

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainability-Linked Finance Instruments

YrkesAkademin
1 October 2021

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	Sustainability-Linked Finance Instruments
Relevant standard(s)	Sustainability-Linked Bond Principles (“SLBP”), as administered by the International Capital Market Association (“ICMA”)
Lifecycle	Pre-issuance verification
Validity	As long as YrkesAkademin’s Sustainability-Linked Finance Framework and benchmarks for the Sustainability Performance target(s) remain unchanged

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SCOPE OF WORK

YrkesAkademin (“YA”, “the company” or “the issuer”) commissioned ISS ESG to assist with its Sustainability-Linked Finance Instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. The sustainability credibility of the KPI selected and Sustainability Performance Target (SPT) calibrated – whether the KPI selected is core, relevant and material to the issuer’s business model and sector, and whether the associated target is ambitious.
2. YA’s Sustainability-Linked Finance Framework (1 October, 2021 version) and structural components of the transaction – benchmarked against the Sustainability-Linked Bond Principles (“SLBP”), as administered by the International Capital Market Association’s (“ICMA”).
3. Sustainability-Linked Finance Instrument’s link to YrkesAkademin’s sustainability strategy – drawing on YA’s overall sustainability profile and related objectives.

YRKESAKADEMIN’S BUSINESS OVERVIEW

YrkesAkademin (“YA”) offers employment training, secondary vocational education, vocational university and matching services, for unemployed individuals and corporations. YA focuses on developing 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 offers education and training programs¹ as well as other services under the following 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 training²:** for employees in private companies
- **Matching services:** to support people searching for employment through the Swedish Employment Agency (Sv Arbetsförmedlingen or “AF”)

YA operates mainly in Sweden with more than 26% market share for employment training. The company is also present in Finland with both online education and physical education at more than 50 locations with close to 100 educations for different professional roles.

¹ 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

² Specifically, through its corporate training business unit, YA focuses on increasing the number of courses and training aimed at new technology, digitalisation and green transformation.

ISS ESG SPO ASSESSMENT SUMMARY

SECTION	EVALUATION SUMMARY ³
<p>Part 1:</p> <p>KPI selection and SPT calibration</p> <p>KPI</p> <p>“Share of previously unemployed participants in work 3 months after course end”</p> <p>SPT</p> <p>“Reach at least 70% of previously unemployed participants in YrkesAkademin’s Labour Market Training (AUB) and Secondary Vocational Education (VUX) courses securing employment 3 months after the course end, measured as an average of the last four quarters”</p>	<p>KPI selection: Relevant, core, and material to issuer’s business model and sustainability profile</p> <p>Sustainability Performance Target (SPT) calibration:</p> <ul style="list-style-type: none"> • Limited information available to assess the ambition against issuer’s past performance • Very limited information available for comparison against peer group • No information available for comparison against international/regional targets <hr/> <p>ISS ESG finds that the KPI selected is core, relevant and material to the issuer’s business model and consistent with its sustainability strategy. It is appropriately measurable, quantifiable and benchmarkable with limitations. The KPI has not been externally verified. It covers a material scope of the operations and activities of YA.</p> <p>ISS ESG finds that there is limited information available to assess the SPT calibrated by YA against the company’s past performance due to external factors, such as the COVID-19 pandemic and post pandemic recovery of the Swedish economy which may naturally boost the KPI’s performance to achieve the SPT. According to a survey conducted by the Swedish Employment Agency (Sv Arbetsförmedlingen or “AF”) on only the employment training (AUB) course participants, YA’s historical performance higher than the peer average as of November 2020, but there is a lack of disclosure regarding the peer group and calculation method. Thus, there is limited evidence to assess the SPT’s level of ambition against peers’ historical or future performance as sectorial peers do not disclose comparable metrics or set public targets. As the industry lacks an international standard or reference calculated in the same way as this KPI, ISS ESG is not able to assess the level of ambition of YA’s target against international references. The timeline for the target observation date is linked to the bond redemption date, as detailed in the bond documentation. The target is supported by an action plan.</p>
<p>Part 2:</p> <p>Alignment with the SLBP</p>	<p>Aligned with ICMA Sustainability-Linked Bond Principles, except for the very limited evidence available to show the ambition of the SPT due to the lack of reporting by peers or international standard on this metric.</p> <hr/> <p>The issuer has defined a formal framework for its Sustainability-Linked Finance Instruments regarding the selection of its KPI, calibration of its Sustainability Performance Target (SPT), Sustainability-Linked Bond characteristics, reporting and verification. The framework is in line with the Sustainability-Linked Bond Principles (SLBP) administered by the ICMA.</p>

³ ISS ESG’s evaluation is based on the engagement conducted from August to October 2021 and on YrkesAkademin’s Sustainability-Linked Finance Framework (1 October, 2021 version).

Consistent with issuer's sustainability strategy

YrkesAkademin offers employment training, secondary vocational education, vocational university and matching services, for unemployed individuals and corporations. YA's services help to improve integration and reduce competence gaps and unemployment. Specifically, YA targets individuals who have been unemployed for an extended period.

Part 3:

**Link to issuer's
sustainability strategy**

To address key social and environmental issues, YrkesAkademin has set up and tracked ten sustainability related key performance indicators since 2017, including the share of participants in work 3 months after course end. These indicators are tracked by the management team and disclosed to the Board of Directors.

The KPI selected by YA addresses key issues faced by the sector including (i) Products and services with social benefits and (ii) High quality and inclusive education services. ISS ESG finds that future issuances will contribute to the issuer's sustainably strategy as it has a clear link to one of the key sustainability priorities defined by the issuer.

ISS ESG SPO ASSESSMENT

PART 1: KPI SELECTION & SPT CALIBRATION

KPI 'Share of Previously Unemployed Participants in Work 3 Months After Course End'

1.1. KPI selection

KPI selected by the issuer

FROM ISSUER'S FRAMEWORK

- **KPI:** Share of previously unemployed participants in work 3 months after course end.
- **SPT :** Reach at least 70% of previously unemployed participants in YrkesAkademin's courses (AUB and VUX) securing employment 3 months after the course end as an average of the last four quarters. The SPT timeline is detailed in the bond documentation.
- **Long-term goal:** Reach at least 80% of previously unemployed participants in YrkesAkademin's courses (AUB and VUX) securing employment 3 months after the course end as an average of the last four quarters.
- **Rationale:** The KPI that has been selected for the purpose of this Framework relates to YA's ambition to contribute to decrease unemployment rates. YA's business concept revolves around offering education to those seeking to take the next step in the labour market as well as to individuals that have been outside of the labour market for an extended period. YA's KPI is intended to be material to its core sustainability and business strategies and address relevant issues that its 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.
- **Relevant 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 who are answering the survey. 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. It is worth noting that this 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.
- **Scope:** This KPI covers 100% of the company's activities related to Labour Market Training (AUB) and Vocational Secondary Education (VUX), which represented approximately 75% of the company's total sales as of June 2021 (LTM).

Materiality and relevance

Products and services with social benefits and high quality and inclusive education services are considered key ESG issues faced by the Education Services industry according to key ESG standards⁴ for reporting and ISS ESG assessment. According to information provided by YrkesAkademin, there has historically been, and currently is, a mismatch between supply and demand in terms of competencies in the labour market. Therefore, 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. Furthermore, Sweden's overall economic state and labour market were heavily impacted by the COVID-19 pandemic, which has caused the unemployment rate⁵ to rise to its highest level in 20 years.

ISS ESG finds that the KPI selected by the issuer is:

- **Relevant** to YA's business as companies in the Education Services sector are responsible for and exposed to risks related to this KPI.
- **Core** to the issuer's business as increasing the share of previously unemployed participants in work 3 months after course end is fundamental to YA's business model and will require the company to provide highly relevant courses to prepare its participants for the labour market, offer adaptive course plans and educational methods to a greater participant mix, collaborate with companies that offer trainee employment, and adapt to more individual-based education (e.g. hiring special educators and increasing the number of available Swedish language courses).
- **Material** to YA as this KPI allows YA to focus on the share of the population that faces the largest challenges in in the labour market, including low-competence and long-term unemployed individuals. Furthermore, this KPI allows YA to address the structural transformation in digitalization and automatization in the economy, which have been accelerated by restrictions related to the COVID-19 pandemic that has resulted in higher demand for competency. The participants typically receive employment (part-time and full-time) in industries that do not require licenses to operate, which is earned from an education. YA has traditionally reached close to 80% of participants employed, however, this was negatively affected in 2020 by the outbreak of the COVID-19 pandemic and the subsequent labour market downturn. Given that the unemployment rate is at its highest level in 20 years, YA has an opportunity to have a significant impact on this population group.

Consistency with overall company's sustainability strategy

YA focuses on improving integration and reducing competence gaps and unemployment, specifically, targeting long-term⁶ unemployed individuals. To address key social and environmental issues YrkesAkademin⁷ tracks ten sustainability related key performance indicators, including the share of participants in work 3 months after course end KPI. This particular KPI was selected for the purpose

⁴ Key ESG Standards include SASB and TCFD, among others.

⁵ Current unemployment rate of 10.3% (seasonality adjusted at 9.0% as of June 2021), the highest rate in Sweden over the last 20 years (Ekonomifakta, SCB).

⁶ Long-term unemployment refers to an individual that has been unemployed for at least 6 months

⁷ YA's sustainability report 2020 [YA-Holding-AB-sustainability-report-2020.pdf](#)

of the Sustainability Linked Bond Framework to showcase YA's ambition in making an impact on the long term unemployed population. The indicators are tracked by the management team and disclosed to the Board of Directors.

ISS ESG finds that the KPI selected by the issuer is consistent with the overall company's sustainability strategy.

Measurability

- **Material scope and perimeter:** The KPI selected covers material operations and activities of the issuer as it pertains to 100% of Labour Market Training (AUB) and Vocational Secondary Education (VUX). These segments represented approximately 75% of the company's total sales as of June 2021 (LTM).
- **Quantifiable:** The KPI is clearly defined and calculated by the issuer. This KPI is calculated as previously unemployed participants in YrkesAkademin's courses (AUB and VUX) securing employment 3 months after the course end as an average of the last four quarters.
- **Externally verifiable:** The historical data provided for the KPI selected has not been externally verified. The issuer commits to get an external and independent verification of the KPI considered under this transaction on a quarterly basis. The verification will also be made public in the company's annual Sustainability Report.
- **Benchmarkable:** The KPI is benchmarkable, but with limitations that cannot be attributed to the issuer, such as the limited disclosure of relevant data by the Swedish Employment Agency (Sv Arbetsförmedlingen or "AF"), or other companies in the peer group. Variations in how the metric can be reported by other sources include data points such as the time employed after course end and the definition of employment (e.g., part-time, full-time, temporary, seasonal, etc.) Benchmarking of the SPT in relation with this KPI has been analysed in Part 1.2.

Opinion on KPI selection: ISS ESG finds that the KPI selected is core, relevant and material to the issuer's business model and consistent with its sustainability strategy. It is appropriately measurable, quantifiable and benchmarkable with limitations. The historical data for the KPI has not been externally verified, although the issuer commits to receiving external verification on the KPI throughout the course of the relevant Sustainability Linked Finance Instrument. It covers a material scope of the operations and activities of YA.

1.2. Calibration of SPT

SPT set by the issuer

FROM ISSUER'S FRAMEWORK

- **Sustainability Performance Target:** Reach at least 70% of previously unemployed participants in YrkesAkademin’s courses (AUB and VUX) securing employment 3 months after the course end as an average of the last four quarters.
- **Sustainability Performance Target Trigger:** In respect of any Redemption Date, that the Sustainability Performance is lower than the Sustainability Performance Target at the relevant Target Observation Dates for such Redemption Date
- **Sustainability Performance Target Observation Date:** In respect of any Redemption Date, the four (4) most recent Reference Dates (in respect of which interim financial statements have been published) that fall prior to the date falling twenty (20) Business Days prior to such Redemption Date
- **Risks and challenges to achieving the target:**
 - The Swedish labour market has the highest rate of unemployment measured in 20 years and 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.
 - 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.
 - Data from the United Nations shows that more than 255 million full-time jobs were lost globally during the COVID-19 pandemic. This number is about 4x as many who lost their jobs during the financial crisis in 2007-2009.

Ambition

Against company’s past performance

Indicator	2017	2018	2019	2020	2024-Target
Share of previously unemployed participants in work 3 months after course end	69%	77%	79%	51%	70%
YoY change (%)	-	8%	2%	-28%	19%

Source: YrkesAkademin as of September 2021

YrkesAkademin has defined its SPT as reaching at least 70% of previously unemployed participants in its courses (AUB and VUX) securing employment 3 months after the course end. The company’s past performance between 2017-2019 rose from 69% to 79%. However, in 2020, the COVID-19 pandemic significantly impacted the labour market in Sweden, resulting in the highest unemployment rate in over 20 years (41% considered long-term unemployed). Therefore, the company experienced a 28% decline in 2020. When looking at the quarterly data, the KPI recovered from 44% in Q1 to 64% in Q2 2021, which the company describes as being mostly attributed to a significant improvement in the number of internships as a result of lighter COVID restrictions.

Due to the significant impact of the COVID-19 pandemic on the labour market, ISS ESG cannot conclude an assessment on the level of ambition against past performance. ISS ESG notes a comparison of the SPT with the company’s past performance is difficult as it’s highly reliant on external

factors such as the impact of the COVID-19 pandemic and recovery of the Swedish economy, which may naturally boost the performance of the KPI to achieve the target.

Against company's sectorial peers

YA has selected a SPT that is highly relevant to their operations and sustainability strategy, however historical data for the KPI is not disclosed by peers, nor do the peers set public targets for this metric. In an internal survey conducted by the Swedish Employment Agency (Sv Arbetsförmedlingen or "AF") for only employment training (AUB) course participants, YA achieved a 30% employment rate after a finalised course, compared to the industry average of 26% as of November 2020⁸. However, the survey does not provide any detail on the composition of the peer group, the time period covered, nor the calculation methodology used, including the time employed after course end and definition of employment (e.g. part-time, full-time, temporary, seasonal, etc.).

Overall, there is very limited evidence available to assess the level of ambition of the SPT against sectorial peers as peers do not disclose historical information, nor public targets on the same metric. The internal survey provided by the Swedish Public Employment Service is not directly comparable to the KPI.

Against international targets

Due to circumstances not attributable to the issuer, including the absence of a definite international standard or reference regarding employment targets specific to this KPI, ISS ESG is not able to assess the level of ambition of YA's target against international objectives.

Measurability & comparability

- **Historical data:** The issuer has provided three years of historical data, which had not previously been publicly reported nor received external verification.
- **Benchmarkable:** The SPT cannot be benchmarked against peers as its specific to YA's operations, therefore, neither benchmarks nor comparable trajectories exist.
- **Timeline:** The issuer has linked the timeline including the target observation date and the trigger event to the bond redemption date, as detailed in the bond documentation. YA will continue to publish its progress on the KPI on a quarterly basis and in its annual Sustainability report.

Supporting strategy and action plan

To achieve its target by 2024, the company plans to conduct several initiatives including:

- Adapting the course plan and educational methods to the varying needs of post-pandemic participants;
- Collaborating with companies that offer trainee employment has been identified as one of the most important sources to secure employment post course completion;

⁸ Latest available datapoint

- Focusing more on the long-term unemployed by adapting to more individual-based education courses (e.g., hiring more special educators and increasing the number of Swedish language courses offered).

Opinion on SPT calibration: *ISS ESG finds that there is limited information available to assess the SPT calibrated by YA against the company's past performance due to external factors, such as the COVID-19 pandemic and post pandemic recovery of the Swedish economy which may naturally boost the KPI's performance to achieve the SPT. According to a survey conducted by the Swedish Employment Agency (Sv Arbetsförmedlingen or "AF") on only the employment training (AUB) course participants, YA's historical performance higher than the peer average as of November 2020, but there is a lack of disclosure regarding the peer group and calculation method. Thus, there is limited evidence to assess the SPT's level of ambition against peers' historical or future performance as sectorial peers do not disclose comparable metrics or set public targets. As the industry lacks an international standard or reference calculated in the same way as this KPI, ISS ESG is not able to assess the level of ambition of YA's target against international references. The timeline for the target observation date is linked to the bond redemption date, as detailed in the bond documentation. The target is supported by an action plan.*

PART 2: ALIGNMENT WITH ICMA SUSTAINABILITY-LINKED BOND PRINCIPLES

Rationale for Framework

FROM ISSUER'S 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 social KPIs have been established to support the issuance of Sustainability-Linked Finance Instruments for YrkesAkademin.

Opinion: ISS ESG considers the Rationale for Issuance description provided by YA as aligned with the SLBP. The issuer has created and committed to publicly disclose the framework and relevant documentation in a comprehensive and credible manner.

2.1. Selection of KPI

ISS ESG conducted a detailed analysis of the sustainability credibility of KPI selection available in section 1 of this report.

Opinion: ISS ESG finds that the KPI selected is core, relevant and material to the issuer's business model and consistent with its sustainability strategy. It is appropriately measurable, quantifiable and benchmarkable with limitations. The historical data for the KPI has not been externally verified, although the issuer commits to receiving external verification on the KPI throughout the course of the relevant Sustainability Linked Finance Instrument. It covers a material scope of the operations and activities of YA. (A detailed analysis has been conducted in the [Part 1 of this report](#)).

2.2. Calibration of Sustainability Performance Target (SPT)

ISS ESG conducted a detailed analysis of the sustainability credibility of SPT is available in section 1 of this report.

Opinion: ISS ESG finds that there is limited information available to assess the SPT calibrated by YA against the company's past performance due to external factors, such as the COVID-19 pandemic and post pandemic recovery of the Swedish economy which may naturally boost the KPI's performance to achieve the SPT. According to a survey conducted by the Swedish Employment Agency (Sv Arbetsförmedlingen or "AF") on only the employment training (AUB) course participants, YA's historical performance is higher than the peer average as of November 2020, but there is a lack of disclosure regarding the peer group and calculation method. Thus, there is limited evidence to assess the SPT's level of ambition against peers' historical or future performance as sectorial peers do not disclose comparable metrics or set public targets. As the industry lacks an international standard or reference calculated in the same way as this KPI, ISS ESG is not able to assess the level of ambition of YA's target against international references. The timeline for the target observation date is linked to the bond redemption date, as detailed in the bond documentation. The target is supported by an action plan. (A detailed analysis has been conducted in [Part 1 of this report](#)).

2.3. Sustainability-Linked Finance Instrument Characteristics

FROM ISSUER'S FRAMEWORK

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

Opinion: ISS ESG considers the Sustainability-Linked Finance Instrument Characteristics description provided by YrkesAkademin as aligned with the Sustainability-Linked Bond Principles. The SPT timeline, including the target observation date and the trigger event, is linked to the redemption date, as detailed in the bond documentation. The issuer gives a detailed description of the potential variation of the financial characteristics of the instruments, while clearly defining the KPI, associated SPT and its calculation methodologies. However, the issuer does not take into consideration any potential extreme / exceptional events that could substantially impact the calculation of the KPI, the restatement of the SPT and/or pro-forma adjustments of the baseline or KPI scope.

2.4. Reporting

FROM ISSUER'S FRAMEWORK

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.

Opinion: ISS ESG considers the Reporting description provided by YA as aligned with the SLBP. This will be made publicly available annually and include valuable information, as described above.

2.5. Verification

FROM ISSUER'S FRAMEWORK

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 Report⁹.

Opinion: ISS ESG considers the Verification description provided by YA as aligned with the SLBP. The issuer plans on having all quarterly and annual values of the SPT published and verified.

⁹ <https://ya.se/finansuell-information/>

PART 3: LINK TO YRKESAKADEMIN'S SUSTAINABILITY STRATEGY

Methodological note: Please note that YrkesAkademin is not part of the ISS ESG Corporate Rating Universe. Thus, the sustainability profile is an assessment conducted by the analyst in charge of the Education Services sector based on publicly available information exclusively. No direct communication between the issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research's methodology.

Industry classification

Education Services¹⁰

Key issues of the industry

1. Products and services with social benefits
2. High quality and inclusive education services
3. Employee relations and work environment
4. Resource-conserving campus operations

Indicative ESG risk and performance assessment

YrkesAkademin's principal activities include a variety of education services with vocational education and post-secondary education accounting for a vast majority of its net sales.

The sustainability risk exposure of education companies such as YrkesAkademin mainly entails risks related to the quality and inclusiveness of educational services, responsible marketing and sales practices, data privacy, and employee relations.

To mitigate risks regarding data privacy when collecting customer data, YrkesAkademin has established a comprehensive data protection policy. The company has also implemented several elements of an information security management system (e.g., risk assessments, responsibilities, and trainings). Regarding its employee relations, the company primarily operates in countries with high legal or factual standards in the areas of freedom of association, health and safety, discrimination, and workplace flexibility. The company also reports on work-related accidents, thereby promoting transparency and accountability regarding workplace safety. Furthermore, some elements of a compliance framework (e.g., insider trading policy and a non-compliance reporting channel) are in place to ensure ethical business conduct. However, the company does not provide similar insights into its strategies regarding responsible marketing and sales practices, or regarding access to education for underserved populations.

On the environmental side, while the company has implemented some measures to reduce its greenhouse gas emissions, there is no evidence of a comprehensive strategy to manage climate change and resource efficiency.

Nevertheless, the overall sustainability risk exposure of education companies like YrkesAkademin is comparatively low.

¹⁰ As per ISS ESG industry classification

Indicative product portfolio assessment

Social impact of the product portfolio:

The company generates a major share of revenues from vocational education services and post-secondary education. It is estimated that these services constitute around 80% of net sales. Thus, its products and services contribute to the achievement of the global sustainability objective of delivering education.

Environmental impact of the product portfolio:

The company's assets are assessed neutral as none of its services have a significant impact on the environment.

Controversy assessment

The analyst in charge of producing the report conducted a high-level controversy assessment, based on public information exclusively. There are no indications of the company being involved in any of the below mentioned controversies.

Based on a review of controversies in the period of 1 January 2019 – 06 September 2021, the greatest risks reported against companies operating in the Education Services industry relate to activities that may fail to respect the right to just and favourable conditions of work. This is closely followed by activities related to anti-competitive behaviour. Further issues reported include the alleged failure to respect consumer health and safety and assess environmental impacts.

DISCLAIMER

1. Validity of the SPO: For as long as YrkesAkademin's Sustainability-Linked Finance Framework (1 October, 2021 version) SPT benchmark and structural securities characteristics described in this document do not change.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
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ANNEX 1: Methodology

Alignment of the concept set for transactions against the Sustainability-Linked Bond Principles, as administered by ICMA

ISS ESG reviewed the Sustainability-Linked Finance Framework of YrkesAkademin, as well as the concept and processes for issuance against the Sustainability-Linked Bond Principles administered by the ICMA. Those principles are voluntary process guidelines that outline best practices for financial instruments to incorporate forward-looking ESG outcomes and promote integrity in the development of the Sustainability-Linked Bond market by clarifying the approach for issuance.

ISS ESG reviewed the alignment of the concept of the YrkesAkademin's issuance with mandatory and necessary requirements as per the Appendix II - SLB Disclosure Data Checklist of those principles, and with encouraged practices as suggested by the core content of the Principles.

Analysis of the KPI selection and associated SPT

In line with the voluntary guidance provided by the Sustainability-Linked Bond Principles, ISS ESG conducted an in-depth analysis of the sustainability credibility of the KPI selected and associated SPT. ISS ESG analysed if the KPI selected is core, relevant and material to the issuer's business model and consistent with its sustainability strategy thanks to its long-standing expertise in evaluating corporate sustainability performance and strategy. ISS ESG also reviewed if the KPI is appropriately measurable.

ISS ESG analysed the ambition of the SPT against YrkesAkademin's own past performance (according to YrkesAkademin's reported data), and, to the extent possible, against YrkesAkademin's peers (based on information provided by the issuer), and against international benchmarks. Finally, ISS ESG evaluated the measurability & comparability of the SPT, and the supporting strategy and action plan of YrkesAkademin.

ANNEX 2: Quality management processes

SCOPE

YrkesAkademin commissioned ISS ESG to compile a Sustainability-Linked Finance Instruments SPO. The Second Party Opinion process includes verifying whether the Sustainability-Linked Finance Framework aligns with the ICMA Sustainability-Linked Bond Principles and to assess the sustainability credentials of its Sustainability-Linked Finance Instruments, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- Sustainability-Linked Bond Principles, as administered by ICMA

ISSUER'S RESPONSIBILITY

YrkesAkademin's responsibility was to provide information and documentation on:

- Sustainability-Linked Finance Framework

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Sustainability-Linked Finance Instruments to be issued by YrkesAkademin based on ISS ESG methodology and in line with the ICMA Sustainability-Linked Bond Principles.

The engagement with YrkesAkademin took place from August to October 2021.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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