

Sustainability- Linked Finance Framework

OCTOBER 2021



Yrkes
Akademin

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INTRODUCTION

YrkesAkademin at a glance

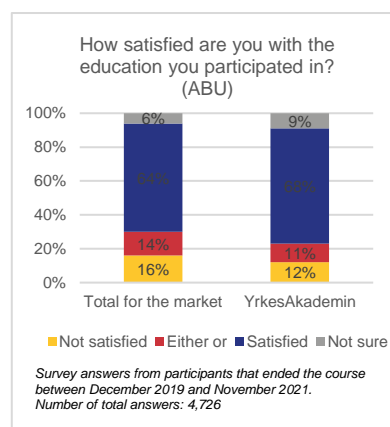
YrkesAkademin (“YA” or the “Company”) was founded in 1997 and offers employment training, secondary vocational education, vocational university and matching services, for unemployed individuals and corporations. YA supports the transition of Swedish companies towards increased sustainability by being in the forefront and by understanding the demands of tomorrow’s competence needs. YA’s focus is to develop labour skills to facilitate the employment of participants and/or support transit to a more qualified occupation. Employment training and education aims at reducing unemployment and helping people to take the next step in their career. Matching services aims at counteracting labour shortage by being a flexible tool in the matching between unemployed individuals and corporations. YA operates mainly in Sweden but also in Finland with both online education and physical education at +50 locations with close to 100 educations for different professional roles. YA has a leading market position in employment training with a market share of ~26% in Sweden.

YA’s education services are focused on four segments:

- Labour market training (AUB)
- Vocational secondary education (VUX)
- Vocational university (YH)
- Corporate training
- Matching services

YA’s largest customer is the Swedish Public Employment Service (*Swe. Arbetsförmedlingen*, “AF”) with whom the Company has a longstanding relationship. Through high-quality services and employment success rates, YA has managed to retain a high number of contracts with AF for a long period of time. As evidence of YA’s high-quality services, the Company scores the highest in the customer satisfactory surveys produced by AF (see illustration to the right). However, more recently, YA has diversified its business to rely less on the contracts with AF and grown its other business areas significantly.

Sustainability is integrated throughout the Company’s value chain and ordinary business, with a focus on a positive social impact on the society.



Services

YA offer educations and training programs as well as other services under the business areas:

- **Employment training**; to unemployed via the Swedish Public Employment Service
- **Secondary vocational education**; via municipalities to people who want to further develop their skills
- **Vocational university**; to people who want to advance their skills via the National Agency for Higher Vocational education
- **Corporate training**; for employees in private companies
- **Matching services**; to support people searching for employment through AF

Through these business areas, YA offer educations and training programs within several areas such as professional drivers, earth moving machine operators, industry, restaurant, real estate maintenance, healthcare, construction and vehicle mechanics. Additionally, YA focus on increasing the amount of courses and training aimed at new technology, digitalisation and green transformation, specifically through the corporate training business unit.

THE CHALLENGE – HIGH UNEMPLOYMENT RATE

Sweden has a high unemployment rate, which increased significantly following the Covid-19 outbreak, and is currently at 10.3% (seasonality adjusted at 9.0%) (SCB, June 2021). The high unemployment rate stems from several factors, including:

- Global financial and social instabilities,
- Competence gap
- Annual retirements, and
- Long-term unemployment

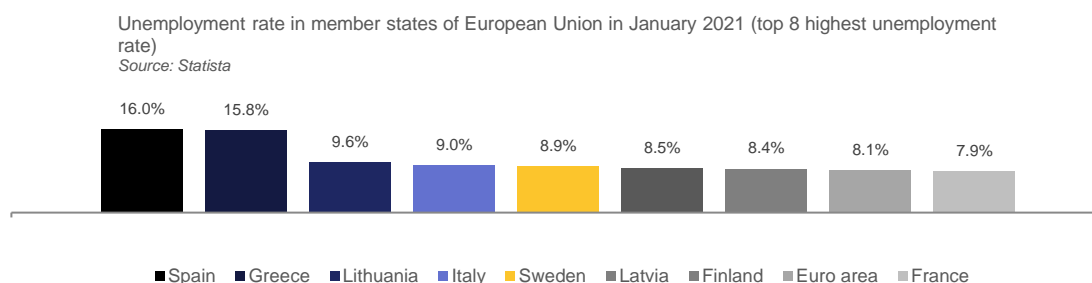
Global financial and social instabilities

The overall financial state is one of the major drivers for unemployment. The Swedish economy was performing strongly during the years 2006 and 2007, but was heavily affected by the financial crisis of 2008, resulting in an increase in the unemployment rate from 6.1% in 2007 to 8.6% in 2010. Since 2010, the economy recovered and performed well, and the unemployment rate decreased to lower levels.

Social shocks, such as Covid-19 pandemic, has clear impacts on societies both in terms of the overall economic state and the labour market. One of many consequences following the Covid-19 pandemic include a current unemployment rate of 10.3% (seasonality adjusted at 9.0%) (per June 2021), which is the highest rate noted in Sweden over the last 20 years (Ekonomifakta, SCB).

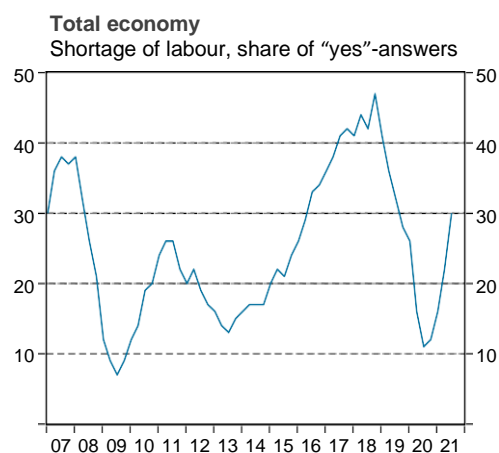
According to the Swedish Public Employment Service (AF), per December 2020, the situation in the Swedish employment market is still in a serious stage following the Covid-19 pandemic, which has heavily affected large parts of the economy and labour market (“Prognos för utbetalningar 2021-2024 februari”).

As evident by the graph below, Sweden has a high unemployment rate in relation to other European countries, which further motivates the need for employment training programs, corporate training and matching services.



Competence gap

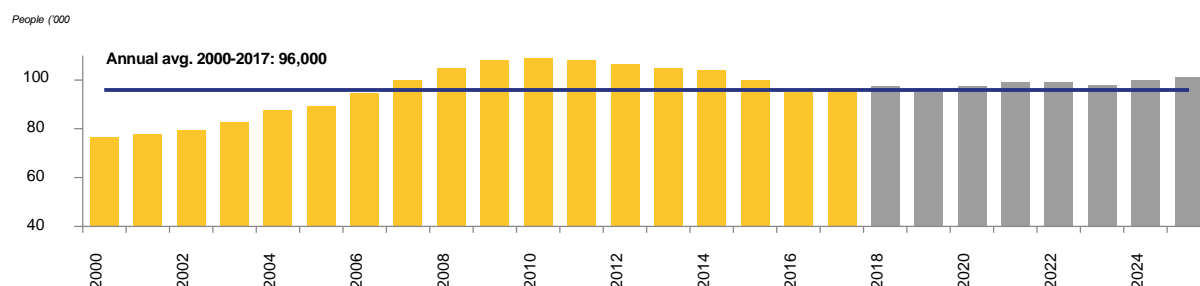
There has historically been, and currently is, a mismatch between supply and demand in terms of competencies in the labour market. Both in the private and the public sector there is a trend of increasing labour shortage due to lack of competence. As evident by the graph to the right, the shortage of labour has fluctuated over time and currently shows a high degree of labour shortage, according to employers. Reducing the mismatch between needed competence and supply of competence in the labour market is essential to both reduce unemployment but also for the overall growth in the economy. Labour market training programs and matching services are crucial tools to mitigate the mismatch between employers and the labour force which ultimately assist in decreasing the unemployment rate.



Annual retirements

The Swedish labour market has for the past 20 years been undergoing a demographic shift with retirements continuing to be on high levels. Predictions for the coming years points in the same direction and the labour market should continue to expect annual retirements to affect the work force.

Annual retirements in Sweden, 2005-2025

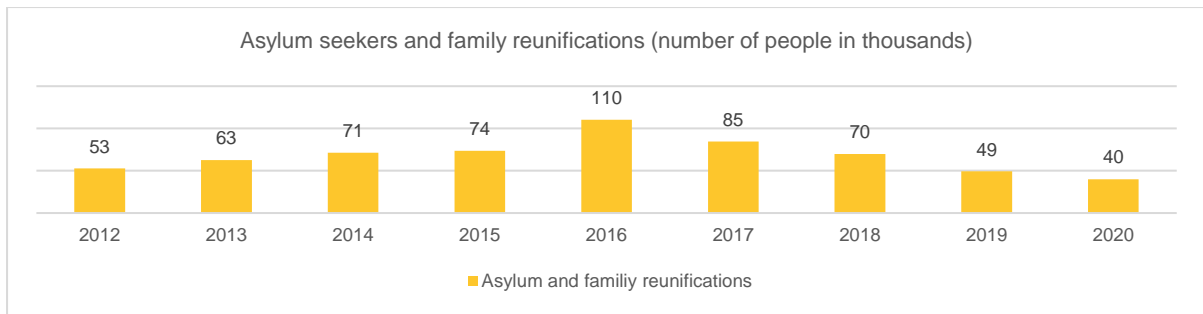


Long-term unemployment

The number of long-term unemployed individuals¹ are at record high levels following the Covid-19 pandemic, per March 2021. Subsequently, the Covid-19 crisis has accelerated the structural transformation through digitalisation and automatization, resulting in higher demand on competency

People with a migrant background face relatively high unemployment. Asylum seekers and newly arrived immigrants generally have a language barrier and/or lack education limiting their opportunities in the labour market. The result is that individuals born outside of Sweden have a significantly higher unemployment rate than individuals born in Sweden, 18.8% and 5.1% respectively (SCB 2020). This challenge is likely to remain in the coming years in light of the increasing number of asylum and family reunifications over the past years, the demand for AUB and language programmes are growing.

¹ A long-term unemployed person is someone who has been unemployed for at least 6 months



How YA plays a role in addressing these challenges

YA's business idea revolves around offering education to both those who want to take the next step in the labour market and for those who are far from the labour market. YA is helping to create a path to a new job for more than 10,000 people each year. Consequently, sustainability is an integrated part of YA's daily work and the Company has a clearly defined value-add to the society, corporations and employed individuals, through its employment training, education for adults and matching services.

Low-educated and low-skilled young people and individuals who stays unemployed for a long time not only face challenges entering the labour market but also in many cases lead to a feeling of being outside the society which in some cases can lead to mental illness. Through the Company's employment services, YA aims to counteract labour shortage and increase the integration in communities and the society. YA's mission statement is "With us, everyone should succeed" and vision statement is "We contribute to a better Sweden". In addition to social sustainability, YA also addresses environmental sustainability through e.g. offering transport education training, such as bus driver and truck driver, partially through simulators and VR instead of actual driving which limits the CO2 emission. Furthermore, YA has a large share of remote education courses requiring minimised resources and traveling.

The Board of Directors and YA have addressed sustainability issues, specifically in relation to setting and following up on targets and values as well as in relation to preparation for new procurement processes. When preparing for procurement process in relation to contracts with the Swedish government, such as the Swedish Public Employment Service, various aspects of sustainability are of high importance since delivery models, strategies and technology utilisation can be affected primarily when designing educational models.

YA has sustainability reporting in place that tracks both internal and external KPIs. In 2021, YA has continued its work within working environment, gender equality, environment, information security, GDPR, Quality and compliance with regulations.

YRKESAKADEMIN'S SUSTAINABILITY STRATEGY

YA's vision

YrkesAkademin contributes to a better society. Our educations contribute to more people developing their skills, and companies can recruit and grow. We thus help to improve integration and to reduce competence gaps and unemployment.

As the market leader in labour market education, YA recognises its responsibility in society to ensure high quality in its educations and its responsibility as a leading part between corporations and unemployed individuals.

Simultaneously, YA understands and takes responsibility for its environmental footprint and has been developing programs that limits the CO2 effect. For example, YA leads the development in simulation training, and increases the share of VR training, as a complement to "on-road" training for transportation educations.

In order to address the social and environmental issues, YA follows up on and monitor the following ten sustainability related key performance indicators:

- Share of participants in work 3 months after course end
- Participants' index (five questions asked to participants on how strongly they recommend the course)
- Employees' index
- Sick leave absence
- Lost Time Injury Frequency Rate (LTIFR)
- Emission reductions due to utilization of technological tools in the education
- Share of vehicles Euro V or better
- Share of underrepresented sex in managerial role, TOP-19 leaders
- Work related car travelling
- Corruption and Bribery/ Respect for Human Rights

The KPI that we believe is the most tangible to measure and at the same time captures our social work for integration is the Share of participants in work 3 months after course end and hence it is the selected KPI which will be measured against the SPT under this Framework.



KPI	Target	Outcome of end 2020	Evaluation
Share of participants in work 3 months after course end	80%	51%	Despite of a distance from the labour market among the unemployed, YA has traditionally reached a sustainable level of share of participants employed (e.g. 80%). In 2020, this was negatively affected by the outbreak of Covid-19 and the prevailing situation at the labour market. The effect of YA's education programs remains undisputed, regardless of covid-19.
Participants' index	> 4	4.2	The index consists of five questions that are asked frequently. Participants' index has been stable at an aggregate level in 2020, and never fallen below 4. The index is the average of the answers to how strongly employees agree or disagree to: <ol style="list-style-type: none"> 1. I appreciate my education 2. The course will help me get employed 3. My educator(s) are good 4. Teachers and participants show respect towards each other 5. I feel safe and have an opportunity to study when I need to
Employees' index	> 4	4.0	The index consists of nine questions that are asked frequently. The index is the average of the answers to how strongly employees agree or disagree to: <ol style="list-style-type: none"> 1. I appreciate my job 2. I know what is expected from me 3. I have an opportunity to develop my skills at work 4. My immediate boss is willing to listen me 5. In YA, we have a strong culture of co-operation 6. Our unit is good at supporting others 7. We help participants get closer to employment 8. My workload is reasonable 9. How likely would you recommend working at YA your friend The aggregated index has been stable around 4.0.
Sick leave absence	< 4%	4,5%	YA aims to proactively address any potential health risks to reduce absenteeism. YA's goal is to discover health related issues and to dissolve them before they turn into absenteeism. At year-end 2020, YA has continued its work to apply a newly introduced occupational health care program to facilitate rehabilitation upon need. The Covid-19 pandemic has increased short-term absenteeism, due to special restrictions even with mild symptoms.
Lost Time Injury Frequency Rate (LTIFR)	<10	11,4	YA has implemented Lost Time Injury Frequency Rate (LTIFR), i.e. the number of injuries occurring in a workplace per 1 million working hours. LTIFR is also applied by the shareholder CapMan throughout its investment portfolio. LTIFR for 2020 was 11.4 (9 incidents) compared to 15.5 a year earlier (14 incidents). None of the occurred incidents led to serious injuries. YA has enhanced its safety committee and established procedures for investigating incidents with ambition to prevent re-occurrence. All site managers and safety representatives have been invited to attend an education in work environment. YA has also formed a work environment committee to address issues related to physical and psychosocial work environment.
Emission reductions due to utilization of technological tools in the education	>1000 tonnes	1 438 tonnes	The quantified emission reduction refers to simulatorbased education methods in transport education. Increased utilization of digital learning and meeting platforms is further contributing to our goals of reducing travelling and CO2 emissions. The recorded reduction is based on reduced fuel consumption.

KPI	Target	Outcome of end 2020	Evaluation
Share of vehicles Euro V or better	>80%	93%	In 2020, YA has implemented a renewed vehicle policy to support further reduction of CO2-emission by encouraging the use of hybrid vehicles.
Share of under-represented sex in managerial role, TOP-19 leaders	40%	42% women	Gender equality is an essential sustainability goal for YA. A sustainable gender balance contributes to the diversity of perspectives in decision making. In total, YA has 36% female employees and 64% male. At the end of 2020 eight out of the top 19-leaders were female.
Work related car travelling	< 500 000 km	338 668 km	Implementation of modern digital meeting and education platforms has made it possible to replace part of the work-related travelling with web-based collaboration. That also contributes to less stress, less risks for accidents and reduction in CO2 emissions. Remote work after the outbreak of Covid-19 has contributed to the reduced car travelling.
Corruption and Bribery/ Respect for Human Rights	Zero tolerance against breaches	No reported cases	Breaches regarding corruption and bribery or respect for human rights have not been brought to the company's attention in 2020.

YRKESAKADEMIN'S SUSTAINABILITY-LINKED FINANCE FRAMEWORK

Sustainability is an integrated part of YA's ordinary course of business. Specifically, YA's target audience is individuals who often have been outside of the labour market and unemployed for a long period of time. YA's services function as a tool for individuals to get re-integrated into the societies, resulting in the opportunity for integration, self-sufficiency, and opportunities to continue to develop a career in the labour market. This Sustainability-Linked Finance Framework (the "Framework") with a social KPI has been established to support the issuance of sustainability-linked finance instruments for Yrkeskademien. The sustainability-linked financing instruments that may be issued under this Framework may include but are not limited to secured/unsecured bonds and bi- and multi-lateral facilities. Instruments issued in accordance with this Framework may be of any seniority, including subordinated/hybrid instruments ("Sustainability-Linked Instruments").

The Framework has been established in accordance with the Sustainability Linked Bond Principles 2020 ("SLBP 2020") issued by International Capital Market Association (ICMA). The SLBP 2020 constitute voluntary process guidelines outlining best practices for financial instruments incorporate forward-looking Sustainability outcomes and promote integrity in the development of the Sustainability-Linked Bond market by clarifying the approach for issuance of a Sustainability-Linked Bond ("SLB"). The proceeds from the issuance of YA's SLB are intended for general corporate purposes. However, in order to address the social and environmental issues, YA follows up on and monitor certain sustainability related key performance indicators ("KPI"), one of which is intended to be assessed against an ambitious Sustainability Performance Target ("SPT") for the purpose of the issuance of YA's SLBs in accordance with this Framework.

The Framework is in alignment with the five core components of the SLBP 2020:

1. Selection of Key Performance Indicators (KPIs).
2. Calibration of Sustainability Performance Targets (SPTs).
3. Bond Characteristics.
4. Reporting.
5. Verification

Selection of Key Performance Indicators

The following KPI is selected for the purpose of this Framework:

KPI: Share of previously unemployed participants in work 3 months after course end

Background and rationale

The KPI that has been selected for the purpose of this Framework relates to YA's ambition to contribute to decrease unemployment rates. Since YA's business concept revolves around offering education to both persons seeking to take the next step in the labour market as well as persons far from the labour market, our selected KPI is material to our core sustainability and business strategy and address relevant issues that our industry sector is facing. The ability to sustain high levels of employment after course end is key to YA's commitment to reducing unemployment in society. YA has reported its performance in relation to this KPI since the financial year 2017 and is able to benchmark its performance against historical figures.

Methodology and strategy

To measure the impact/success of YA services, the Company tracks the share of previously unemployed participants in work 3 months after course end expressed as a percentage of the total number of course participants. This KPI is measured and followed up internally by approaching previous course participants and recording the rate of employment (temporary or full-time) among such persons, and relevant figures are reported in YA's financial reporting on quarterly and annual basis. Worth noting is that this KPI covers the people who are answering the survey which may differ from quarter to quarter. It is in addition worth noting that the KPI reflects the share of the population that faces the largest challenges (low-skilled, long-term unemployed) of entering/re-entering the labour market and those that are yet to be integrated, or re-integrated, into the society. As such, by tracking this KPI, YA helps to monitor its goal to reduce the unemployment rate amongst the individuals that need it the most, consequently empowering economic growth whilst adding value to the society.

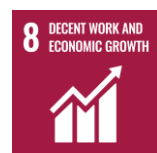
The United Nation's 17 global Sustainability Goals

YA is committed to the United Nation's 2030 agenda for sustainable development and the 17 Sustainable Development Goals ("SDGs"). YA has identified what SDGs that YA can have positive impact on, and YA is primarily focusing on goals number 4 (Quality education), number 8 (Decent work and economic growth) and number 10 (Reduced inequalities).

Example of YAs activities connected to these SDGs are;

- Education of people increase competence and makes the participants more attractive in the labour market
- Matching of candidates to open job positions
- Be relevant to all people regardless of age, gender, origin, and language barriers which in the long run increase the integration and make people feel more inclusive in the society
- Protect the employees' rights and ensure a safe working environment through regularly follow ups and surveys

More about the SGDs can be found on the UNs website (<https://sdgs.un.org/goals>).



Calibration of Sustainability Performance Targets (SPTs)

KPI	Sustainable Performance Target (SPT)
Share of previously unemployed participants in work 3 months after course end	Reach at least 70% of previously unemployed participants in YrkesAkademin's courses (AUB and VUX) securing employment 3 months after the course end, measured as an average of the last four quarters. The KPI is measured for Labour market training (AUB) and Vocational secondary education (VUX).

Historical performance

YA has historically been performing well in this metric and scored between 69% and 79%. However, as evident by the table below, the impact of Covid-19, resulting in an increasingly tougher market for unemployed individuals seeking employment, affected the numbers in 2020. As evident by the table below, YA's performance in the KPI steadily recovering from low levels during 2020 and most recently YA scored 64% in Q2 2021. Historical figures:

	Annually				Quarterly					
	2017	2018	2019	2020	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Share of participants in work 3 months after course end	69%	77%	79%	51%	77%	54%	n.m. ²	41%	44%	64%

Peer comparison

Since the selected KPI is specific to YA's operations and sustainability strategy, neither benchmarks nor trajectories exist.

Strategy to achieve the SPT

YA is continuously working to improve its offering and the following initiatives will be key to achieve the SPT:

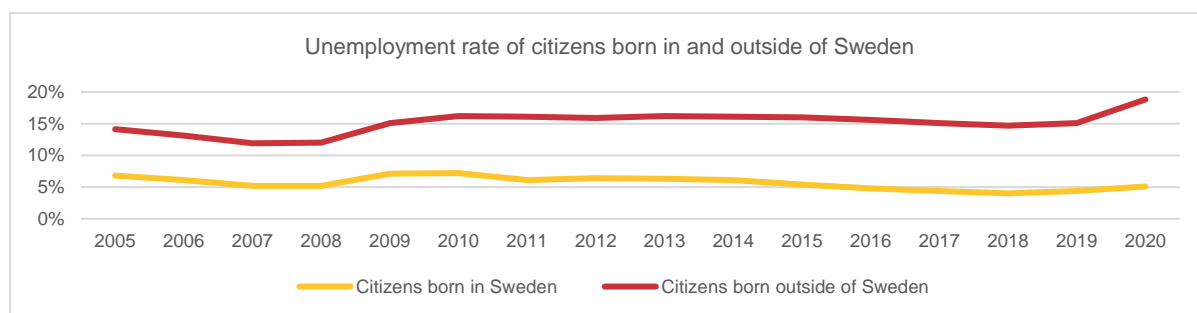
- More adaptive course plan and educational methods due to a different mix in participants after the pandemic, compared to before
- Close collaboration with companies that offers trainee employment, as this has been identified as one of the most important source to secure employment after completing a course
- AF has a stronger focus on long-term unemployed which are individuals who are far from the labour market. Therefore, YA must adapt to more individual-based education courses, have hired more special educators and have increased the number of Swedish language courses

Challenges with achieving the SPT

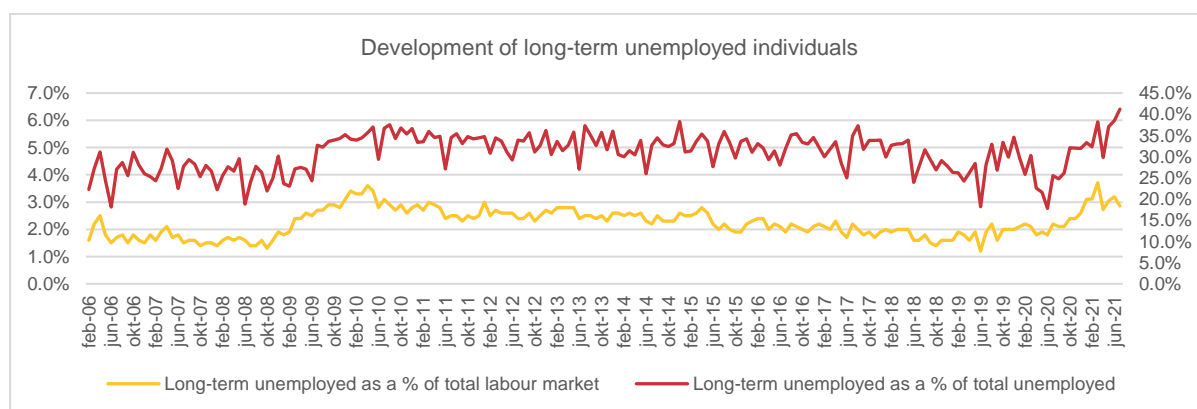
A large share of the participants has been unemployed for a long period of time and often have limited labour market skills, lacking understanding in Swedish and the Swedish culture as well as limited schooling experience. More often than not, it is a challenge to help these participants into the labour market and it is a large group of the people attending YA's courses. Currently, this group is

² No measure was conducted due to the irregular circumstances related to the Covid-19 pandemic.

experiencing a tough time at the labour market with the highest rate of unemployment measured in 20 years.



Furthermore, the share of long-term unemployed individuals has risen significantly during the last twelve months to reach 2.9% of the total labour force and 41% of the total number of unemployed.



Data from the United Nations shows that more than 255 million full-time jobs were lost globally during the pandemic. This number is about 4x as many who lost its jobs during the financial crisis in 2007-2009³. This is of course one of the main explanations behind the statistics seen in the charts above. Under these conditions, which are much tougher than during any year YA has measured the KPI previously, YA expects the recovery to close to 80% performance is unrealistic over the next few years but reachable over time why 70% has been set has an ambitious target given the current circumstances. Looking at historical figures of the KPI with more favourable labour market conditions would not give a fair comparison of the situation right now nor the years ahead.

Financing characteristics

The financing characteristics outlined in this Framework are applicable to all Sustainability-Linked Instruments issued under it. Unless otherwise specifically stated, the proceeds from any Sustainability-Linked Instruments will be used for general corporate purposes but be linked to the KPI and SPT set out in this Framework.

The structural characteristics assigned to each Sustainability-Linked Instrument will be determined on the nature of such instrument and will, upon the occurrence of a trigger event, include structural and/or financial implications in case of non-achievement of the SPT. Such implications may include adjustment to redemption premium payment amount as well as other structural features including change of tenor and altered reporting obligations. The potential non-fulfilment, the subsequent trigger event and alteration of financial and/or structural characteristics will be measured at the Target Observation Dates set out in each issue specific documentation.

The scale of the implication of the financial and/or structural characteristics in each relevant case aims at being meaningful and commensurate to the nature and financial characteristics of such

³ <https://sdgs.un.org/goals/goal8>.

Sustainability-Linked Instrument. The nature of adjustment may also be designed to reflect and/or enhance the ambitiousness of the chosen SPT.

Reporting

Depending on the particular characteristics assigned the relevant Sustainability-Linked Instrument, financial reports will contain any relevant information on whether the applicable SPT has been met in relation to any applicable Target Observation Date.

To ensure investors and other stakeholders have updated and adequate information about YrkesAkademin's sustainability strategy and the progress of the KPI in relation to the respective SPTs, YrkesAkademin will make publicly available the performance of the selected KPI(s) in its quarterly financial reports as well as the annual Sustainability Report, which are published at YrkesAkademin's website not later than two and four months, respectively, after the end of each respective financial period.

External review

Verification

Yrkesakademin will ensure an external and independent verification of its actual KPI performance relative to the SPT on a quarterly basis. The verification will be made public together with Yrkesakademin's quarterly reports as well as the annual Sustainability Report.

Second party opinion

Yrkesakademin has obtained a Second Party Opinion from ISS. Amongst other things, it confirms the alignment of this Framework with Sustainability-Linked Bond Principles published in June 2020 by ICMA. The Second Party Opinion concludes that the KPI is meaningful and relevant in the context of Yrkesakademin's broader sustainability and business strategy and that the SPT represent a material social impact on the society.