



# Green Bond Framework

April 2025

## ABOUT SVEAFSTIGHETER

Sveafastigheter AB (publ) (or “Sveafastigheter” or the “Company”) *manages and develops a range of attractive rental apartments in growth regions across Sweden, focusing on tenants’ well-being and the Company’s profitability, and with a commitment to the local community and strong sustainability efforts. An extensive project development portfolio enables new construction in locations where the demand for residential properties is high and which, upon completion, creates profitable organic growth of the management portfolio.*

The Company’s vision is to be Sweden’s best residential real estate company, meaning (i) Sweden’s most satisfied tenants, (ii) the industry’s best and most

satisfied employees, (iii) Sweden’s most sustainable properties, (iv) stakeholder’s first choice and (v) the industry’s most attractive company to invest in.

As of December 2024, Sveafastigheter’s property portfolio and building rights were diversified across four markets with 94 percent of the portfolio’s value located in metropolitan regions and university cities. As of the same date, the fair value of the investment properties was SEK 28.1bn. The portfolio consists of properties under management amounting to SEK 24.8bn, properties under ongoing construction amounting to SEK 1.2 bn, and project development and building rights amounting to SEK 2.2 bn.

## SUSTAINABILITY STRATEGY

Sveafastigheter’s sustainability work is an integrated part of its business model and follows ten material topics:

### ENVIRONMENTAL (E)

- Climate change – Climate change adaptation (ESRS E1)
- Climate change – Climate change mitigation and Energy (ESRS E1)
- Biodiversity and ecosystems – Direct exploitation (ESRS E4)
- Resource use and circular economy (ESRS E5)

### SOCIAL (S)

- Own workforce – Working conditions (ESRS S1)
- Workers in the value chain – Working conditions – Health and safety (ESRS S2)
- Affected communities – Communities’ economic, social and cultural rights – Adequate housing (Homes for more people) (ESRS S3)
- Consumers and end-users – Personal safety of consumers and/or end-users (Secure tenants and safe residential areas) (ESRS S4)

### GOVERNANCE (G)

- Governance – Corporate culture (ESRS G1)
- Governance – Corruption and bribery (ESRS G1)

## ENVIRONMENTAL SUSTAINABILITY

### Climate transition plan

Sveafastigheter is working to mitigate the climate impact from new development and the property portfolio. And thus work is underway to develop a climate tran-

sition plan. As part of the overall efforts to reduce its climate footprint, Sveafastigheter’s ambitions are:

- Aims to set *emission reduction targets* in line with the *Science Based Targets initiative (SBTi)* methodology for the building sector
- By 2030, Sveafastigheter aims to use 100% renewable electricity for its properties and an overarching ambition to promote a circular economy

All new production aims to meet the requirements for environmental certification of at least Miljöbyggnad Silver or equivalent in terms of energy use To realize its climate ambitions, key initiatives include:

- **Energy efficiency:** The Company’s technical management experts monitor the energy performance of the entire property portfolio and determines the most appropriate measures for each property. Examples of such measures include installing heat pumps and solar panels and improving insulation and ventilation.
- **Resource management and circular material flows:**
  - Sveafastigheter conducts research on the reuse of heavy building components together with an experienced architectural firm, a sustainability platform and researchers at KTH.
  - Within property management, the materials used during upgrades are minimised by reusing materials that are in good condition for maintenance measures.

- Choice of materials with low climate impact whenever possible.
- For apartment upgrades, decrease of transportation is achieved by offering one delivery for all needed materials.
- Within property management, Sveafastigheter supports its tenants' sorting of waste by making communal areas better equipped for separation at source.

### Property management

Sveafastigheter has an established routine to identify *energy efficiency* upgrade potential. A technical manager together with local technical property managers review energy data monthly. The aim of the review process is to identify the 20 worst-performing properties in terms of energy efficiency. Subsequently, improvement measures are identified and implemented on the relevant properties. The building upgrade process also focuses on *reducing climate impacts from materials* through a variety of measures including increase re-used materials, choice of materials with low climate impact, decrease of transportation by one delivery for all materials, minimized material waste by using spill materials from previous upgrades.

- **Selected case study:** Sveafastigheter invested ~SEK 20 million in its property, Maknadshagen 15-17 in Norrtälje to reduce usage of district heating by installing geothermic heating and hybrid solar cells. Achieved district heating saving reached ~34%.

### New constructions

The Company's new construction projects represent a significant part of Sveafastigheter's emissions and thus it is important for the Company to make long-term sustainable decisions at an early stage. All new constructed buildings aim to meet the requirements of at least Miljöbyggnad Silver or equivalent in terms of energy use. Sveafastigheter's goal include the entirety of its climate footprint, including installations and interior finishes, which is more than required in Swedish National Board of Housing, Building and Planning's (Boverket Sw.) climate declaration. Further, project managers use a *sustainability platform*, through which the sustainability performance of materials is reported using the Environmental Product Declaration or, when this is unavailable, generic data from the Swedish National Board of Housing, Building and Planning's climate database. Project managers enter the conditions of the building and the proposed materials to be used, and ProdiKT calculates the total climate impact of the entire building. In this way, the project managers can adjust the use of materials so that the climate footprint is in line with Sveafastigheter's climate transition plan.

### Climate risks assessment

Sveafastigheter's entire property portfolio goes through an *annual climate risk assessment* which provides the foundation for assessing both physical and transition risks as part of the wider risk management work. The analysis covers climate related risks for both new constructions and existing properties and is based on established and scientifically based scenarios such as IAM, GCAM4, SSPs and ECMWF.

In addition, Sveafastigheter is a founding member of HS30 (Hållbart Stockholm 2030). HS30 is a sustainability forum where actors from the residential development sector in the Mälardalen region gather to transparently share knowledge and contribute to concrete actions in environmental, economic and social sustainability.

### Biodiversity

Sveafastigheter is underway to develop its work in respect of mapping, preparing targets and reporting Sveafastigheter's impact on biodiversity around and directly adjacent to the Company's properties, as well as the Company's indirect impacts on biodiversity through purchased goods and services. Example of ongoing activities include when drawing up zoning plans, a judgement is made as to whether conservation surveys and environmental impact assessments are required to analyse and minimise the impact on biodiversity. Another example is when new tender documents have been drawn up for the external maintenance of Sveafastigheter's residential areas. These include a wish for suppliers to determine when areas that are currently mown grass can be transformed to provide space for greater biodiversity.

### Circular economy

The work aimed at reducing the Company's environmental impact from waste is governed by Sveafastigheter's Sustainability Policy, which promotes a mitigation hierarchy: avoid, minimise, restore, offset. Within new construction, prioritised areas include minimising material consumption and reusing materials. Within property management, Sveafastigheter supports its tenants' sorting of waste by making communal areas better equipped for separation at source. When Sveafastigheter upgrades its apartments, it uses materials of a high standard that are sustainable in the long term. The waste is minimised by reusing building materials and home appliances that are in good condition in the next upgrade. In addition, Sveafastigheter has been involved in a research project alongside KTH Royal Institute of Technology to investigate the potential to reuse heavy structural elements.

## SOCIAL SUSTAINABILITY

### Affected communities – homes for more people

Sveafastigheter wants to contribute to positive social mobility, where segregation is reduced by developing homes in and strengthening the attractiveness of both socioeconomically strong and weak areas. Sveafastigheter's goal is to create homes for more people by developing residential properties that meet *local needs and by lowering the thresholds to the housing market*. This is ensured through *social value-add analysis*, generating a greater understanding of which social values can be provided or reinforced in the specific location. This is done in close dialogue with municipalities, local actors and residents. Sveafastigheter's new development projects are to be based on a social value-add analysis, in order to generate an increased understanding of which social values can be provided or reinforced in specific location. This is done in close dialogue with municipalities, local actors and residents. Sveafastigheter's rental apartments thus fulfil an important function in society, as they make it possible for more people to get onto the housing market. Example of activities:

- Sveafastigheter is working to contribute residential areas that are characterised by a mix of tenure arrangements, apartment sizes and numbers of rooms, in order to meet the needs of people and society.
- In selected projects, Sveafastigheter is working on space-efficient floor plans, which make it possible for more rooms to be provided in less space in order to deal with overcrowding. When overcrowding is identified in the existing portfolio, the possibility of a larger home is offered.
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- Sveafastigheter is working actively to find unutilised space in the existing portfolio that can be converted into housing to create homes for more people. By analysing the buildings' floor plans and identifying areas that have previously been used for less efficient purposes, such as bike stores, drying rooms and storage areas, it is possible to maximise the use of existing buildings and meet the growing need for housing.

### Secure tenants and safe residential areas

Sveafastigheter is working to ensure that its tenants feel at home and feel safe in their homes and residential areas. Example of activities include:

- Unsafe areas in the outdoor environment are identified by means of safety walks and security surveys, and security measures are implemented such as increased lighting and improving the design of the environment in and around the properties.
- To strengthen the dialogue with tenants and increase their influence over their residential areas, moving-in and moving-out surveys are conducted as well as the annual Customer Satisfaction Index survey, and tenants have access to a home app where they can communicate with their neighbours.
- To prevent unauthorised persons from gaining access, doors in basements have been replaced with steel doors, doors have been fitted with access control systems, and entrance areas have been reviewed to rectify doors that do not lock.
- To improve security in communal areas, doors to laundry rooms have been replaced and windows have been installed to increase visibility into and out of the laundry. Lighting has been improved by adding more lighting in stairwells and by installing sensor lighting.
- Sveafastigheter offers all tenants the option of having security doors installed in their home.
- Sveafastigheter wants to contribute to positive social development, with more people finding employment in our residential areas. For this reason, Sveafastigheter offers summer jobs every year for young people in our areas. In 2024, Sveafastigheter employed 45 young people in summer jobs within property management. Work placements have also been offered within the management organisation during the year.
- A guide to security-enhancing efforts will be prepared, aimed at delivering structured and uniform work on safety and security throughout the management organisation.

### Health and safety

Health and safety throughout its operations is essential to Sveafastigheter. As an employer, Sveafastigheter is responsible for ensuring a good physical, organisational and psychosocial working environment for its employees. Sveafastigheter's operations must never take place at the expense of people's health and wellbeing. Sveafastigheter has processes in place to ensure safety and wellbeing at the workplace, as well as fair, decent working conditions. According to the Arbetsmiljöverket (the Swedish Work Environment Au-

thority), construction sites are among the most accident-prone workplaces in Sweden. The greatest risk of serious accidents within Sveafastigheter's value chain is deemed to be at such sites. It is therefore crucial to ensure that there is a systematic management of work environment in place at these construction sites. It is also important to combat workplace crime from a safety perspective, as workplace crime may, among other things, involve a failure to comply with safety regulations.

As part of the systematic work with Health, Safety and Environment (HSE), instructions and checklists implemented include HSE plans, HSE risk assessments, accidents and incidents, as well as safety and environmental inspections. In the event of an incident, an evaluation is made of its severity and any preventive work that may need to be reinforced. This may involve immediately stopping work and implementing measures, or general information at the site for improvement and supervision purposes. Sveafastigheter's crisis management team will also be notified. Sveafastigheter hires an external firm that conducts security-classified data analyses and performs controls on Sveafastigheter's contractors and construction sites with the aim to decrease the risk of workplace crime. During 2024, Sveafastigheter introduced new instructions to combat work-related crime and in favour of HSE in projects, in order to clarify the systematic HSE work. In connection with this, a new reporting framework was implemented.

## GOVERNANCE

Sveafastigheter's Sustainability Policy defines the framework for sustainability in Sveafastigheter and aims to contribute to the fulfilment of the Agenda 2030 for Sustainable Development, the Paris Agreement and the UN Global Compact's ten principles for sustainable business.

Sveafastigheter's *Code of Conducts* must be adopted and followed by all employees and partners, including suppliers. It specifies the minimum requirements that Sveafastigheter places on the Company, its employees and suppliers. The Code of Conduct makes everyone contributors to a responsible, sustainable and ethical business. In addition, Sveafastigheter will develop a supplier assessment based on their environmental and social responsibility, update sustainability requirements in connection with purchasing, train employees with responsibility for purchasing about the Company's sustainable purchasing principles and launch more regular monitoring of supplier performance.

The Company is committed to early detection and investigation of irregularities and/or misconduct, and has set up a whistleblower service, under which employees, partners and other stakeholders can provide information under total anonymity. All cases, complaints and reports are received and investigated by a third party. All matters received by the whistleblower service are investigated and, when relevant, acted upon.

## RATIONALE FOR THE GREEN BOND FRAMEWORK

Sveafastigheter has developed its *Green Bond Framework* ("Framework") aiming to attract specific funding from debt investors for green and energy efficient buildings and project developments which contribute to its long-term ambition to become a *climate neutral company*. Thus, this Framework serves as a significant step to align the Company's funding strategy to its sustainability strategy, as outlined in the Sustainability Strategy section of this Framework.

### ALIGNMENT WITH MARKET PRINCIPLES

The Framework is aligned with the 2021 edition of the International Capital Markets Association ("ICMA") *Green Bond Principles*<sup>1</sup> with June 2022 Appendix I

and their four core components and key recommendations including:

- Use of Proceeds
- Process for Asset Evaluation and Selection
- Management of Proceeds
- Reporting
- External Review

The Framework further intends to take into account the most recent market practices, in particular the *EU Taxonomy* to the extent possible. This Framework is applicable for issuance of *Green Bonds* (including private placements).

Further, this Framework is applicable to the parent company and its subsidiaries.

<sup>1</sup> ICMA Green Bond Principles 2021 (with June 2022 Appendix I).

As the green bond market continues to evolve, Sveafastigheter will review this Framework from time to time, including its alignment to updated versions of the ICMA Green Bond Principles. Accordingly, Sveafastigheter may deem it appropriate at times to further update its Framework with the objective of keeping or

improving the current levels of transparency and reporting disclosures. Any material revision of the Framework will be subject to a new Second Party Opinion.

Swedbank has acted as Sustainability Coordinator to Sveafastigheter in the establishment of this Framework.

## USE OF PROCEEDS

### ALLOCATION OF NET PROCEEDS

An amount equivalent to the net proceeds from Sveafastigheter's Green Bonds shall be used to finance or re-finance, in whole or in part, a portfolio of assets ("Green Assets"). Green Assets aim to support the transition towards a low-carbon future, as well as comply with Eligibility Criteria detailed in the table on the following pages. Certain Green Assets may also have social co-benefits.

Green Assets may include fixed assets, capital expenditures ("CapEx") and/or operational expenditures ("OpEx"). Fixed assets will qualify at the current balance sheet value, which will be updated annually to reflect regular depreciation. CapEx will qualify for the amount of the initial expenditure, subject for annual depreciation in accordance with the expected useful life of the investment. OpEx has a requirement of maximum three-year look-back period prior to the issuance date of the Green Bond.

### EU TAXONOMY AND UN SDG MAPPING

The Eligibility Criteria consider, on a best effort basis, the EU Taxonomy's technical screening criteria for substantial contribution to climate change mitigation. Sveafastigheter also takes into account selected Do No Significant Harm criteria, to the extent possible. Green Assets must also comply with Minimum Safeguards as defined by the Company's policies that govern sustainability and business ethics.

Furthermore, a mapping against the UN SDGs as well as the Economic Activities and Environmental Objectives under the EU Taxonomy has been done, to the extent possible, on the following pages.

### FINANCING AND REFINANCING

Refinancing refers to Green Assets that have been financed prior the reporting year. Financing refers to Green Assets that have been financed during the reporting year.

### EXCLUSION CRITERIA

The net proceeds of Sveafastigheter's Green Bonds will not be used to finance fossil fuel energy generation, nuclear energy generation, weapons, potentially environmentally harmful resource extraction (such as rare-earth elements), gambling or tobacco.

### GREEN BUILDINGS

**ICMA GBP category:** Green Buildings

**UN SDGs:** 7 – Clean energy; 11 – Sustainable cities and communities

**EU Environmental Objective:**

Climate change mitigation

### ELIGIBILITY CRITERIA

#### Construction of new buildings<sup>2</sup>

Eligible EU Taxonomy activity: 7.1. Construction of new buildings

Buildings<sup>3</sup> which have or will have upon completion:

- Primary Energy Demand (PED) at least 10% lower<sup>4</sup> than the threshold set for Nearly Zero-Energy Building (NZEB) according to national building regulations<sup>5</sup> or

<sup>2</sup> Building application filed after 31 December 2020.

<sup>3</sup> Including acquisition of land and developing costs associated with land held for future development.

<sup>4</sup> The energy performance is or will be certified using an Energy Performance Certificate (EPC).

<sup>5</sup> In Sweden, thresholds set for NZEB is implemented through the Swedish National Board of Housing, Building and Planning's (Boverket Sw.) national building standards (Byggregler i.e. BBR Sw.). Most recent version BBR 29 at the time of publication of this Framework.

- Minimum environmental certification of Miljöbyggnad Silver
- Additional criteria for all buildings, the building undergoes a material physical climate risk and vulnerability assessment
- Additional criteria for buildings larger than 5,000 sqm<sup>6</sup>: the building undergoes testing for air-tightness and thermal integrity and the lifecycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle

### Acquisition and ownership of buildings<sup>7</sup>

Eligible EU Taxonomy activity: 7.7. Acquisition and ownership of buildings

- Buildings with Energy Performance Certificate (“EPC”) of class A or that have a PED within the top 15%<sup>8</sup> of the national or regional building stock, or
- Minimum environmental certification of Miljöbyggnad Silver
- Additional criteria for all buildings, the building undergoes a material physical climate risk and vulnerability assessment

### Major renovations<sup>9</sup>

Eligible EU Taxonomy activity: 7.2. Renovation of existing buildings

- Primary energy savings of at least 30% within maximum of three years and validated through an EPC upon completion of the renovation
- Additional criteria for all buildings, the building undergoes a material physical climate risk and vulnerability assessment

### Building energy efficiency

Eligible EU Taxonomy activities: 7.3. Installation, maintenance and repair of energy efficiency equipment; 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings); 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of building; 7.6. Installation, maintenance and repair of renewable energy technologies

Installation, replacement, and maintenance of energy efficient measures including:

- Energy efficiency equipment associated with insulation, energy efficient windows, doors or lights and heating, ventilation and low water and energy equipment
- Charging stations for electric vehicles
- Instruments and devices for measuring, regulation and controlling energy performance of buildings associated with zoned and smart thermostats, sensing equipment, management and light control systems, smart meters and facade and roofing elements with solar shading
- Renewable energy technologies, on-site associated to solar photovoltaic systems, water panels, electric heat pumps, wind turbines, transpired collectors, energy storage, as well as heat exchangers/recovery systems.

<sup>6</sup> To be implemented through Swedish legislation

<sup>7</sup> Building application filed before 31 December 2020.

<sup>8</sup> The report by the Swedish Property Federation (Fastighetsägarna in Sw.), CIT Energy Management will be used for determining top 15%. Sveafastigheter can also seek guidance from other appropriate external benchmarks to determine the top 15% if such report is issued by a national government or industry specialist.

<sup>9</sup> If the building post renovation fulfils criteria under “Acquisition and ownership of buildings” the market value of the building will qualify. If not, it will be limited to the renovation cost.

## PROCESS FOR ASSET EVALUATION AND SELECTION

### THE GREEN BOND COMMITTEE

Sveafastigheter has established a *Green Bond Committee* (the “GBC”) with responsibility for governing the evaluation and selection of the Green Assets. The GBC consists of members from the Treasury, Technical Management and Sustainability teams. Other internal representatives with specific expertise may be invited when deemed necessary. The Committee will meet at least on an annual basis.

#### Role of the GBC:

- Reviewing, selecting and validating Green Assets
  - Any GBC member or relevant department at Sveafastigheter may propose potential assets to be evaluated in line with the Eligibility Criteria as set out in the Framework
  - The GBC confirms that proposed Green Assets are in line with the Eligibility Criteria as set out in the Framework. In addition, Sveafastigheter ensures that all Green Assets comply with the Company’s internal ESG policies as well as

official national environmental and social standards, and Swedish laws and regulations. These laws are monitored and enforced by the local authorities, among others, as part of obtaining the necessary permits for new construction projects

- After validation from the GBC, approved Green Assets will be inserted into Sveafastigheter’s internal tracking spreadsheet
- On behalf of the GBC, the Treasury team will annually review the list of approved Green Assets. If an asset no longer meets the Eligibility Criteria set forth in this Framework, the Green Asset will be removed from the internal tracking spreadsheet and replaced as soon as a substitute has been identified;
- Overseeing, approving and publishing the allocation and impact report
- Govern the content of the Green Bond Framework and manage any future updates of this document to reflect relevant changes in best market practices

## MANAGEMENT OF PROCEEDS

### TRACKING OF NET PROCEEDS

Sveafastigheter’s Treasury team will manage the allocation of an amount equivalent to the net proceeds from Green Bonds to Green Assets on an aggregated basis (portfolio approach). To manage this process, Sveafastigheter will use an internal tracking spreadsheet, which will be reviewed at least annually by the Treasury team.

### ALLOCATION PERIOD

Sveafastigheter will commit to, on a best-effort basis, allocate the net proceeds from the Green Bonds to Green Projects within 12 months from the issuance date of each Green Bond.

### TEMPORARY HOLDINGS

Pending full allocation of an amount equal to the net proceeds of outstanding Green Bonds, the unallocated proceeds will be held in the liquidity reserves and managed as such and will exclude any investments in activities listed in under Exclusion Criteria in this Framework.

## REPORTING

Sveafastigheter commits to annually publish an allocation and impact report, until full allocation or in the event of any material developments. The report will be published on its website at sveafastigheter.se.

### ALLOCATION REPORTING

The allocation reporting will include the following information:

- The outstanding amount of Green Bonds;
- A list of the Green Assets financed/refinanced;
- Share of proceeds used for financing/refinancing;
- Share of unallocated proceeds (if any);

### IMPACT REPORTING

Sveafastigheter aims to report on quantitative impact indicators where reasonable and relevant data is available. The information may be provided on an aggregated portfolio basis because of confidentiality

agreements, or numerous Green Assets limiting the amount of detail that can be made available. Examples of impact indicators include:

**ICMA GBP category:** Green Buildings

#### **Example of impact indicator:**

- Calculated annual climate impact (tCO<sub>2</sub>e)
- Annual energy use reduced/avoided (kWh/sqm or %)
- Annual GHG emissions reduced/avoided (tCO<sub>2</sub>e)
- Environmental certification incl. certification level, if any
- EPC class, if any

## EXTERNAL REVIEW

### SECOND PARTY OPINION (PRE-ISSUANCE)

Sveafastigheter has appointed Morningstar Sustainability to provide a Second Party Opinion on the Green Bond Framework, to confirm alignment with the ICMA 2021 Green Bond Principles. The Second Party Opinion is available on Sveafastigheter website at sveafastigheter.se.

### EXTERNAL VERIFICATION (POST-ISSUANCE)

Sveafastigheter will request on an annual basis, until full allocation or in the event of any material developments, an assurance report to verify whether an amount equal to the net proceeds from Green Bonds have been allocated to Green Assets, provided by an external review provider. The assurance report is available on Sveafastigheter's website at sveafastigheter.se.

