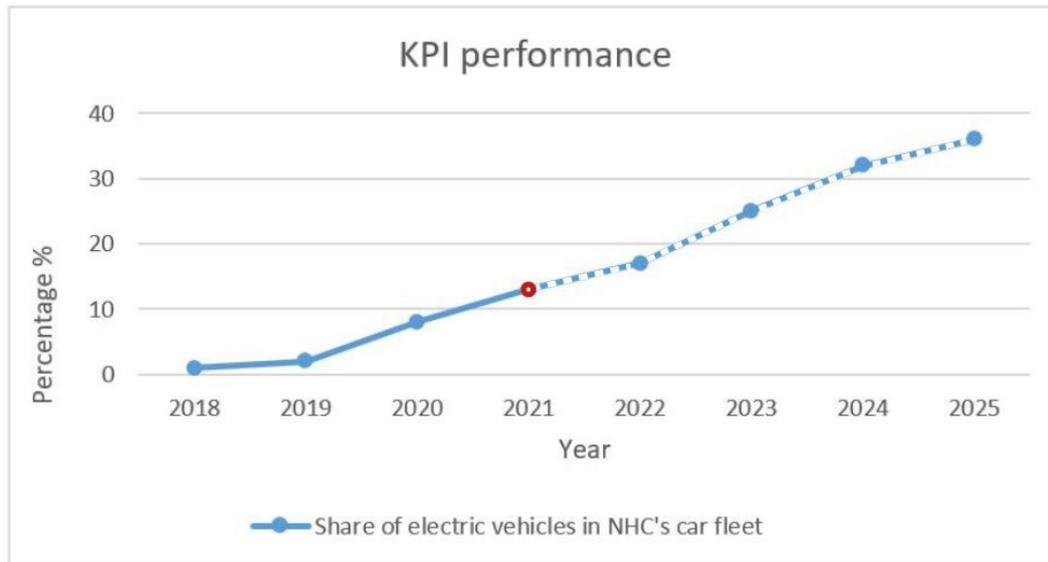
APPENDIX

NHC’s actual KPI performance relative to the SPT trajectory described in NHC’s Framework

KPI 2: Increasing the share of electric vehicles in our car fleet

Below graph visualises the data reviewed by DNV. It compares NHC’s planned KPI performance of electric car fleet ratio against its actual performance in 2021. DNV’s findings correspond with NHC’s representation of actual KPI performance relative to its SPT trajectory.

SPT and past performance	2018	2019	2020	2021	2022	2023	2024	2025
The share of electric vehicles in NHC’s car fleet	1%	2%	8%	13%	17%	25%	32%	36%



KPI 3: Sustainability education in our preschools

Below graph visualises the data reviewed by DNV. It compares NHC's planned KPI performance of share of preschools with the sustainability education as described in the Framework against its actual performance. DNV's findings correspond with NHC's representation of actual KPI performance relative to its SPT trajectory.

SPT	2021	2022	2023	2024	2025
Sustainability education in preschools	15%	30%	40%	47%	65%

